THREE NEW ISSUES—BOOK-ENTRY ONLY

RATING:
S&P: "AA+"
See "RATING" herein.

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on the 2020B Bonds and the 2020 Refunding Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. Interest on 2020A Bonds is includable in the gross income of the owners thereof for federal income tax purposes. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

Berkeley PUBLIC SCHOOLS
Berkeley Unified School District

$2,200,000	$67,800,000	$10,275,000
BERKELEY UNIFIED SCHOOL DISTRICT (Alameda County, California) General Obligation Bonds Election of 2020, Series A (2020) (Federally Taxable)	**BERKELEY UNIFIED SCHOOL DISTRICT (Alameda County, California) General Obligation Bonds Election of 2020, Series B (2020)**	**BERKELEY UNIFIED SCHOOL DISTRICT (Alameda County, California) 2020 General Obligation Refunding Bonds**

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

The $2,200,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series A (2020) (Federally Taxable) (the "2020A Bonds") and the $67,800,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series B (2020) (the "2020B Bonds" and, with the 2020A Bonds, the "2020 Bonds") are being issued by the Berkeley Unified School District (the "District") pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution of the Board of Education of the District. A duly called special municipal election was held in the District on March 3, 2020, and thereafter canvassed pursuant to law. At such election there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District to improve school facilities, construct/ modernize classrooms and campuses, complete seismic upgrades, construct science labs/ career technical education facilities, upgrade furnishings, equipment, technology, renovate playgrounds, improve energy efficiency, and qualify for State grants (the "Project"), in the maximum aggregate principal amount of $380,000,000 (the "Authorization"). The 2020A Bonds represent the first issue under the Authorization and are being issued to (a) raise moneys for the Project, and (b) pay for costs of issuance of the 2020A Bonds. The 2020B Bonds represent the second issue under the Authorization and are being issued to (a) raise moneys for the Project, and (b) pay for costs of issuance of the 2020B Bonds. The 2020 Bonds will be issued as current interest bonds.

The $10,275,000 Berkeley Unified School District (Alameda County, California) 2020 General Obligation Refunding Bonds (the "2020 Refunding Bonds" and, with the 2020 Bonds, the "Bonds") are being issued by the District pursuant to the provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and a resolution of the Board of Education of the District. The Bonds are being issued to (a) refund the District's outstanding Berkeley Unified School District (Alameda County, California) 2013 General Obligation Refunding Bonds, Series A, and (c) pay for costs of issuance of the 2020 Refunding Bonds.

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by Alameda County (the "County"). The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), all as more fully described herein under "THE BONDS" and "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—Property Taxation System."

The Bonds are issuable in denominations of $5,000 and any integral multiple thereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2021. See "THE BONDS" herein. The Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by U.S. Bank National Association, as paying agent, to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK-ENTRY SYSTEM" herein.

The 2020B Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS—Redemption" herein.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

SEE THE INSIDE COVER

This cover page contains information for quick reference only. It is not a summary of these issues. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued, and received by the purchaser thereof, subject to the approval as to their validity by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about November 5, 2020.

October 20, 2020

$2,200,000
BERKELEY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2020, Series A (2020)
(Federally Taxable)

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, PRICE AND YIELD

CUSIP† Prefix: 084154

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
2022	$2,200,000	0.350%	0.350%	100.000	A45

$67,800,000
BERKELEY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2020, Series B (2020)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

CUSIP† Prefix: 084154

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
2022	$8,975,000	5.000%	0.160%	108.400	A52
2023	240,000	5.000	0.170	113.192	A60
2024	320,000	5.000	0.200	117.870	A78
2025	405,000	5.000	0.260	122.309	A86
2026	500,000	5.000	0.410	126.007	A94
2027	600,000	5.000	0.540	129.475	B28
2028	710,000	5.000	0.670	132.601	B36
2029	830,000	5.000	0.840	134.979	B44
2030	955,000	5.000	0.940	137.698	B51
2031	1,090,000	4.000	1.050	127.240c	B69
2032	1,230,000	4.000	1.150	126.185c	B77
2033	1,375,000	3.000	1.400	114.517c	B85
2034	1,515,000	3.000	1.500	113.542c	B93
2035	1,665,000	3.000	1.600	112.577c	C27
2036	1,820,000	3.000	1.700	111.621c	C35
2037	1,990,000	2.000	2.000	100.000	C43
2038	2,145,000	2.000	2.050	99.258	C50
2039	2,310,000	2.000	2.100	98.456	C68
2040	2,480,000	2.000	2.150	97.596	C76
2041	2,660,000	2.125	2.280	97.448	C84
2042	2,855,000	2.125	2.320	96.683	C92
2043	3,060,000	2.125	2.350	96.052	D26
2044	3,270,000	2.250	2.380	97.651	D34
2045	3,495,000	2.250	2.410	97.029	D42
2046	3,735,000	2.250	2.420	96.755	D59
2047	3,985,000	2.250	2.430	96.474	D67
2048	4,250,000	2.250	2.440	96.185	D75
2049	4,525,000	2.250	2.450	95.889	D83
2050	4,810,000	2.250	2.460	95.587	D91

$10,275,000
BERKELEY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2020 General Obligation Refunding Bonds

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

CUSIP† Prefix: 084154

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
2022	$ 960,000	5.000%	0.180%	103.564	E33
2023	1,010,000	5.000	0.190	108.364	E41
2024	1,065,000	5.000	0.220	113.133	E58
2025	1,120,000	5.000	0.280	117.788	E66
2026	1,175,000	5.000	0.430	122.203	E74
2027	1,240,000	5.000	0.560	125.877	E82
2028	1,295,000	5.000	0.690	129.321	E90
2029	1,365,000	5.000	0.840	132.424	F24

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c Priced to the August 1, 2030, par call date

~~*For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.*~~

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 or note owner and the District or the Underwriter indicated in this Official Statement.

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

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

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

Document Summaries. All summaries of the 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.

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

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

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. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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BERKELEY UNIFIED SCHOOL DISTRICT

2020 Bonar Street, Room 231
Berkeley, California 94702
(510) 644-4500
www.berkeleyschools.net/*

BOARD OF EDUCATION

Judy Appel, *President*
Ty Alper, *Vice President*
Ka'Dijah Brown, *Director/Clerk*
Beatriz Leyva-Cutler, *Director*
Julie Sinai, *Director*

DISTRICT ADMINISTRATION

Brent Stephens, Ed. D., *Superintendent*
Pauline Follansbee, *Assistant Superintendent of Business Services*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL
Quint & Thimmig LLP
Larkspur, California

MUNICIPAL ADVISOR
KNN Public Finance, LLC
Berkeley, California

PAYING AGENT
U.S. Bank National Association
San Francisco, California

*Information therein is not incorporated by reference into this Official Statement.

$2,200,000
BERKELEY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2020, Series A (2020)
(Federally Taxable)

$67,800,000
BERKELEY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2020, Series B (2020)

$10,275,000
BERKELEY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2020 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and the appendices hereto, provides information in connection with the sale of the $2,200,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series A (Federally Taxable) (2020) (the "2020A Bonds"), the $67,800,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series B (2020) (the "2020B Bonds" and, with the 2020A Bonds, the "2020 Bonds"), and the $10,275,000 Berkeley Unified School District (Alameda County, California) 2020 General Obligation Refunding Bonds (the "2020 Refunding Bonds" and, with the 2020 Bonds, the "Bonds").

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

The District

The Berkeley Unified School District (the "District") provides educational services to the residents of the City of Berkeley (the "City"), located in Alameda County (the "County"), California (the "State"), approximately 10 miles northeast of the City of San Francisco. The District was established in 1879 and unified in 1936 with the combining of the elementary and high school districts then in existence in the area of the current district boundaries. There were no changes in the District's boundaries in the current year. The District is currently operating eleven elementary schools and three intermediate schools, one high school, one continuation school, and an independent study program. In addition, the District operates three preschool facilities and an adult school program.

The District is governed by a five-member Board of Education (the "District Board"), whose members are elected at large to four-year terms. The members of the District Board elect a president each year. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel.

For more complete information concerning the District, including certain financial information, see "THE DISTRICT" and APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION. The District's audited financial statements for the fiscal year ended June 30, 2019, are included as APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.

Sources of Payment for the Bonds

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of 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 in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Authority for Issues; Purpose of Issues

2020 Bonds. The 2020 Bonds are being issued by the District pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution adopted by the District Board on September 16, 2020 (the "2020 Bond Resolution").

The 2020A Bonds are being issued to (a) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on March 3, 2020, which authorized the issuance of general obligation bonds to improve school facilities, construct/modernize classrooms and campuses, complete seismic upgrades, construct science labs/career technical education facilities, upgrade furnishings, equipment, technology, renovate playgrounds, improve energy efficiency, and qualify for State grants (the "Projects"), in the maximum aggregate principal amount of $380,000,000 (the "Authorization"), and (b) pay for costs of issuance of the 2020A Bonds.

The 2020B Bonds are being issued to (a) finance the Projects pursuant to the Authorization, and (b) pay for costs of issuance of the 2020B Bonds.

The 2020A Bonds represent the first issue under the Authorization and the 2020B Bonds represent the second issue under the Authorization. After the issuance of the Bonds $310,000,000 of the Authorization will remain unissued.

2020 Refunding Bonds. The 2020 Refunding Bonds are issued pursuant to the Constitution and laws of the State, including the provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code. The Bonds are authorized to be issued pursuant to a resolution (the "2020 Refunding Bond Resolution" and, with the 2020 Bond Resolution, the

"Resolutions"), adopted by the District Board on September 16, 2020. "PLAN OF FINANCING—Financing of the Project."

The 2020 Refunding Bonds are being issued to (a) refund, on a current basis, the District's outstanding Berkeley Unified School District (Alameda County, California) 2013 General Obligation Refunding Bonds, Series A (the "2013 Bonds"), and (b) pay for costs of issuance of the 2020 Refunding Bonds. See "PLAN OF FINANCING—Refunding of the 2013 Bonds."

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds will be dated as of their date of delivery and will be issued as fully registered bonds, without physical coupons, in the denominations of $5,000 principal amount or any integral multiple thereof. Interest on the Bonds accrues from their date of delivery and is payable semiannually on each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2021.

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" and APPENDIX G—BOOK-ENTRY SYSTEM. In event that the book-entry system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution as described herein. See "THE BONDS—Registration, Transfer and Exchange of Bonds." Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or any integral multiple thereof.

Certain of the Bonds are subject to redemption prior to maturity. See "THE BONDS—Redemption."

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on 2020B Bonds and the 2020 Refunding Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986. Interest on 2020A Bonds is includable in the gross income of the owners thereof for federal income tax purposes. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."

Offering and Delivery

The Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about November 5, 2020.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of enumerated events is summarized below under the caption "CONTINUING DISCLOSURE." Also, see APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES.

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL. Quint & Thimmig LLP, Larkspur, California, is also serving as Disclosure Counsel to the District with respect to the Bonds ("Disclosure Counsel"). KNN Public Finance, LLC, Berkeley, California, will act as municipal advisor to the District with respect to the Bonds. U.S. Bank National Association will act as paying agent for the Bonds (the "Paying Agent") and will act as escrow agent for the 2020 Refunding Bonds. The payment of fees and expenses of such firms with respect to the Bonds is contingent on the sale and delivery of the Bonds. The District's financial statements for the Fiscal Year ended June 30, 2019, have been audited by Eide Bailly LLP, Rancho Cucamonga, California. See APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available for inspection at the office of the Business Services Division, Berkeley Unified School District, 2020 Bonar Street, Room 231, Berkeley, CA 94702, telephone (510) 644-8593. The District may impose a charge for copying, mailing and handling.

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

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," or other similar words. 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.

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolution.

THE BONDS

Authority for Issuances

2020 Bonds. The 2020 Bonds are issued pursuant to the Constitution and laws of the State, including the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code. The 2020 Bonds are authorized pursuant to the 2020 Bond Resolution.

2020 Refunding Bonds. The 2020 Refunding Bonds are issued pursuant to the Constitution and laws of the State, including the provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code. The 2020 Refunding Bonds are authorized pursuant to the 2020 Refunding Bond Resolution.

Purposes of Issuance

2020 Bonds. The 2020 Bonds are being issued to (a) finance the Projects, and (b) pay for costs of issuance of the 2020 Bonds. See "—Estimated Sources and Uses of Funds."

2020 Refunding Bonds. The 2020 Refunding Bonds are being issued to (a) refund the 2013 Bonds, and (b) pay for costs of issuance of the 2020 Refunding Bonds. See "—Estimated Sources and Uses of Funds."

The District has authorized and issued certain other general obligation bonds. See "APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—District Debt Structure."

Security

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes for the payment of the Bonds, and the interest thereon, upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition

to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for a reserve, established to avoid fluctuations in tax levies. Such taxes, when collected, will be deposited, with respect to the Bonds, into the Interest and Sinking Fund and which is required by the California Education Code to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County Auditor-Controller will maintain the Interest and Sinking Fund, the Bonds are a debt of the District, not the County.

Moneys placed in the Interest and Sinking Fund of the District are irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The property taxes and amounts held in the Interest and Sinking Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to the statutory lien in accordance with section 53515(a) of the California Government Code, and the Bonds were issued to finance one or more projects authorized under the Authorization and not to finance the general purposes of the District.

In accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for general obligation bonds issued under the Authorization. The lien shall automatically attach without further action or authorization by the District or the County. The lien shall be valid and binding from the time the Bonds are issued and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County, through the County Treasurer-Tax Collector, to the Paying Agent which, in turn, will pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the Beneficial Owners (as defined herein) of the Bonds.

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 in any year. Fluctuations in 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 a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interest in the Bonds. See "BOOK-ENTRY ONLY SYSTEM" and APPENDIX G—BOOK-ENTRY SYSTEM.

Interest on the Bonds accrues from their date of delivery and is payable semiannually on each Interest Payment Date. Interest on the Bonds accrues on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to that Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2021, in which event it will bear interest from its date of delivery.

The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on the dates, in the years and amounts set forth on the inside cover page hereof. The principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date. See also "Book Entry Only System" below.

See the maturity schedule on the inside cover page hereof and "Debt Service Schedule."

Payment

The redemption price, if any, on the Bonds will be payable upon maturity or redemption upon surrender of such Bonds at the principal office of the Paying Agent. The interest, principal and redemption price, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute obligations of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Redemption

Optional Redemption.

2020A Bonds. The 2020A Bonds are non-callable.

2020B Bonds. The 2020B Bonds maturing on and prior to August 1, 2030, are not callable for redemption prior to their stated maturity dates. The 2020B Bonds maturing on and after August 1, 2031, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2030, from any source lawfully available

therefor, at a redemption price equal to the principal amount of the 2020 Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

2020 Refunding Bonds. The 2020 Refunding Bonds are non-callable.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the District and, in lieu of such direction, in inverse order of their maturity. Within a maturity, the Paying Agent shall select the Bonds for redemption by lot; *provided, however*, that the portion of any Bonds to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bonds as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by five thousand dollars.

Notice of Redemption. The Paying Agent is required to mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least twenty (20) but not more than forty-five (45) days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services (each as defined in the Resolution), at least twenty (20) but not more than forty-five (45) days prior to the redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption will state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent will send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond 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 date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. Bonds need not be presented for mandatory sinking fund redemptions.

Effect of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed will become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, will be held by the Paying Agent so as to be available therefor on such redemption date,

and if notice of redemption thereof will have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds will be held in trust for the account of the registered owners of the Bonds so to be redeemed. Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, and sufficient moneys are held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Defeasance

Discharge of Resolution. Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(i) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Resolution) to pay or redeem Bonds Outstanding; or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

then and in that case, at the election of the District (evidenced by a certificate of a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, the Resolution and all covenants, agreements and other obligations of the District under the Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolution. In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Resolution) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited in trust with an escrow holder as aforesaid for such payment, provided further, however, that the provisions of the Resolution shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Paying Agent. Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust with an escrow holder 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 Resolution and shall 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, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Paying Agent will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; 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 or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given provided in the Resolution or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of the Resolution or by request of the District) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Resolution. Notwithstanding any provisions of the Resolution, any moneys held by an escrow holder in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by the Resolution, and all liability of the escrow holder with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of

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

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

Any Bond may be exchanged for Bonds of like tenor, maturity, and outstanding principal amount (the "Transfer Amount") upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the District will sign, and the Paying Agent will authenticate and deliver Bonds in accordance with the provisions of the Resolutions. All fees and costs of transfer will be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer will be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Resolutions as the Bonds surrendered upon that exchange or transfer.

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

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

Estimated Sources and Uses of Funds

The estimated sources and uses of funds in connection with the 2020A Bonds are as follows:

Sources of Funds:	
Principal Amount of 2020A Bonds	$2,200,000.00
Total Sources of Funds	$2,200,000.00
Uses of Funds:	
Deposit to Building Fund	$2,184,099.34
Deposit to Interest and Sinking Fund	5,706.93
Costs of Issuance[1]	10,193.73
Total Uses of Funds	$2,200,000.00

(1) Includes the Underwriter's discount, the fees of the municipal advisor, bond counsel, disclosure counsel, the rating agency and other third-party providers. Any excess in the Costs of Issuance Fund will be transferred to the District's Building Fund.

The estimated sources and uses of funds in connection with the 2020B Bonds are as follows:

Sources of Funds:	
Principal Amount of 2020B Bonds	$67,800,000.00
Plus: Net Original Issue Premium	2,169,080.75
Total Sources of Funds	$69,969,080.75
Uses of Funds:	
Deposit to Building Fund	$67,564,220.35
Deposit to Interest and Sinking Fund	2,048,914.74
Costs of Issuance[1]	355,945.66
Total Uses of Funds	$69,969,080.75

(1) Includes the Underwriter's discount, the fees of the municipal advisor, bond counsel, disclosure counsel, the rating agency and other third-party providers. Any excess in the Costs of Issuance Fund will be transferred to the District's Building Fund.

The estimated sources and uses of funds in connection with the 2020 Refunding Bonds are as follows:

Sources of Funds:	
Principal Amount of 2020 Refunding Bonds	$10,275,000.00
Plus: ~~Net~~ Original Issue Premium	2,253,286.60
Total Sources of Funds	$12,528,286.60
Uses of Funds:	
Deposit to Escrow Fund	$12,440,915.56
Costs of Issuance[1]	87,371.04
Total Uses of Funds	$12,528,286.60

(1) Includes the Underwriter's discount, the fees of the municipal advisor, bond counsel, disclosure counsel, the Escrow Bank, the rating agency and other third-party providers.

PLAN OF FINANCING

2020 Bonds. A portion of the proceeds of sale of the 2020 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the Building Fund of the District. Any premium and accrued interest shall be deposited upon receipt in the Interest and Sinking Fund of the District within the County Treasury. All funds held in the Interest and Sinking Fund of the District shall be invested at the sole discretion of the County Treasurer. All funds held in the Building Fund of the District by the County Treasurer hereunder shall be invested at the County Treasurer's discretion, unless otherwise directed in writing by the District, pursuant to law and the investment policy of the County. In addition, at the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California. The County Treasurer's Office 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. See "COUNTY INVESTMENT POOL" and APPENDIX D—EXCERPTS FROM THE COUNTY INVESTMENT REPORT.

A portion of the proceeds of the 2020 Bonds will be retained by the Paying Agent in a costs of issuance account (the "2020 Bonds Costs of Issuance Account") and used to pay the costs associated with the issuance of the 2020 Bonds.

2020 Refunding Bonds. The 2020 Refunding Bonds are being issued to redeem the 2013 Bonds on November 23, 2020, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to such date.

The 2013 Bonds to be refunded are as follows:

Maturity Date	Principal Amount Refunded	Redemption Date	Redemption Price	CUSIP† Number
8/1/21	$1,255,000	11/23/20	100.000	084154 VF7
8/1/22	1,275,000	11/23/20	100.000	084154 VG5
8/1/23	1,300,000	11/23/20	100.000	084154 VH3
8/1/24	1,330,000	11/23/20	100.000	084154 VJ9
8/1/25	1,360,000	11/23/20	100.000	084154 VK6
8/1/26	1,395,000	11/23/20	100.000	084154 V74
8/1/27	1,435,000	11/23/20	100.000	084154 VM2
8/1/28	1,475,000	11/23/20	100.000	084154 VN0
8/1/29	1,520,000	11/23/20	100.000	084154 VP5

A portion of the proceeds of the Bonds will be retained by the Paying Agent in a costs of issuance account (the "2020 Refunding Bonds Costs of Issuance Account") and used to pay costs associated with the issuance of the 2020 Refunding Bonds. Any proceeds of sale of the 2020 Refunding Bonds not needed to redeem the 2013 Bonds or to pay costs of issuance of the 2020 Refunding Bonds will be transferred by the Paying Agent to the County Treasurer-Tax Collector for deposit in the Interest and Sinking Fund maintained by the County Treasurer-Tax Collector for the District to be used only for payment of principal

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of and interest on the 2020 Refunding Bonds. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the 2020 Refunding Bonds, will be invested on behalf of the District by the County Treasurer-Tax Collector pursuant to law and the investment policy of the County. See "COUNTY INVESTMENT POOL" and APPENDIX D—EXCERPTS FROM THE COUNTY INVESTMENT REPORT.

Debt Service Schedules

The following table shows the annual debt service schedule with respect to the 2020 Bonds (assuming no optional redemptions).

Bond Year Ending	Series A Bonds			Series B Bonds			
August 1	Principal	Interest[1]	Total	Principal[2]	Interest[1]	Total	Total
2021	—	$ 5,689.44	$ 5,689.44	—	$ 1,443,119.28	$ 1,443,119.28	$ 1,448,808.72
2022	$2,200,000	7,700.00	2,207,700.00	$ 8,975,000	1,953,093.76	10,928,093.76	13,135,793.76
2023	—	—	—	240,000	1,504,343.76	1,744,343.76	1,744,343.76
2024	—	—	—	320,000	1,492,343.76	1,812,343.76	1,812,343.76
2025	—	—	—	405,000	1,476,343.76	1,881,343.76	1,881,343.76
2026	—	—	—	500,000	1,456,093.76	1,956,093.76	1,956,093.76
2027	—	—	—	600,000	1,431,093.76	2,031,093.76	2,031,093.76
2028	—	—	—	710,000	1,401,093.76	2,111,093.76	2,111,093.76
2029	—	—	—	830,000	1,365,593.76	2,195,593.76	2,195,593.76
2030	—	—	—	955,000	1,324,093.76	2,279,093.76	2,279,093.76
2031	—	—	—	1,090,000	1,276,343.76	2,366,343.76	2,366,343.76
2032	—	—	—	1,230,000	1,232,743.76	2,462,743.76	2,462,743.76
2033	—	—	—	1,375,000	1,183,543.76	2,558,543.76	2,558,543.76
2034	—	—	—	1,515,000	1,142,293.76	2,657,293.76	2,657,293.76
2035	—	—	—	1,665,000	1,096,843.76	2,761,843.76	2,761,843.76
2036	—	—	—	1,820,000	1,046,893.76	2,866,893.76	2,866,893.76
2037	—	—	—	1,990,000	992,293.76	2,982,293.76	2,982,293.76
2038	—	—	—	2,145,000	952,493.76	3,097,493.76	3,097,493.76
2039	—	—	—	2,310,000	909,593.76	3,219,593.76	3,219,593.76
2040	—	—	—	2,480,000	863,393.76	3,343,393.76	3,343,393.76
2041	—	—	—	2,660,000	813,793.76	3,473,793.76	3,473,793.76
2042	—	—	—	2,855,000	757,268.76	3,612,268.76	3,612,268.76
2043	—	—	—	3,060,000	696,600.00	3,756,600.00	3,756,600.00
2044	—	—	—	3,270,000	631,575.00	3,901,575.00	3,901,575.00
2045	—	—	—	3,495,000	558,000.00	4,053,000.00	4,053,000.00
2046	—	—	—	3,735,000	479,362.50	4,214,362.50	4,214,362.50
2047	—	—	—	3,985,000	395,325.00	4,380,325.00	4,380,325.00
2048	—	—	—	4,250,000	305,662.50	4,555,662.50	4,555,662.50
2049	—	—	—	4,525,000	210,037.50	4,735,037.50	4,735,037.50
2050	—	—	—	4,810,000	108,225.00	4,918,225.00	4,918,225.00
Total	$2,200,000	$13,389.44	$2,213,389.44	$67,800,000	$30,499,500.74	98,299,500.74	$100,512,890.18

(1) Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2021.
(2) Includes mandatory sinking fund installments.

The following table shows the annual debt service schedule with respect to the 2020 Refunding Bonds (assuming no optional redemptions).

Bond Year Ending August 1	Principal	Interest[1]	Total
2021	$ 1,045,000	$ 379,604.17	$ 1,424,604.17
2022	960,000	461,500.00	1,421,500.00
2023	1,010,000	413,500.00	1,423,500.00
2024	1,065,000	363,000.00	1,428,000.00
2025	1,120,000	309,750.00	1,429,750.00
2026	1,175,000	253,750.00	1,428,750.00
2027	1,240,000	195,000.00	1,435,000.00
2028	1,295,000	133,000.00	1,428,000.00
2029	1,365,000	68,250.00	1,433,250.00
TOTAL	$10,275,000	$2,577,354.17	$12,852,354.17

(1) Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2021.

PAYING AGENT

The Paying Agent will act as the transfer agent, bond registrar, authenticating agent and paying agent for the Bonds. 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 any notice to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of any action premised on such notice.

The Paying Agent, the District, the County and the 2020 Bond Underwriter (as hereinafter defined) and the 2020 Refunding Bond Underwriter (as hereinafter defined) 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 for the Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. See APPENDIX G—BOOK-ENTRY SYSTEM.

THE DISTRICT

General Information

The District was established in 1879 and unified in 1936 with the combining of the elementary and high school districts then in existence in the area of the current District boundaries. The District provides educational services to the residents of the City of Berkeley, California, approximately 10 miles northeast of the City of San Francisco.

There were no changes in the District's boundaries in the past 12 months. The District is currently operating eleven elementary schools and three intermediate schools, one high school, one continuation school, and an independent study program. In addition, the District operates three preschool facilities aand an adult school program.

Enrollment in the District for grades K-12 in the 2019-20 school year was 9,844 students and is projected to be 9,844 in Fiscal Year 2020-21. The District operates under the jurisdiction of the County Superintendent of Schools.

Unless otherwise indicated, the financial, statistical and demographic data in this Official Statement has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Berkeley Unified School District, Attention: Business Services.

Board of Education and Administration

The District is governed by a five-member District Board, each member of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between two and three available positions.

District Board Member	Office	Current Term Expires (December)
Judy Appel	President	2020
Ty Alper	Vice President	2022
Ka'Dijah Brown	Board Member/Clerk	2022
Beatriz Leyva-Cutler	Board Member	2020
Julie Sinai	Board Member	2022

The District's day-to-day operations are managed by a board-appointed Superintendent of Schools. Brent Stephens, Ed. D. was appointed May 8, 2019, and become Superintendent on July 1, 2019. Dr. Stephens previously served as the Chief Academic Officer for San Francisco Unified School District where he oversees curriculum, coaching, and professional development for teachers throughout that 55,000 student district. The Assistant Superintendent of Business Services is Pauline Follansbee.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's General Fund is not a source for the repayment of the Bonds.

General

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

Property Taxation System

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the Board of Supervisors of the County will levy and collect *ad valorem* taxes on all taxable properties within the District, which are pledged specifically to the repayment of the Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIIIA of the California Constitution and its implementing legislation is considered in connection with the State's Local Control Funding Formula ("LCFF") which determines the amount of funding received by the District from the State to operate the District's educational programs and operations. The LCFF replaces revenue limit and most categorical program funding previously used to determine the amount of funding received by the District from the State. LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. See APPENDIX B--DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—"Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System" and "–2020-21 State Budget Provisions Specific to K through 12 Education" below. As described below, the general *ad valorem* property tax levy, a portion of which is allocated to the District for operating purposes and the additional *ad valorem* property tax levy pledged to repay the Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

The District received approximately 30% of its total general fund operating revenues from local property taxes and parcel taxes in fiscal year 2019-20.

Local property taxation is the responsibility of various officers of the counties. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes according to the approved tax rolls. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when

due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization (the "SBE") also assesses certain special classes of property, as described later in this section.

Method of Property Taxation

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIIIA of the California Constitution, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See APPENDIX B-DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION.

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of "base" sources from all of tax rate areas in the District. Each year's growth allocation becomes part of each local agency's allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the SBE is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and

redemption penalty of one and one-half percent 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 Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes beginning the second month after the delinquent date, and on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution.

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. No reimbursement is made by the State for such exemptions. The *ad valorem* levy for the Bonds is based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and County taxing purposes. The valuation of secured property by the County Assessor is established as of January 1 and is subsequently equalized in September of each year.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The table below shows the assessed valuation of taxable property in the District for the most recent fiscal years.

HISTORIC ASSESSED VALUATIONS
Fiscal Years 2010-11 to 2020-21

Fiscal Year	Local Secured	Utility	Unsecured	Total Valuation	% Growth
2010-11	$ 12,148,059,559	$ 555,664	$ 677,887,524	$ 12,826,502,747	—
2011-12	12,526,417,236	555,664	667,789,011	13,194,761,911	2.9%
2012-13	12,835,423,622	555,664	673,174,230	13,509,153,516	2.4
2013-14	13,686,766,182	555,664	677,170,723	14,364,492,569	6.3
2014-15	14,233,860,858	630,615	658,272,178	14,892,763,651	3.7
2015-16	15,342,690,949	388,860	702,569,323	16,045,649,132	7.7
2016-17	16,318,215,254	388,860	711,168,669	17,029,772,783	6.1
2017-18	17,493,332,547	443,960	810,026,131	18,303,802,638	7.5
2018-19	18,697,251,831	443,960	731,012,747	19,428,708,538	6.1
2019-20	19,927,214,430	424,880	860,872,387	20,788,511,697	7.0
2020-21	21,450,942,476	424,880	931,765,413	22,383,132,769	7.7

Source: California Municipal Statistics, Inc.

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

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

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must apply to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a

reduced assessment or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

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

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

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances

can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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

The following table shows the 2020-21 assessed valuation of each jurisdiction within the boundaries of the District:

ASSESSED VALUATION BY JURISDICTION[(1)]
Fiscal Year 2020-21

Jurisdiction	Assessed Value in District	% of District	Assessed Value of Jurisdiction	% of Jurisdiction In District
City of Berkeley	$22,382,521,897	100.00%	$22,382,521,897	100.00%
City of Oakland	610,872	.00	69,954,465,646	.00
Total District	22,383,132,769	100.00		
Alameda County	22,383,132,769	100.00%	331,459,902,826	6.75%

Source: California Municipal Statistics, Inc.
(1) Before deduction of redevelopment incremental valuation.

The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2020-21

	2020-21 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non Residential:				
Commercial/Office	$ 2,267,670,779	10.57%	1,579	5.41%
Vacant Commercial	91,290,948	0.43	58	0.20
Industrial	1,143,756,302	5.33	419	1.44
Vacant Industrial	12,622,599	0.06	24	0.08
Recreational	41,086,102	0.19	18	0.06
Government/Social/Institutional	21,876,782	0.10	648	2.22
Subtotal Non-Residential	$3,578,303,512	16.68	2,746	9.41
Residential:				
Single Family Residence	$11,112,277,173	51.80%	17,469	59.85%
Condominium/Townhouse	1,059,597,171	4.94	2,887	9.89
Cooperative	28,841,761	0.13	103	0.35
2-4 Residential Units	2,291,864,755	10.68	4,009	13.73
5+ Residential Units/Apartments	3,303,917,245	15.40	1,491	5.11
Miscellaneous Residential	2,752,561	0.01	10	0.03
Vacant Residential	73,388,298	0.34	475	1.63
Subtotal Residential	$17,872,638,964	83.32%	26,444	90.59%
Total	$21,450,942,476	100.00%	29,190	100.00%

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

The following table shows the assessed valuations of single-family homes for the District, including the average and median assessed value per single family homes.

ASSESSED VALUATION OF SINGLE-FAMILY HOMES
Fiscal Year 2020-21

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	17,469	$ 11,112,277,173	$ 636,114	$ 512,457

2020-21 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	1,836	10.510%	10.510%	$ 120,565,757	1.085%	1.085%
$100,000 - $199,999	2,269	12.989	23.499	325,544,524	2.930	4.015
$200,000 - $299,999	1,568	8.976	32.475	391,166,839	3.520	7.535
$300,000 - $399,999	1,544	8.839	41.313	538,742,151	4.848	12.383
$400,000 - $499,999	1,339	7.665	48.978	601,639,822	5.414	17.797
$500,000 - $599,999	1,241	7.104	56.082	680,486,144	6.124	23.921
$600,000 - $699,999	1,151	6.589	62.671	745,592,397	6.710	30.630
$700,000 - $799,999	1,046	5.988	68.659	784,779,415	7.062	37.693
$800,000 - $899,999	1,025	5.868	74.526	868,865,842	7.819	45.512
$900,000 - $999,999	918	5.255	79.781	869,826,432	7.828	53.339
$1,000,000 - $1,099,999	679	3.887	83.668	710,339,004	6.392	59.732
$1,100,000 - $1,199,999	531	3.040	86.708	610,896,336	5.497	65.229
$1,200,000 - $1,299,999	428	2.450	89.158	533,969,923	4.805	70.034
$1,300,000 - $1,399,999	373	2.135	91.293	501,703,469	4.515	74.549
$1,400,000 - $1,499,999	339	1.941	93.234	489,871,199	4.408	78.958
$1,500,000 - $1,599,999	236	1.351	94.585	364,992,196	3.285	82.242
$1,600,000 - $1,699,999	207	1.185	95.770	340,519,288	3.064	85.307
$1,700,000 - $1,799,999	160	0.916	96.686	280,362,929	2.523	87.830
$1,800,000 - $1,899,999	119	0.681	97.367	220,084,408	1.981	89.810
$1,900,000 - $1,999,999	84	0.481	97.848	163,434,316	1.471	91.281
$2,000,000 and greater	376	2.152	100.000	968,894,782	8.719	100.000
Total	17,469	100.000		$11,112,277,173	100.000%	

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

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State

and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase. See "The COVID-19 Global Pandemic."

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in the principal Tax Rate Area ("TRA") within the District for the past five fiscal years. TRA 13-000 comprises approximately 90.3% of the total assessed value of property in the District.

TYPICAL *AD VALOREM* TAX RATES
Fiscal Years 2016-17 to 2019-20

Total Tax Rates (TRA 13-000 – 2020-21 Assessed Valuation: $20,220,876,712)

	2015-16	2016-17	2017-18	2018-19	2019-20[(2)]
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Peralta Community College District Bonds	0.0337	0.0256	0.0310	0.0269	0.0257
Berkeley Unified School District Bonds	0.1321	0.1327	0.1218	0.1264	0.1204
Bay Area Rapid Transit District	0.0026	0.0080	0.0084	0.0070	0.0120
East Bay Regional Park District Bonds	0.0067	0.0032	0.0021	0.0057	0.0060
East Bay Municipal Utility District	0.0034	0.0028	0.0011	0.0000	0.0000
City of Berkeley Bonds	0.0433	0.0445	0.0492	0.0507	0.0435
Alameda County Bonds	0.0000	0.0000	0.0000	0.0112	0.0108
Total Tax Rates	1.2218%	1.2168%	1.2136%	1.2279%	1.2184%

Source: California Municipal Statistics, Inc.
(1) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution.
(2) Latest data available.

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIIIA and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following tables reflects the historical secured tax levy and year-end delinquencies for general obligation bonds of the District for the most recent fiscal years.

SECURED TAX CHARGE AND DELINQUENCY
Fiscal Years 2009-10 to 2018-19

General Fund Apportionment

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	% Delinquent June 30
2009-10	$ 21,697,550.60	681,798.62	3.14%
2010-11	21,712,598.00	523,061.30	2.41
2011-12	22,398,147.91	454,448.70	2.03
2012-13	22,822,359.52	328,257.77	1.44
2013-14	24,287,037.60	274,141.92	1.13
2014-15	25,391,881.97	266,498.73	1.05
2015-16	27,338,589.28	338,945.96	1.24
2016-17	29,108,404.68	313,805.80	1.08
2017-18	31,467,039.69	272,900.72	.87
2018-19[3]	33,369,928.20	285,858.51	.86

Debt Service Levy

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent June 30	% Delinquent June 30
2009-10	$ 17,904,355.99	$ 523,495.32	2.92%
2010-11	17,540,525.98	401,688.63	2.29
2011-12	18,200,685.64	378,536.21	2.08
2012-13	17,864,911.48	309,563.77	1.73
2013-14	20,753,484.07	290,486.56	1.40
2014-15	19,104,215.45	216,012.26	1.13
2015-16	20,024,384.58	251,763.04	1.26
2016-17	21,568,361.03	386,352.93	1.79
2017-18	21,211,136.67	247,504.03	1.17
2018-19[3]	23,457,218.80	277,849.19	1.18

Source: California Municipal Statistics, Inc.
(1) 1% General Fund apportionment. Excludes redevelopment agency impounds.
(2) District's debt service levy for outstanding general obligation bonds.
(3) Most recent data available.

Potential Impacts of COVID-19 (Coronavirus) Pandemic on Property Tax Revenues

On May 6, 2020, the Governor signed Executive Order N-61-20 ("Order N-61-20"). Under Order N-61-20, certain provisions of the Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in Order N-61-20. In response to Order N-61-20 counties across the State (including the County) have stated that they will waive penalties for failure to timely pay property taxes on or before April 10, 2020. The County Treasurer Tax Collector has stated that the County

will waive late-payment penalties on a case by case basis if a written waiver application is submitted with proven significant economic hardship directly caused by the COVID-19 situation.

The District cannot predict whether the County will further relax its position with respect to late payment penalties, which could result in significant property tax delinquencies. The waiver of late payment penalties and resulting property tax delinquencies could have a material adverse impact on the timely payment of property taxes with respect to property in the District. The COVID-19 outbreak may also result in increased property tax assessment appeals and reduced property tax revenue growth in future years. The COVID-19 Pandemic is ongoing and the spread of the virus, the duration and severity of the outbreak in the City, the County and the State and the actions that may be taken by governmental entities to contain the virus are highly uncertain. For additional information, see "The COVID-19 Global Pandemic" herein.

Teeter Plan Not Applicable

The Board of Supervisors of the County (the "Alameda County Board") has approved the implementation of 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. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within Alameda County, with Alameda County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, Alameda County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which Alameda County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, Alameda County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is not applicable to the Bonds. The District's property tax revenues with respect to bonds reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

Largest Property Owners

Concentration of Property Ownership. Based on fiscal year 2020-21 locally assessed taxable valuations, the top twenty taxable property owners in the District represent approximately 7.37% of the local secured assessed value.

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2020-21.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2020-21

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total[1]
1.	Bayer Healthcare LLC	Industrial	$ 371,086,797	1.73%
2.	Berkeley Multifamily I Property Owner LLC	Apartments with Retail	101,517,135	0.47
3.	Granite Library Gardens LP	Apartments	92,007,838	0.43
4.	Hanumandla R. & Hanumandla J. Reddy, Trustees	Apartments	84,607,061	0.39
5.	BREIT SH Berkeley LLC	Apartments with Retail	81,975,542	0.38
6.	CVBAF ACQ LLC	Apartments	76,794,428	0.36
7.	MCREF Acheson LLC	Apartments	70,484,326	0.33
8.	1500 San Pablo LLC	Apartments	65,620,532	0.31
9.	Kaiser Foundation Health Plan Inc.	Industrial/Commercial Land	65,117,446	0.30
10.	Parkershattuck Owner LLC	Apartments	61,361,380	0.29
11.	CLPF Hillside Village LP	Apartments	58,912,826	0.27
12.	RI Berkeley LLC	Apartments	57,082,272	0.27
13.	CPF Berkeley Varsity LLC	Apartments	55,116,826	0.26
14.	Sterling Berkeley Haste LP	Apartments	53,485,617	0.25
15.	Essex Berkeley 4th Street LP	Condominiums with Retail	53,111,791	0.25
16.	Higby JV LLC	Apartments	51,549,439	0.24
17.	Sterling Berkeley Allston LP	Apartments	50,805,951	0.24
18.	Garr Land & Resource Management, Inc.	Industrial	45,315,966	0.21
19.	John K. Gordon & Janis L. Mitchell, Trustees	Commercial Properties	42,455,635	0.20
20.	Dwight Way Residential Property Owner LLC	Apartments	42,339,831	0.20
	Total Top 20		$1,580,748,639	7.37%

Source: California Municipal Statistics, Inc.
(1) 2020-21 Local secured assessed valuation: $21,450,942,476.

Direct and Overlapping Debt

Direct and Overlapping Debt. Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith.

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

The first column in the table names each public agency which has outstanding debt as of September 1, 2020, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT

BERKELEY UNIFIED SCHOOL DISTRICT

2020-21 Assessed Valuation: $22,383,132,769

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/20
Alameda County	6.698%	$ 12,813,274
Bay Area Rapid Transit District	2.583	32,207,040
Peralta Community College District	18.687	81,700,498
Berkeley Unified School District	**100.000**	**270,445,000** (1)
City of Berkeley	100.000	136,995,000
City of Oakland	.001	4,722
East Bay Regional Park District	4.119	5,521,520
City of Berkeley Community Facilities District No. 1	100.000	735,000
City of Berkeley 1915 Act Bonds	100.000	1,005,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		541,427,054
OVERLAPPING GENERAL FUND DEBT:		
Alameda County General Fund Obligations	6.698%	55,602,107
Alameda-Contra Costa Transit District Certificates of Participation	7.948	926,339
Peralta Community College District Benefit Obligation Bonds	18.687	24,906,783
City of Berkeley Lease Revenue Bonds and Certificates of Participation	100.000	24,020,000
City of Oakland General Fund and Pension Obligation Bonds	.001	3,239
TOTAL OVERLAPPING GENERAL FUND DEBT		105,458,468
COMBINED TOTAL DEBT		646,885,522 (2)

Ratios to 2020-21 Assessed Valuation:

Direct Debt ($270,445,000)	**1.21%**
Total Direct and Overlapping Tax and Assessment Debt	2.42%
Combined Total Debt	2.89%

Source: California Municipal Statistics, Inc.
(1) Excludes Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Bonding Capacity

As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2020-21 assessment roll, the District's gross bonding capacity is approximately $559,578,319, and its net bonding capacity is approximately $289,133,319 prior to the issuance of the Bonds. Refunding bonds, such as the 2020 Refunding Bonds, may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Cybersecurity Risks

The District and the County may each face various cyber security threats, including, but not limited to, hacking, viruses, malware, ransomware and other attacks on their computers and their networks. No assurance can be given that the District's or County's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District or the County. The District is reliant on the County in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of *ad valorem* taxes, the Paying Agent, and the dissemination agent. No assurance can be given that the District, the County, and these other entities will not be adversely affected by cyber threats and attacks in a manner that may affect owners of the Bonds.

Bankruptcy Risks

In bankruptcy, the voluntary application of pledged special revenues to indebtedness secured by such revenues is not subject to the automatic stay. A recent decision by the United States Court of Appeals for the First Circuit in a case involving revenue bonds of the Puerto Rico Highways & Transportation Authority, however, concludes that an action by bondholders to compel the application of pledged special revenues is not exempt from the automatic stay. See "LEGAL MATTERS" below.

Risk of Changing Economic Conditions; Risk of Earthquake

Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State. The District, like much of California, is located in a seismically active region.

The COVID-19 Global Pandemic

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the "President") and a state of emergency by the Governor of the State (the "Governor"). There has been tremendous volatility in the markets in the United States and globally, resulting in significant declines and speculation of a national and global recession.

Federal Action. On March 6, 2020, the President signed a COVID-19 relief bill providing $8.3 billion in emergency funding to support development of vaccines and treatment, grants for state and local governments, preparedness activities for U.S. government facilities, and humanitarian foreign assistance. The President declared a national emergency on March 13, 2020, making available more than $50 billion in

federal funds for disaster relief and assistance. The Families First Coronavirus Response Act of 2020 was signed into law on March 18, 2020, providing paid sick leave, free testing, expanded food assistance and unemployment benefits, and requiring additional protections for healthcare workers.

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") into law authorizing more than $2 trillion to battle COVID-19 and its economic effects, including immediate cash relief for individual citizens, expanded unemployment insurance for workers, loan programs for small business, additional funds for state and local governments, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. The CARES Act designates approximately $31 billion for K–12 and higher education assistance and more than $4 billion for childcare and early education programs, including $13.5 billion to be distributed to states based on their state-level Title I allocation, with states passing on ninety percent of the funds to school districts and charter schools using the Title I formula; $3 billion for state governors to spend on K–12 or higher education in regions that have been hit hardest by COVID-19, $8.8 billion for child nutrition programs, $3.5 billion for child care and development block grants and $750 million for Head Start early education programs.

State Action. On March 4, 2020, less than six weeks after the first confirmed case of COVID-19 in the State, the Governor declared a state of emergency, thereby making additional resources available, formalizing emergency actions already underway across multiple State agencies and departments, and helping the State prepare for broader spread of COVID-19. The Governor issued Executive Order N-26-20 on March 13, 2020, ensuring California public school districts retain State funding even in the event of physical closure. The order directed school districts to use those State dollars to fund distance learning and high quality educational opportunities, provide school meals, continue to pay employees, and, as practicable, arrange for the supervision for students during school hours.

On March 17, 2020, the Governor signed Senate Bill 117 ("SB 117") appropriating $500 million from the State general fund for any purpose related to the Governor's March 4 emergency declaration. SB 89 allows additional funds to be appropriated in $50 million increments up to a total of not to exceed $1 billion. The Governor also signed Senate Bill 117 ("SB 117"), which, among other items, provides that, for all school districts that comply with Executive Order N-26-20, attendance during full school months from July 1, 2019, to February 29, 2020, inclusive, will be reported for apportionment purposes. SB 117 also holds harmless school districts not meeting minimum instructional day and minute requirements during the academic year. Additionally, SB 117 appropriates $100 million for local educational agencies to purchase protective equipment and supplies and labor related to cleaning school sites as a result of COVID-19, to be allocated to local education agencies on the basis of average daily attendance ("ADA").

On March 18, 2020, the California Franchise Tax Board announced updated special tax relief for all State taxpayers due to the COVID-19 outbreak, postponing from April 15, 2020 until July 15, 2020 the filing and payment deadlines for all individuals and business entities for, among other items, 2019 tax returns and tax return payments.

On August 29, 2020 the Governor announced a color-coded statewide system for reopening called the "Blueprint for a Safer Economy." The new reopening system replaces the county monitoring list. The color-coded system became effective as of August 31, 2020. As detailed below, the new system features a color-coded list benchmarked to each county's rate of new cases per 100,000 residents per day (based on a seven-day average with seven-day lag) and the percentage of positive COVID-19 tests. Hospitalizations and capacity at intensive care units are given less weight than under the prior system.

Under the new system, each county is given a designation of "purple" (widespread), "red" (substantial) "orange" (moderate) or "yellow" (minimal) that measures the spread of COVID-19 and dictates what types of businesses and activities are allowed to open in each county.

Each county will be assigned its tier every Tuesday, and a county must remain in a tier for 21 consecutive days before moving to the next one. To move forward, a county must meet the next tier's criteria for 14 consecutive days. A county can move backwards by failing to meet the criteria for two consecutive weeks, or if state officials see a rapid rise in hospitalizations. County guidelines may override the state's reopening thresholds, but only if they are stricter.

A brief summary of the four tiers is below:

Purple tier: County risk level is "widespread"

- *Benchmark* - More than seven daily new cases per 100,000 residents, or test positivity greater than 8%.
- Most non-essential indoor businesses operations are closed, but indoor hair salons and barbershops can reopen effective immediately.
- All retail stores and shopping malls may open at a maximum of 25% capacity.
- **The County is currently in the Purple tier.**

Red tier: County risk level is "substantial"

- Benchmark - Four to seven daily new cases per 100,000 residents, or test positivity between 5% and 8%
- Some non-essential indoor business operations (office spaces, card rooms) are closed, but gyms, movie theaters and indoor dining can reopen with modifications and capacity limitations.
- Schools can open for in-person instruction two weeks after a county moves from purple to red.
- All retail stores and shopping malls may increase occupancy to a maximum of 50% capacity.

Orange tier: County risk is "moderate"

- Benchmark - One to four daily new cases per 100,000 residents, or test positivity between 2% and 5%.
- Most non-essential indoor business operations including office spaces, card rooms, gyms, movie theaters and indoor dining can reopen with modifications and capacity limitations.
- Bars may open outdoor service with modification.

Yellow tier: County risk is "minimal"

- Benchmark - Less than 1 new daily case per 100,000 residents, or test positivity less than 2%.
- non-essential indoor business operations (office spaces, card rooms) are closed, but gyms, movie theaters and indoor dining can reopen with modifications. Capacity limitations are increased.
- Bars may open indoors with modifications and capacity limitations.

Additional information about the State's reopening plans and the County's current status can be found at the State's website, www.covid19.ca.gov. Also see the County's website www.covid-19.acgov.org

for up to date information regarding COVID-19 restrictions in place in the County. Reference to the State's and the County's website is included in this Official Statement for general information only and information on such website is not included in this Official Statement by reference to such website.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted.

Impact on the District. The District shut down in-person schooling starting in March, 2020, due to County orders. The District began offering a program through virtual instruction/learning one week later. The District operated by remote learning through the end of the 2019-20 academic year. While the District is planning on returning to in-person instruction during its 2020-21 academic year, school districts in the County are required to remain closed for in-person instruction until the County has been on the Red tier of the State's reopening system for 14 consecutive days or until such time as the District applies for and receives a variance from the State Health Officer.

Once the District is able to resume in-person instruction the District intends to offer both a hybrid learning model, with a reduced number of students on campus each day, and an ongoing distance learning model, intended for students for whom it would not be safe to be physically present in a school setting.

While SB 117, the Cares Act, and the federal emergency aid will provide some immediate relief to school districts, including the District, the short-term and long-term impacts of the COVID-19 outbreak are unknown as the situation is rapidly evolving. The District cannot predict whether the State will access its reserves and whether any of such funds will be provided to school districts, including the District. The District also cannot predict whether similar legislation would be enacted in the event the outbreak of COVID-19 continues into fiscal year 2020-21 or beyond or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future. The District cannot predict the impacts that the Coronavirus pandemic might have on the District's finances or operations or the credit rating of the District's debt obligations, including the Bonds. See "RATING."

Impacts on Global and Local Economies; Potential Declines in State Revenues. The Coronavirus pandemic is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. Under the 2020-21 State Budget (defined below) the State has addressed a projected budget deficit of $54.3 billion, representing a $60 billion swing from the January Proposed 2020-21 State Budget. The 2020-21 State Budget cuts state general fund expenditures by $13.0 billion compared to 2019-20 levels with substantial cuts to spending on K-12 and higher education. The District cannot predict the short- or long-term impacts that Coronavirus will have on global, State-wide and local economies, which could impact District operations and local property values. For additional information about the 2020-21 State Budget, see "APPENDIX B - STATE FUNDING: RECENT STATE BUDGETS – 2020-21 State Budget"

General Obligation Bonds Secured by Ad Valorem Tax Revenues. Notwithstanding the impacts the Coronavirus may have on the economy in the State and the District or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of ad valorem property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. The District cannot predict the impacts that the Coronavirus pandemic might have on local property values or tax collections.

As described in "Potential Impacts of COVID-19 (Coronavirus) Pandemic on Property Tax Revenues," certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent under Order N-61- 20. Said penalties, costs and interest will be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19. The impacts the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Order N-61-20 have on property tax revenues are unknown at this time.

COUNTY INVESTMENT POOL

In accordance with Section 41001 of the California Education Code, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer-tax collector serves as ex officio treasurer for those school district located within the county. Each treasurer-tax collector has the authority to invest school district funds held in the county treasury. Generally, the treasurer-tax collector pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each treasurer-tax collector is required to invest funds, including those pooled funds described above, in accordance with Section 53601 *et seq.* of the California Government Code. In addition, each treasurer-tax collector is required to establish an investment policy which may impose further limitations beyond those required by the California Government Code. A copy of the County investment policy is available from the County Treasurer-Tax Collector, 1221 Oak Street, Room 131, Oakland, California 94612, Telephone: (510) 272-6800. It is not intended that such information be incorporated into this Official Statement by such references. Certain information concerning the County's pooled investment portfolio as of June 30, 2020, is included here in APPENDIX D—EXCERPTS FROM THE COUNTY INVESTMENT REPORT.

LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations relating to potential bankruptcies of school districts in California. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. State law contains a number of safeguards to protect the financial solvency of school districts. See "APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION." If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of a district for

the adjustment of its debts, assuming that such district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts under current State law are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

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

As stated above, if a school district were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, a school district is a municipality. State law provides that the ad valorem taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the District's general obligation bonds and for no other purpose. If this restriction on the expenditure of such ad valorem taxes is respected in a bankruptcy case, then the ad valorem tax revenue could not be used by the District for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies in California, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board and will be valid and binding from the time the bonds are executed and delivered. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds (see "THE BONDS – Security") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged ad valorem revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the ad

valorem taxes for payment of the Bonds. Additionally, the ad valorem taxes levied for payment of the Bonds are permitted under the State Constitution only where either (i) the applicable bond proposition is approved by 55% of the voters and such proposition contains a specific list of school facilities projects, or (ii) if the applicable bond proposition is approved by two-thirds of voters and such bonds must be issued for the acquisition or improvement of real property. Because State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of ad valorem tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

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

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would take or how effective they would be in obtaining possession of such tax revenues.

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

Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Quint & Thimmig LLP, Larkspur, California, bond counsel for the District. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, Larkspur, California, as disclosure counsel. The fees and expenses of bond counsel, disclosure counsel and counsel to the Underwriter are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

2020A Bonds

Interest on the 2020A Bonds is includable in the gross income of the owners thereof for federal income tax purposes.

In the opinion of Bond Counsel, interest on the 2020A Bonds is exempt from California personal income taxes.

Ownership of the 2020A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the 2020A Bonds is set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL.

2020B Bonds and 2020 Refunding Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2020B Bonds and the 2020 Refunding Bonds (the "2020 Tax-Exempt Bonds"), including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2020 Tax-Exempt Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2020 Tax-Exempt Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2020 Tax-Exempt Bonds.

Subject to the District's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the 2020 Tax-Exempt Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code").

In rendering its opinions, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2020 Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the 2020 Tax-Exempt Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for the 2020 Tax-Exempt Bonds is the price at which a substantial amount of the 2020 Tax-Exempt Bonds is first sold to the public. The Issue Price of the 2020 Tax-Exempt Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of 2020 Tax-Exempt Bonds who dispose of 2020 Tax-Exempt Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2020 Tax-Exempt Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2020 Tax-Exempt Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2020 Tax-Exempt Bond is purchased at any time for a price that is less than the 2020 Tax-Exempt Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a 2020 Tax-Exempt Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2020 Tax-Exempt Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2020 Tax-Exempt Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2020 Tax-Exempt Bonds.

An investor may purchase a 2020 Tax-Exempt Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2020 Tax-Exempt Bond in a manner that considers potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2020 Tax-Exempt Bonds. Investors who purchase a 2020 Tax-Exempt Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2020 Tax-Exempt Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2020 Tax-Exempt Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2020 Tax-Exempt Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2020 Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2020 Tax-Exempt Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2020 Tax-Exempt Bond owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2020 Tax-Exempt Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2020 Tax-Exempt Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2020 Tax-Exempt Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2020 Tax-Exempt Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2020 Tax-Exempt Bonds is exempt from California personal income taxes.

Ownership of the 2020 Tax-Exempt Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2020 Tax-Exempt Bonds. Prospective purchasers of the 2020 Tax-Exempt Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the 2020 Tax-Exempt Bonds is set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, Berkeley, California (the "Municipal Advisor"), is an independent financial advisory firm registered as a "Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor does not underwrite, trade or distribute municipal or other public securities. The Municipal Advisor has assisted the District in connection with the planning, structuring, sale, and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness, or fairness of the information contained in this Official Statement not provided by the Municipal Advisor. The fees of the Municipal Advisor in respect to the Bonds are contingent upon their sale and delivery.

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 (the "Annual Report") by not later than March 31 after the end of the District's fiscal year (the current end of the District's fiscal year is on June 30), commencing with the report for the 2019-20 fiscal year which would be due on March 31, 2021, and to provide notices of the occurrence of certain events listed in the District's Continuing Disclosure Certificate, the form of which is in APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES. The Annual Report and notices of listed events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB"), by posting on the MSRB's Electronic Municipal Market Access or "EMMA" system (website: www.emma.msrb.org). These continuing disclosure covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

In preparation for issuance of the Bonds, the District has determined that all Annual Reports and financial and operating data as required by its continuing disclosure undertakings during the last five years were filed.

The District has retained KNN Public Finance, LLC to assist it with the preparation and timely filing of future annual reports and event notices required under its existing continuing disclosure obligations with respect to the District's outstanding bonds as well as for the District's continuing disclosure obligations related to the Bonds.

LEGALITY FOR INVESTMENT IN CALIFORNIA

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, are eligible for security for deposits of public moneys in California.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District to the Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the County's authority to levy the *ad valorem* taxes for payment of the Bonds or contesting the District's ability to issue and retire the Bonds.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business, ("S&P") has assigned the rating of "AA+" to the Bonds. The rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District has covenanted in the Continuing Disclosure Certificate to file on the EMMA website notices of any rating changes on the Bonds. See APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the District and prior to the date the District is obligated to file a notice of a rating change on EMMA. Purchasers of the Bonds are directed to S&P, its website and official media outlet for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

Following a competitive sale, the 2020A Bonds were purchased by Morgan Stanley & Co. LLC (the "~~2020 Bond~~ Underwriter"). The ~~2020 Bond~~ Underwriter has agreed to purchase the 2020A Bonds at a purchase price of $2,197,456.93 (being equal to the aggregate principal amount of the 2020A Bonds of $2,200,000, less an underwriter's discount of $2,543.07). The ~~2020 Bond~~ Underwriter will purchase all of the 2020A Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the notice of sale for the 2020A Bonds, the approval of certain legal matters by counsel and certain other conditions. The ~~2020 Bond~~ Underwriter may offer and sell 2020A Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the ~~2020 Bond~~ Underwriter.

Following a competitive sale, the 2020B Bonds were also purchased by the ~~2020 Bond~~ Underwriter. The ~~2020 Bond~~ Underwriter has agreed to purchase the 2020B Bonds at a purchase price of $69,848,914.74 (being equal to the aggregate principal amount of the 2020B Bonds of $67,800,000, plus a net original issue

premium of $2,169,080.75, less an underwriter's discount of $120,166.01). The ~~2020 Bond~~ Underwriter will purchase all of the 2020B Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the notice of sale for the 2020B Bonds, the approval of certain legal matters by counsel and certain other conditions. The ~~2020 Bond~~ Underwriter may offer and sell 2020B Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the ~~2020 Bond~~ Underwriter.

Following a competitive sale, the 2020 Refunding Bonds were also purchased by ~~_____ (the "2020 Refunding Bond Underwriter").~~the Underwriter. The ~~2020 Refunding Bond~~ Underwriter has agreed to purchase the 2020 Refunding Bonds at a purchase price of $12,514,745.90 (being equal to the aggregate principal amount of the 2020 Refunding Bonds of $10,275,000, plus an ~~net~~ original issue premium of $2,253,286.60, less an underwriter's discount of $13,540.70). The ~~2020 Refunding Bond~~ Underwriter will purchase all of the 2020 Refunding Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the notice of sale for the 2020 Refunding Bonds, the approval of certain legal matters by counsel and certain other conditions. The ~~2020 Refunding Bond~~ Underwriter may offer and sell 2020 Refunding Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the ~~2020 Refunding Bond~~ Underwriter.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution, the Continuing Disclosure Certificate of the District and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District Board.

EXECUTION

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

BERKELEY UNIFIED SCHOOL DISTRICT

By /s/ Pauline Follansbee
Pauline Follansbee,
Assistant Superintendent
of Business Services

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APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF BERKELEY AND THE COUNTY

While the economics of the City and County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The City. The City of Berkeley (the "City") is located in Alameda County (the "County") on the east side of the San Francisco Bay approximately ten (10) miles east of San Francisco. The City encompasses a total area of approximately 19 square miles and has an estimated population of 122,580, giving it the highest population density of any city in the East Bay. The City is defined to a large degree, both culturally and economically, by the presence of the University of California campus located on the eastern side of the City.

The City is among the oldest cities in California. It was founded in 1864, incorporated as a town in 1878, and incorporated as a city in 1909. The original City Charter was adopted in 1895. At the geographic midpoint of the Greater Bay Area, Berkeley is 20 minutes from San Francisco and close to population centers in Contra Costa County and the Silicon Valley. The City is governed by a City Council composed of members elected from eight districts to serve four-year terms, and a Mayor who serves as the president of the City Council, elected citywide to a four-year term.

The City provides a full range of services exceeding that of most similarly sized cities in California: services include public safety (police and fire); sanitation and sewer; housing; leisure (parks, recreation and marina); health and human services including City funded health clinics; animal control; public improvements; planning and zoning; general and administrative services; and library services.

The County. Located on the east side of the San Francisco Bay, Alameda County encompasses 813 square miles and extends from Albany in the North to Fremont in the South and Livermore in the East. The population of Alameda County exceeds 1.5 million making it the seventh most populous county in California according to U.S. Census Bureau data. Population growth in Alameda County has been fairly consistent during the last forty years making it a desirable place to live and work.

The County was established in 1853 and is governed by a five-member Board of Supervisors elected by popular vote. Other elected officials include the Auditor-Controller/Clerk-Recorder, Assessor, Treasurer-Tax Collector, District Attorney, and Sheriff/Coroner. The Board of Supervisors is responsible for providing policy direction, approving the County budget, and representing the County in a number of areas including special districts. The County Administrator reports to the Board and is responsible for delivering County services.

The County possesses a large and diverse economic base, consisting of research and high technology, professional services, manufacturing, farming, finance, transportation, wholesale and retail trade, higher education, medical and health services, and government services. The County also has a diversified industrial base that provides well-paying jobs to its residents.

In international trade, Alameda County has a long history of strong cultural and business ties with Pacific Rim trading partners. Because of its central location and state-of-the-art port facilities, it is a major port for the Pacific Rim trade. The County's extensive network of air, sea, highway and rail facilities have made the County a major transportation hub for regional, national, and international trade.

Population

The table below summarizes population of the City, the County, and the State of California for the last five years.

CITY OF BERKELEY, ALAMEDA COUNTY, and CALIFORNIA
Population

Year	City of Berkeley	Alameda County	State of California
2016	120,059	1,632,599	39,131,307
2017	121,050	1,646,711	39,398,702
2018	121,752	1,655,306	39,586,646
2019	122,358	1,664,783	39,695,376
2020	122,580	1,670,834	39,782,870

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-20, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

ALAMEDA COUNTY, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate [1]
2015	Alameda County	824,800	785,700	39,100	4.7
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	Alameda County	837,900	802,400	35,500	4.2
	California	19,102,700	18,065,000	1,037,700	5.4
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	Alameda County	848,500	817,600	30,900	3.6
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	Alameda County	848,200	822,800	25,400	3.0
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019[2]	Alameda County	844,400	819,700	24,700	2.9
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-19, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers

The following table lists the top 10 employers within Alameda County according to Alameda County's FY2018-19 CAFR.

ALAMEDA COUNTY
2019 Major Employers

Employer	Employees	% of Total County Employment
Kaiser Permanente	58,269	7.12%
Sutter Health	24,347	2.97
Wells Fargo Bank	14,000	1.71
Safeway Inc.	13,397	1.64
Tesla	10,000	1.22
PG&E Corporation	9,600	1.17
Alameda County	9,428	1.15
Oracle Corp.	7,535	.92
UOS	6,700	.82
John Muir Health	6,518	.80
Total Top 10	159,794	19.51%

Source: Alameda County 2018-19 CAFR.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF BERKELEY
Building Permits and Valuation
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Permit Valuation:					
New Single-family	$ 2,995	$ 5,469	$ 14,776	$ 13,808	$ 9,666
New Multi-family	53,876	9,835	47,723	24,506	7,513
Res. Alterations/Additions	52,549	45,295	45,215	80,130	40,596
Total Residential	$109,420	$ 60,600	$107,715	118,445	57,776
Total Nonresidential	72,979	82,168	54,810	74,491	28,420
Total All Building	$182,400	$142,769	$162,525	192,937	86,197
New Dwelling Units:					
Single Family	6	20	43	63	46
Multiple Family	459	69	402	129	42
Total	465	89	445	192	88

ALAMEDA COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Permit Valuation:					
New Single-family	$ 576,948	$ 791,879	$ 763,677	$ 689,529	$ 675,129
New Multi-family	456,361	497,341	1,307,093	1,431,985	782,536
Res. Alterations/Additions	344,975	466,239	501,276	469,158	512,409
Total Residential	$1,378,285	$1,755,471	$2,572,048	2,590,673	1,970,076
Total Nonresidential	1,146,437	1,332,034	1,587,834	1,762,395	1,794,925
Total All Building	$2,524,722	$3,087,506	$4,159,882	4,353,068	3,765,001
New Dwelling Units:					
Single Family	1,671	2,348	2,175	1,867	1,871
Multiple Family	3,370	3,171	6,889	6,540	4,145
Total	5,041	5,519	9,064	8,407	6,016

Source: Construction Industry Research Board: "Building Permit Summary."
Note: Columns may not sum to totals due to independent rounding.

Median Household Income

The following table summarizes the total effective buying income and the median household effective buying income for Berkeley, the County, the State of California and the nation for the past five years.

BERKELEY, ALAMEDA COUNTY, STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Berkeley	$ 4,264,478	$ 56,194
	Alameda County	52,448,661	64,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	Berkeley	4,618,113	59,598
	Alameda County	56,091,066	67,631
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	Berkeley	5,070,468	66,382
	Alameda County	61,987,949	73,633
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2018	Berkeley	5,517,451	72,412
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2019	Berkeley	5,843,576	76,294
	Alameda County	72,243,436	84,435
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: Nielsen, Inc.

APPENDIX B

DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

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

Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System

Most California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts. Commencing with the fiscal year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education. In fiscal year 2013-14, State legislation replaced the majority of revenue limit and categorical funding formulas with a new set of funding formulas. The new formula for school funding is known as the "Local Control Funding Formula" (the "Local Control Funding Formula" or "LCFF"). The State budget provided funding in fiscal year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The new system provides a base rate per student multiplied by the school district's average daily attendance ("ADA") for each of several grade levels. The base rates are augmented by several funding supplements such as for (1) students needing additional services, defined as English learners, students from lower income families, and foster youth; and (2) school districts with high concentrations of English learners and lower income families. The new funding system requires school districts to develop local control and accountability plans describing how the school district intends to educate its students and achieve annual education goals to be achieved in state-mandated areas of priority.

Under the prior system, California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the school district's ADA. The base revenue limit was calculated from the school district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after considering certain other revenues, in particular, locally generated property taxes. This was referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution. A school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a LCFF district.

The Local Control Funding Formula is also based on ADA. ADA can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in ADA will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs.

Average Daily Attendance

In the past, annual State apportionments of basic and equalization aid to school districts were computed based on a revenue limit per unit of ADA. Prior to fiscal year 1998-99, daily attendance numbers included students who were absent from school for an excused absence, such as illness. Effective in fiscal year 1998-99, only actual attendance is counted in the calculation of ADA. This change was essentially fiscally neutral for school districts which maintain the same excused absence rate. The rate per student was recalculated to provide the same total funding to school districts in the base year as would have been received under the old system. After fiscal year 1998-99, school districts which improved their actual attendance rate received additional funding.

As indicated above, commencing with the Fiscal Year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The following table shows the District's enrollment, ADA and LCFF Revenues for the most recent fiscal years.

AVERAGE DAILY ATTENDANCE,
LCFF AND ENROLLMENT
Fiscal Years 2014-15 to 2019-20

Fiscal Year	Average Daily Attendance[1]	LCFF Revenues[2]	Enrollment[3]
2012-13	8,905	$49,564,324	9,441
2013-14	9,133	69,922,040	9,585
2014-15	9,350	74,964,973	9,839
2015-16	9,320	81,104,006	9,782
2016-17	9,199	83,718,846	9,655
2017-18	9,365	85,881,138	9,809
2018-19	9,398	90,822,388	9,811
2019-20[4]	9,426	93,533,680	9,844
2020-21[4]	9,426	86,117,140	9,844

Source: Berkeley Unified School District
(1) Except for FY2020-21, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.
(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in Fiscal Year 2008-09 and discontinued following the implementation of the LCFF.
(3) Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
(4) As projected in the District's 2020-21 Budget, adopted June 24, 2020.

Effect of Changes in ADA. Changes in local property tax income and student enrollment (or ADA) affect community funded districts and revenue limit districts, now known as "LCFF districts," differently. In a LCFF district, such as the District, increasing enrollment increases the amount allocated under LCFF

and thus generally increases a district's entitlement to State aid, while increases in property taxes do nothing to increase district revenues, but only offset the State aid funding requirement. Operating costs typically increase disproportionately slower than enrollment growth until the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State aid, while operating costs typically decrease slowly until the district decides to lay off teachers, close schools, or initiate other cost-saving measures.

In community funded districts, the opposite is generally true: increasing enrollment does increase the amount allocated under LCFF, but since all LCFF income (and more) is already generated by local property taxes, there is typically no increase in State income. New students impose increased operating costs, but typically at a slower pace than enrollment growth, and the effect on the financial condition of a community funded district would depend on whether property tax growth keeps pace with enrollment growth. Declining enrollment typically does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

For LCFF districts, such as the District, any loss of local property taxes is made up by an increase in State aid. For community funded districts, the loss of tax revenues is not reimbursed by the State.

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

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's 2nd Interim Report and projected ADA are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2019-20 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Impact of Coronavirus on Attendance. As described herein, the short-term and long-term impact of the Coronavirus on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the Coronavirus emergency, are highly uncertain and 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 – The Coronavirus Global Pandemic."

District Budget and County Review

Budgeting 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 County Superintendent of Schools.

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

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

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

If at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as describe below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office of Education and Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that

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

Interim Reporting. A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. The District has received positive certifications on its interim financial reports for fiscal year 2019-20.

Emergency Appropriation from the State. For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place.

The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

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

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.

The District's 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. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. 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 District's 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 type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the basic operating activities of the District. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2019, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 2020 Bonar Street, Room 231, Berkeley,

California 94702, telephone number (510) 644-4500. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. For further information, see also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.

The following table shows the District's audited revenues, expenditures and changes in fund balances for the past three fiscal years, estimated actuals for fiscal year 2019-20 and budgeted projections for fiscal year 2020-21.

The budgeted projections for Fiscal Year 2020-21 set forth below reflect the District's assumptions concerning the state of California's 2021 state budget and concerning local property tax collections from property located within the District. While the District believes it has made reasonable assumptions, the District's FY2020-21 Budget will be revised as new information becomes available.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2016-17 to 2020-21

	Fiscal Year				
	2016-17 Audited	2017-18 Audited	2018-19 Audited	2019-20[(1)(2)] Estimated Actuals	2020-21[(1)(2)] Budgeted Projections
REVENUES					
Revenue Limit/LCFF Sources[(1)]	$ 83,718,846	$ 85,881,138	$ 90,822,388	$ 93,533,680	$ 86,117,140
Federal Sources	3,060,518	3,610,207	3,639,174	4,450,798	4,418,561
Other State Sources	10,533,042	13,693,759	19,700,128	12,742,266	5,739,192
Other Local Sources	46,427,375	53,694,020	52,156,871	52,869,569	60,532,756
Total Revenues	143,739,781	156,879,124	166,318,561	163,596,315	156,807,649
EXPENDITURES					
Certificated Salaries	62,078,708	60,932,155	64,145,345	65,072,948	69,984,101
Classified Salaries	26,777,000	26,992,904	27,750,589	28,376,440	29,340,931
Employee Benefits	29,595,334	31,568,374	40,952,326	37,000,587	32,861,149
Books and Supplies	4,737,498	4,426,782	4,077,070	7,820,946	6,495,434
Contract Services	22,507,932	23,786,928	25,736,240	31,592,560	26,102,958
Capital Outlay	7054,555	820,775	370,548	2,220,569	153,450
Other Outgo	-	11,004	9,396	(665,442)	(436,983)
Debt Service – Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Total Expenditures	146,401,027	148,538,922	163,041,514	171,418,680	164,501,042
Excess of Revenues over Expenditures	(2,661,246)	8,340,202	3,277,047	(7,822,365)	(7,693,393)
OTHER FINANCING SOURCES					
Operating transfers in	708,460	699,643	660,848	3,200,000	6,300,000
Operating transfers out	(1,783,825)	(1,476,164)	(990,272)	(1,108,526)	(666,659)
Other sources	-	-	-	-	-
Total financing sources (uses)	(1,075,365)	(776,521)	(329,424)	2,091,474	5,663,341
Net change in fund balances	(3,736,611)	7,563,681	2,947,623	(5,730,891)	(2,060,052)
Fund Balance, July 1[(2)]	26,862,995	23,126,384	30,690,065	18,780,841	13,049,950
Fund Balance, June 30[(2)]	23,126,384	30,690,065	33,637,688	13,049,950	10,989,897

Sources: Berkeley Unified School District 2017-19 audited financial statements and 2020-21 Budget, adopted June 24, 2020.
(1) As projected in the District's 2020-21 Budget adopted June 24, 2020.
(2) The 2019-20 Estimated Actuals and 2020-21 Adopted Budget do not include amounts attributable Fund 17 - Parcel Tax Funds, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20 - Special Reserve Fund for Postemployment Benefits, which otherwise included in totals for prior years.

Summary of District Revenues and Expenditures

The District's audited financial statements for the year ending June 30, 2019, are reproduced in Appendix C. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District Board by September 15, and the audit report must be filed with the County Superintendent of Schools and State officials by December 15 of each year.

The District is required by State law and regulation to maintain various reserves, including a "reserve for economic uncertainty" equal to no less than 3% of general fund expenditures and other financing uses. For fiscal year 2019-20, the District has budgeted $11,864,705 for its reserve for economic

uncertainty. Substantially all funds of the District are required by law to be deposited with and invested by the County Treasurer-Tax Collector on behalf of the District, pursuant to law and the investment policy of the County. See "COUNTY POOLED INVESTMENT FUND" in the front portion of this Official Statement.

Local Control Funding Formula. The State Constitution requires that from all State revenues there will be funds set aside to be allocated by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant portion of their funding from these State allocations. The general operating income of school districts in California is comprised of two major components: (i) a State portion funded from the State's general fund, and (ii) a local portion derived from the school district's share of the 1% local *ad valorem* tax authorized by the State Constitution. School districts may also be eligible for special categorical and grant funding from State and federal government programs.

As part of the State Budget for fiscal year 2013-14 (the "2013-14 State Budget"), State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF. This formula replaced the 40-year revenue limit funding system for determining State apportionments and the majority of categorical programs. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013 Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. Each school district and charter school receives a base grant per its ADA used to support the basic costs of instruction and operations. The implementation of the LCFF began in fiscal year 2013-14 and was fully implemented during fiscal year 2018-19.

The LCFF includes the following components:

- An average base grant for each local education agency per unit of ADA as detailed in the CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION LOCAL CONTROL TARGET FUNDING FORMULA 2019-20 summary table herein.

- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced-price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an "unduplicated count."

- An additional concentration grant equal to 50% of a local education agency's base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district's or charter school's total enrollment.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of unduplicated student enrollment, for fiscal years 2013-14 through 2020-21.

ADA, ENROLLMENT AND UNDUPLICATED ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2020-21

Source: Berkeley Unified School District
(1) Except for FY2020-21, reflects P-2 ADA.
(2) Reflects CBEDS enrollment.
(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(4) As projected in the District's 2020-21 Budget, adopted June 24, 2020.

Of the more than $25 billion in funding to be invested through the LCFF through full implementation of the LCFF, the vast majority of new funding is provided for base grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to base grants, 10 cents will go to supplemental grants, and 6 cents will go to concentration grants. Under the 2013-14 State Budget, the target average base grant was $7,643, which was an increase of $2,375 from the prior year's average revenue limit. Base grants are adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. As the LCFF has been fully implemented, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget on an ongoing basis. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type and are intended to recognize the generally higher costs of education at higher grade levels. For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding and restoration of categorical funding to pre-recession levels. The sum of a school district's adjusted base, supplemental and concentration grants will be multiplied by such district's Second Principal Apportionment (P-2) ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with categorical block grant add-ons, will yield a school district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and the individual school district's share of applicable local property taxes allocations. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues in a particular year may significantly affect appropriations made by the State Legislature to school districts.

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

A summary of the target LCFF funding amounts for California school districts and charter schools based on grade levels and targeted students classified as English learners, those eligible to receive a free or reduced price meal, foster youth, or any combination of these factors ("unduplicated" count) is shown below:

CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS
GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION
LOCAL CONTROL TARGET FUNDING FORMULA 2019-20

Grade Levels	2019-20 Base Grants per ADA	2019-20 COLA (3.26%)	Grade Span Adjustments	2019-20 Grant/Adjusted Base Grant per ADA
K-3	$ 7,459	$ 243	$ 801	$ 8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

Source: California Department of Education
Note: The State of California's FY2020-21 budget has frozen LCFF funding for FY2020-21 at FY2019-20 levels with no further COLA adjustment.

Since July 1, 2015, school districts have been required to develop a three-year Local Control and Accountability Plan (each, a "LCAP"). County Superintendents of Schools and the State Superintendent review and provide support to school districts and county offices of education under their jurisdictions. In addition, the 2013-14 State budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent has authority to make changes to school district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, maintain a dashboard system for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Federal Sources. The federal government provides funding for several District programs, including the Every Student Succeeds Act, special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Education for Economic Security, and the free and reduced lunch program.

Other State Sources. In addition to LCFF revenues, the District receives substantial other State revenues. As described above, the LCFF replaced most of the State categorical program funding that existed prior to fiscal year 2013-14. Categorical funding for certain programs was excluded from the LCFF, and school districts continue to receive restricted State revenues to fund these programs. These other State revenues are primarily restricted revenue funding items such as the Special Education Master Plan, Economic Impact Aid, and Tier 3 Funding.

Other State revenues include the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research.

Other Local Sources. In addition to property taxes, the District receives parcel taxes, additional local revenues from items such as leases and rentals, interest earnings, transportation fees, interagency services, and other local sources. For additional information, see "Parcel Taxes."

Other District Funds

In fiscal year 2006-07 the District established the "Special Reserve Fund for Other Than Capital Outlay Fund", in which approximately 70% of the 3% of expenditures and other uses "reserve for economic uncertainty" mandated by the State is accounted for. The remaining 30% is accounted for within the District's parcel tax programs (see "- Parcel Taxes" herein). The Special Fund for Other Than Capital Outlay Fund is reported separately in all filings with the County Office of Education but is reported, along with the parcel tax program portion of the "reserve for economic uncertainty", as an undifferentiated part of General Fund ending balance in audited financial statements. The "reserve for economic uncertainty" may be accessed for general fund purposes without restriction or pay-back requirement (other than to each year budget sufficiently to meet the State reserve for economic uncertainty requirement each year).

Certain other District funds could, if need be and to the extent monies are available therein, be accessed on a temporary basis through District Board action and must be repaid within the fiscal year borrowed, or in the following fiscal year under certain limited circumstances. Among such funds are the Special Reserve Fund for Postemployment Benefits established in 2014-15 and the District's adult education, building and self-insurance funds, the audited and budgeted ending fund balances for which are shown below for fiscal years 2014-15 through 2018-19, respectively:

OTHER DISTRICT FUNDS
Year End Fund Balance

	Fiscal Year				
	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19	Unaudited 2019-20
Adult Education	$ 770,701	$ 1,017,802	$ 959,598	$ 1,124,183	$ 1,407,814
Building	45,586,535	30,697,253	25,776,554	101,493,181	86,834,355
Self-insurance	(3,237,823)	(3,463,871)	(2,414,685)	(2,292,356)	(2,323,429)
Special Reserve Fund for Other Than Capital Outlay Fund[1]	3,253,293	3,443,691	3,599,848	3,661,986	3,921,046
Special Reserve Fund for Postemployment Benefits[1]	5,153,708	6,901,247	9,727,362	11,194,861	8,885,696

Source: Berkeley Unified School District

Parcel Taxes

The District currently levies three parcel taxes, the Berkeley Schools Excellence Program, the Berkeley Schools Facilities Safety and Maintenance Act, and the Berkeley Educators Recruitment and Retention Act.

Berkeley Schools Excellence Program (the "BSEP"). The "Berkeley Schools Excellence Program," a parcel tax program of the District, was originally approved by voters in November 1986 and first levied in fiscal year 1987-88. Two-thirds approval by voters voting is required for parcel tax enactment. A measure to renew the parcel tax program for twelve years was passed on November 8, 1994 as the "Berkeley Schools Excellence Program". On November 2, 2004 Berkeley voters approved a new parcel tax ("Measure B"), structured as a two-year supplement to BSEP. Measure B is managed as a part of BSEP. On November 7, 2006, District voters approved by 79.05% a new parcel tax measure that in effect continues the BSEP and Measure B tax levies in an equivalent combined levy beginning in 2007-08, structured as an extension of

BSEP for ten fiscal years. On November 8, 2016, Berkeley voters approved by 88.99% Measure E-1, extending BSEP eight fiscal years from 2017-18 through 2024-25. Included in this extension was an increase in annual revenue of $4 million and a change in the annual consumer price index escalator from one that is state-wide to the Bay Area Consumer Price Index-All Urban Consumers, San Francisco-Oakland-San Jose (as of December 1 or the prior year). BSEP funds certain District expenditures, including certain salaries, for the purposes of reducing class size, providing maintenance and security, providing supplementary books and materials and enriching certain school programs. A separate planning budget is developed annually for BSEP, along with the regular District budget.

Berkeley Schools Facilities Safety and Maintenance Act (the "BSFSMA"). On November 7, 2000, the voters of the District passed the "Berkeley Schools Facilities Safety and Maintenance Act of 2000" ("Measure BB"), by an affirmative vote of 78.4% of the votes cast. The Measure BB levy began in fiscal year 2000-01 for twelve fiscal years through 2011-12. On November 2, 2010, by a yes vote of 80.88% of votes cast, the "Berkeley Schools Facilities Safety and Maintenance Act of 2010" ("Measure H 2010") was passed, extending the Measure BB tax levy for ten fiscal years from 2012-13 through 2021-22. On March 3, 2020, the voters of the District passed Measure H ("Measure H 2020") by an affirmative vote of 83.7%. Measure H 2020 extends BSFSMA tax collections until 2029-30. The purpose of the BSFSMA is to fund certain District expenditures for maintenance, including certain related salaries. A separate planning budget is developed annually for the BSFSMA, along with the regular District budget.

Berkeley Educators Recruitment and Retention Act (the "BERRA"). On March 3, 2020, the voters of the District passed the "Berkeley Educators Recruitment and Retention Act" ("Measure E") by an affirmative vote of 80.51% of the votes cast. The BERRA imposes a new special tax on parcels in the District for 12 years and dedicates all of the BERRA tax collections to recruiting and retaining qualified teachers and preventing shortages of essential school staff. BERRA tax collections began July 1, 2020. A separate planning budget is developed annually for the BERRA, along with the regular District budget.

PARCEL TAX COLLECTIONS
Fiscal Years 2017-18 through 2020-21

	Tax Expires June 30,	Fiscal Year Audited 2017-18	Audited 2018-19	Unaudited 2019-20	Projected 2020-21
BSEP	2025	$30,277,029	$31,381,929	$32,453,914	$32,984,700
BSFSMA	2030	6,088,617	6,290,693	6,285,237	7,192,000
BERRA[1]	2032	—	—	—	9,900,000
Total Parcel Taxes		$36,365,646	$37,672,622	$38,739,151	$50,076,700

Source: Berkeley Unified School District
(1) BERRA tax collections began on July 1, 2020.

Parcel taxes are not pledged as payment for the Bonds. The Bonds are payable from the proceeds of an ad valorem *tax levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds.*

See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Articles XIIIC and XIIID" regarding the potential impact of Article XIIIC on the District's ability to levy and collect the parcel taxes.

Effect of State Budget on Revenues

Most public school districts in California, including the District, are dependent on revenues from the State for a large portion of their operating budgets, because the primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes as previously described herein (see "—Education Funding Generally" above). School districts which are Community Funded however are an exception to this and derive most of their revenues from local property taxes.

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"), 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 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 generally. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Effects of COVID-19 Pandemic on District Revenues.

In general, the outbreak of a highly contagious disease or epidemic disease could harm the District's financial results or result in a temporary shutdown of the District's facilities. As discussed above, most school districts in California, including the District, are funded based on the LCFF, which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. See "- Allocation of State Funding to School District; Local Control Funding Formula." Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes. Any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State.

While the District has made reasonable assumptions in the creation of its Fiscal Year 2020-21 budget, the District cannot predict all of the possible impacts that the COVID-19 emergency might have on its finances or programs or the credit ratings on its debt obligations. Examples of possible effects are on the unanticipated costs of mitigation measures and of the continued implementation of distance learning, deteriorating economies reducing local and State revenues, declining assessed values, possible lower credit ratings, material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years, among others. In addition, the District may incur increased operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

Given the rapidly evolving nature of the COVID-19 Pandemic and the uncertainty of additional federal funding and its impact on the 2020-21 State Budget, the District's budget for fiscal year 2020-21 is subject to change throughout the current fiscal year as additional information becomes available. The District cannot predict the impact of the COVID-19 Pandemic on the District's finances for fiscal year 2020-21.

Possible Impacts of Coronavirus on the Bonds. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the main section of the Official Statement.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

Labor Relations. Salaries and benefits for supervisors, management and confidential employees are determined through an informal process of "meet and confer" with representatives from each of these classifications. The following table shows the District employees belonging to labor organizations.

LABOR ORGANIZATIONS

Labor Organization	Members	Contract Expiration[1]
Berkeley Federation of Teachers	738	6/30/21
Berkeley Council of Classified Employees	516	6/30/21
Union of Berkeley Administrators	43	6/30/21
Supervisors Local 21	33	6/30/21

Source: Berkeley Unified School District
(1) Expired contracts are under negotiation.

District Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

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

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

In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

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

MEMBER CONTRIBUTION RATES
STRS Defined Benefit Program

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200%	8.560%
July 1, 2016	10.250%	9.205%
July 1, 2017	10.250%	9.205%
July 1, 2018	10.250%	10.250%
July 1, 2019	10.250%	10.250%
July 1, 2020	10.250%	10.250%

Source: AB 1469.

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

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS Defined Benefit Program

Effective Date	K-14 School District
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019(1)	17.10
July 1, 2020(2)	16.15
July 1, 2021(2)	16.02

Source: AB 1469, recent State Budgets.
(1) Pursuant to the FY2019-20 State Budget.
(2) As projected in the FY2020-21 State Budget.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter, the STRS Teachers' Retirement Board (the "STRS Board") is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of

creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contribution to STRS for the most recent fiscal years was as follows:

Fiscal Year	District STRS Contribution
2012-13	$ 4,158,702
2013-14	4,503,362
2014-15	5,080,410
2015-16	6,307,138
2016-17	7,916,797
2017-18	8,842,060
2018-19	10,412,096
2019-20(1)	16,686,500
2020-21(1)	11,519,276

Source: Berkeley Unified School District

(1) From the District's 2020-21 Budget, adopted June 24, 2020. FY2020-21 contribution is a budgeted projection.

The State also contributes to STRS, currently in an amount equal to 7.328% of teacher payroll for fiscal year 2018-19. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2019-20 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual COLA's, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014, included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19 and is 20.733% for fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS for the most recent fiscal years was as follows:

Fiscal Year	District PERS Contribution
2012-13	$2,554,529
2013-14	2,585,220
2014-15	2,814,653
2015-16	2,968,813
2016-17	3,714,339
2017-18	4,244,174
2018-19	5,048,515
2019-20[(1)]	5,318,876
2020-21[(1)]	5,871,292

Source: Berkeley Unified School District
(1) From the District's 2020-21 Budget, adopted June 24, 2020. FY2020-21 contribution is a budgeted projection.

For further information about the District's contributions to STRS and PERS, see APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019—Notes 7 and 8.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference. Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions)[1]
Fiscal Years 2010-11 through 2018-19

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2][3]	Value of Trust Assets (AVA)[4]	Unfunded Liability (MVA)[4]
2010-11	$ 208,405	$ 147,140	$ 68,365	$ 143,930	$ 64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,7199	255,466	102,636	205,016	105,703

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2][3]	Value of Trust Assets (AVA)[4]	Unfunded Liability (MVA)[4]
2010-11	$ 58,358	$ 45,901	$ 12,457	$ 51,547	$ 6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	—[5]	—[5]
2014-15	73,325	56,814	16,511	—[5]	—[5]
2015-16	77,544	55,785	21,759	—[5]	—[5]
2016-17	84,416	60,865	23,551	—[5]	—[5]
2017-18	92,071	64,846	27,225	—[5]	—[5]
2018-19	99,528	68,177	31,351	—[5]	—[5]

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.
(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes assets allocated to the SBPA reserve.
(4) Reflects actuarial value of assets.
(5) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

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

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

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

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

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 under the Reform Act (defined below) will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed

amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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

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

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

On April 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as of June 30, 2019 does not reflect the State's additional payment of $660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, along with the expected

reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2021-22 is projected to be 24.6%, with annual increases thereafter, resulting in a projected 26.2% employer contribution rate for fiscal year 2026- 27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year was well below the 7% assumed return.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 (the "Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources,

deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for STRS and PERS, as of June 30, 2019, are as shown in the following table.

Pension Plan	Net Pension Liability	Deferred Outflows Related to Pensions	Deferred Inflows Related to Pensions	Pension Expenses
STRS	$110,639,000	$42,672,096	$20,251,000	$23,691,002
PERS	53,820,000	14,439,515	559,000	10,857,255
Total	$164,459,000	$57,111,611	$20,810,000	$34,548,257

Source: Berkeley Unified School District.

For additional information, see APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019—Notes 7 and 8.

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

Other Post-Employment Benefits

Post-Employment Health Care Plan and Other Postemployment Benefits (OPEB) Obligation. The District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment health care plan (the "Plan"). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical and dental insurance coverage. The District Board has the authority to establish or amend the benefit terms offered by the Plan, and also retains the authority to establish the requirements for paying for the Plan's benefits as they come due.

Membership of the Plan consists of 71 retirees and beneficiaries currently receiving benefits and 1,137 active Plan members.

Contribution Information. The contribution requirements of plan members and the District are established and may be amended by the District and applicable groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018-19, the District contributed $263,834 to the Plan, all of which was used for current premiums which represented 100 percent of total premiums.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially

determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

OPEB OBLIGATIONS
Fiscal Year 2018-19

Service cost	$ 2,085,791
Interest on net OPEB obligation	853,424
Changes of assumptions	(649,150)
Annual OPEB cost (expense)	2,290,065
Contributions made	(713,728)
Increase in net OPEB obligation	1,576,337
Net OPEB obligation, beginning of the year	21,772,490
Net OPEB obligation, end of the year	$23,348,827

Source: Berkeley Unified School District 2018-19 Audited Financial Statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

See also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, Note 9.

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (California Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, California's charter school law states that local boards are the primary charter approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. The charter school is exempt from state and local education rules and regulations, except as specified in the legislation.

School districts have certain fiscal oversight and other responsibilities with respect to both affiliated independent and district operated charter schools established within its boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. District operated charter schools receive their funding from the District and would be reflected in the District's audited financial statements.

An independent charter school, the REALM Charter School, had been operating within the boundaries of the District but its charter was revoked by the California Department of Education effective June 30, 2019. The REALM Charter School is closed and does not plan on reopening.

The District makes no representations regarding how many District students will transfer to charter schools, back to the District from charter schools, or will transfer between the District and other school districts due to the presence of charter schools in the future, and the District cannot predict the corresponding financial impacts of such transfers on the District.

Assembly Bill 1505 was recently enacted (the "AB 1505"), which aims to slow the growth of charter schools. AB 1505 will give school districts increased leverage to deny applications for new charter schools by providing school districts additional discretion when authorizing charter schools to consider the number and enrollment in proposed charter schools, academic outcomes and offerings and a statement of need for the school. The District cannot predict the impact such legislation will have on its operations and finances.

District Debt Structure

Short Term Bonds. The District has no short term debt outstanding.

General Obligation Bonds. The following table shows all of the District's outstanding general obligation bonds.

ISSUED AND OUTSTANDING GENERAL OBLIGATION BONDS
As of November 5, 2020

	Date	Series	Original Principal Amount	Outstanding Amount as of November 5, 2020
Election of 2010	5/26/11	Series A	$25,000,000	$ 15,185,000
	5/14/13	Series C	40,000,000	40,000,000
	6/30/15	Series D	50,000,000	50,000,000
	8/23/18	Series E	85,000,000	81,500,000
Election of 2020	11/5/20	Series A (Federally Taxable)	2,200,000	2,200,000
	11/5/20	Series B	67,800,000	67,800,000
Refunding Bonds	7/9/15	2015 GO Refunding Bonds	$23,665,000	9,700,000
	5/19/16	2016 GO Refunding Bonds	17,905,000	13,910,000
	4/25/17	2017 GO Refunding Bonds	23,965,000	23,245,000
	8/1/19	2019 GO Refunding Bonds	29,465,000	24,560,000
	11/5/20	2020 GO Refunding Bonds	10,275,000	10,275,000
Total				$338,375,000

The following table shows the District's debt service obligations with respect to its outstanding general obligation bonds.

DEBT SERVICE OBLIGATIONS ON OUTSTANDING GENERAL OBLIGATION BONDS
As of November 5, 2020

Bond Year Ending Aug. 1(1)	Election of 2010 Taxable Series A (2011)[1]	Election of 2010 Series C (2013)	Election of 2010 Series D (2015)	2015 Refunding Bonds	2016 Refunding Bonds	2017 Refunding Bonds	Election of 2010 Series E (2018)	2019 Refunding Bonds	Election of 2020 Series A (2020)	Election of 2020 Series B (2020)	2020 Refunding Bonds	Aggregate Debt Service
2021	$ 3,311,160.00	$ 1,607,801.26	$ 1,972,875.00	$ 3,640,987.50	$ 1,510,625.00	$ 1,727,393.76	$ 3,044,187.50	$ 6,183,000.00	$5,689.44	$1,443,119.28	$ 1,424,604.17	$ 25,871,442.91
2022	3,188,150.00	1,607,801.26	1,972,875.00	3,653,737.50	1,502,375.00	1,732,893.76	3,044,187.50	4,720,250.00	2,207,700.00	10,928,093.76	1,421,500.00	35,979,563.78
2023	3,062,370.00	1,607,801.26	3,507,875.00	2,282,737.50	1,501,875.00	1,726,143.76	3,044,187.50	4,733,250.00	—	1,744,343.76	1,423,500.00	24,634,083.78
2024	2,941,330.00	1,607,801.26	3,476,125.00	833,337.50	1,493,625.00	1,727,643.76	3,044,187.50	4,746,250.00	—	1,812,343.76	1,428,000.00	23,110,643.78
2025	2,823,505.00	1,607,801.26	3,442,125.00	—	1,477,875.00	1,721,893.76	3,044,187.50	2,858,750.00	—	1,881,343.76	1,429,750.00	20,287,231.28
2026	2,670,806.25	1,607,801.26	3,427,125.00	—	1,475,075.00	1,714,143.76	3,044,187.50	2,855,250.00	—	1,956,093.76	1,428,750.00	20,179,232.53
2027	—	2,482,801.26	3,405,125.00	—	1,461,225.00	2,589,393.76	5,559,187.50	2,850,750.00	—	2,031,093.76	1,435,000.00	21,814,576.28
2028	—	2,496,551.26	3,386,325.00	—	1,454,825.00	2,588,393.76	5,558,437.50	—	—	2,111,093.76	1,428,000.00	19,023,626.28
2029	—	2,502,957.50	3,365,525.00	—	1,448,025.00	2,587,643.76	5,561,437.50	—	—	2,195,593.76	1,433,250.00	19,094,432.52
2030	—	2,512,082.50	3,342,725.00	—	1,440,825.00	2,593,043.76	5,537,687.50	—	—	2,279,093.76	—	17,705,457.52
2031	—	2,518,670.00	3,322,925.00	—	1,431,500.00	2,599,843.76	5,507,087.50	—	—	2,366,343.76	—	17,746,370.02
2032	—	2,528,650.00	3,305,925.00	—	—	2,595,843.76	5,443,337.50	—	—	2,462,743.76	—	16,336,500.02
2033	—	2,529,306.26	3,298,931.26	—	—	2,614,893.76	5,385,337.50	—	—	2,558,543.76	—	16,387,012.54
2034	—	2,528,106.26	3,292,356.26	—	—	1,313,175.00	5,385,687.50	—	—	2,657,293.76	—	15,176,618.78
2035	—	2,530,050.00	3,283,506.26	—	—	1,323,200.00	5,393,187.50	—	—	2,761,843.76	—	15,291,787.52
2036	—	2,529,931.26	3,277,381.26	—	—	—	5,393,343.76	—	—	2,866,893.76	—	14,067,550.04
2037	—	2,527,750.00	3,271,000.00	—	—	—	5,364,943.76	—	—	2,982,293.76	—	14,145,987.52
2038	—	2,528,506.26	3,259,000.00	—	—	—	5,358,918.76	—	—	3,097,493.76	—	14,243,918.78
2039	—	2,526,993.76	3,243,200.00	—	—	—	5,331,718.76	—	—	3,219,593.76	—	14,321,506.28
2040	—	2,523,212.50	3,229,200.00	—	—	—	5,333,218.76	—	—	3,343,393.76	—	14,429,025.02
2041	—	2,522,162.50	3,211,800.00	—	—	—	5,325,750.00	—	—	3,473,793.76	—	14,533,506.26
2042	—	2,523,637.50	3,196,000.00	—	—	—	5,319,000.00	—	—	3,612,268.76	—	14,650,906.26
2043	—	2,527,431.26	3,181,600.00	—	—	—	5,312,525.00	—	—	3,756,600.00	—	14,778,156.26
2044	—	2,533,337.50	3,168,400.00	—	—	—	5,306,150.00	—	—	3,901,575.00	—	14,909,462.50
2045	—	2,541,150.00	3,151,200.00	—	—	—	5,294,700.00	—	—	4,053,000.00	—	15,040,050.00
2046	—	2,545,662.50	—	—	—	—	5,288,175.00	—	—	4,214,362.50	—	12,048,200.00
2047	—	2,556,875.00	—	—	—	—	5,286,225.00	—	—	4,380,325.00	—	12,223,425.00
2048	—	2,569,375.00	—	—	—	—	5,278,500.00	—	—	4,555,662.50	—	12,403,537.50
2049	—	2,577,956.26	—	—	—	—	—	—	—	4,735,037.50	—	7,312,993.76
2050	—	2,592,618.76	—	—	—	—	—	—	—	4,918,225.00	—	7,510,843.76
2051	—	2,607,950.00	—	—	—	—	—	—	—	—	—	2,607,950.00
2052	—	2,618,743.76	—	—	—	—	—	—	—	—	—	2,618,743.76
	$17,997,321.25	$75,629,276.42	$79,991,125.04	$10,410,800.00	$16,197,850.00	$31,155,543.88	$136,789,681.30	$28,947,500.00	$2,213,389.44	$98,299,500.74	$12,852,354.17	$510,484,342.24

(1) All maturity dates occur on August 1 of each respective year, except for the final maturity of the Election of 2010 Series A (QSCB) Bonds which have a final maturity of 5/1/2026. These amounts do not reflect the federal subsidy.

STATE FUNDING: RECENT STATE BUDGETS

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. Public 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 primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION"). State funds typically make up the majority of a district's LCFF allocation, although Community Funded school districts derive most of their revenues from local property taxes. School districts also receive some funding from the State for certain categorical programs. 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"), 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.

2020-21 State Budget

On June 29, 2020, Governor Gavin Newsom signed the State budget for Fiscal Year 2020-21 (the "2020-21 Budget"). While the Governor's initial budget projections in January 2020 projected a budget surplus of $5.6 billion, the 2020-21 Budget addresses a projected budget deficit of $54.3 billion, representing a four-month swing of approximately $60 billion caused primarily by the effects of the COVID-19 Pandemic. The 2020-21 Budget projects general fund revenues decreasing by $9.8 billion compared to 2019-20 levels due in part to a combination of projected decreases of nearly 20% in income tax collections and sales and use tax collections. The 2020-21 Budget cuts general fund expenditures by $13.0 billion compared to 2019-20 levels with substantial cuts to spending on K-12 and higher education, legislative, judicial, executive functions and general reductions in governmental operations.

To balance the 2020-21 Budget the following list of solutions has been adopted to close the $54.3 billion dollar gap:

Reserves. The 2020-21 Budget draws down $8.8 billion in reserves from the State's Rainy Day Fund ($7.8 billion), Safety Net Reserve Fund ($450 million), and all of the funds in the Public School System Stabilization Account.

Potential Reductions and Deferrals. The 2020-21 Budget includes $11.1 billion in reductions and deferrals that will be restored depending on the receipt of additional federal aid. If at least $14 billion in federal funds are received by October 15, 2020, all reductions and deferrals will be restored. If the State receives a lesser amount, between $2 billion and $14 billion, reductions and deferrals will be partially restored. The reductions and deferrals include $6.6 billion in deferred spending on schools, approximately $970 million in funding for the University of California and the California State University, $2.8 billion for state employee compensation, $150 million for courts and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing.

Reliance on Federal Funds. The 2020-21 Budget relies on $10.1 billion in federal funds, including $8.1 billion already received as of June 30, 2020. This includes the enhanced Federal Medical Assistance Percentage, a portion of the State's Coronavirus Relief Fund allocation and funds provided for childcare programs.

Additional Revenue Generation. The 2020-21 Budget temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to $5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate $4.4 billion in new revenues in the 2020-21 fiscal year.

Borrowing/Transfers/Deferrals. The 2020-21 Budget relies on $9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools. (Approximately $900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.)

Cancelled Expansions, Updated Assumptions and Other Solutions. The remaining $10.6 billion of solutions includes cancelling multiple program expansions and anticipating increased government efficiencies and the addition of higher ongoing revenues and lower ongoing expenses that projected.

Federal Stimulus Received to Date. The federal government has provided temporary federal funding to support the State's response to the COVID-19 pandemic. This funding was made available through four federal bills to help pay for emergency response, testing and contact tracing, health care, and financial relief to individuals, families, and businesses as well as state and local governments, including schools and higher education institutions. The following summarizes the four bills passed by Congress since March 2020:

Coronavirus Preparedness and Response Supplemental Appropriations Act (HR 6074). Provided emergency funding for public health and health care.

Families First Coronavirus Response Act (HR 6201). Provided some early assistance to families and temporarily increased the federal match for some state programs including Medi-Cal and In-Home Supportive Services. Federal funding was also extended for testing and testing-related services for uninsured individuals.

Coronavirus Aid, Relief, and Economic Security ("CARES") Act (HR 748). Broadened the assistance available to include funding for states, local governments, education, childcare, individuals and families. Funding was also expanded, extended, and supplemented for unemployment insurance benefits. Finally, this measure provided assistance to businesses, including the health care sector, small businesses, farmers, airports, and transit agencies.

Paycheck Protection Program and Health Care Enhancement Act (HR 266). Expanded funding for small businesses, hospitals, community and rural health centers, and substantially expanded funding for testing and contact tracing to support reopening businesses and the economy.

As of late June 2020, the State expected to receive over $72 billion in assistance to state programs. Unemployment insurance represents about $52 billion of this total. In addition, over $142 billion in direct assistance is expected to be provided to individuals and families, small businesses, hospitals and providers,

including rural and community clinics, higher education institutions and college students, local housing authorities, airports, farmers, and local government.

While the state anticipates future federal COVID-19 Pandemic funding relief beyond the four measures described above, should such additional relief not be forthcoming the state will face additional restrictions and deferrals.

2020-21 Budget Provisions Specific to K-12 Education. The State provides instruction and support services to roughly six million students in grades K-12 in more than 10,000 schools throughout the State. The State's public education system consists of 58 county offices of education, more than 1,000 local school districts, and more than 1,200 charter schools. The 2020-21 Budget provides for funding under Proposition 98 of $70.9 billion, which is more than $10 billion below the minimum guarantee contained in the state's 2019-20 budget. For K-12 schools, this results in Proposition 98 per pupil spending of $10,654 in 2020-21—a $1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all state, federal, and local sources decreased by approximately $542 per pupil to $16,881.

The 2020-21 Budget also includes the following adjustments to K-12 related expenditures in response to the effects of the COVID-19 Pandemic:

Deferrals. The 2020-21 Budget projects $11 billion of Local Control Funding Formula ("LCFF") apportionment deferrals in 2020-21. These deferrals will allow LCFF funding to remain at 2019-20 levels. The 2020-21 Budget suspends the statutory LCFF cost-of-living adjustment in 2020-21. $5.8 billion in deferrals will be restored in 2020-21 if the federal government provides sufficient funding that can be used for this purpose.

Learning Loss Mitigation. The 2020-21 Budget includes a one-time investment of $5.3 billion ($4.4 billion federal Coronavirus Relief Fund, $539.9 million Proposition 98 General Fund, and $355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to COVID-19 school closures, especially for students most heavily impacted by those closures.

Funds will be allocated to local educational agencies on an equity basis, with an emphasis on ensuring the greatest resources are available to local educational agencies serving students with the greatest needs. The funds are intended to track and mitigate the inequitable impact that the COVID-19 pandemic has had on different student populations, including low-income students and students with disabilities.

Supplemental Appropriations. In 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level (Test 2), by a total of approximately $12.4 billion. To accelerate the recovery from this funding reduction, the 2020-21 Budget provides supplemental appropriations above the constitutionally-required Proposition 98 funding level, beginning in 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5 percent of General Fund revenues per year, up to a cumulative total of $12.4 billion. This appropriation will accelerate growth in the Proposition 98 guarantee, which the state proposes to increase as a share of the General Fund. Currently, Proposition 98 guarantees that K-14 schools receive approximately 38 percent of the General Fund in Test 1 years. The 2020-21 Budget increases this share of funding to 40 percent by 2023-24.

Revised CALPERS and CALSTRS Contributions. To provide local educational agencies with increased fiscal relief, the Budget redirects $2.3 billion appropriated in the state's 2019-20 Budget to CalSTRS and CalPERS for long-term unfunded liabilities to reduce employer contribution rates in 2020-21 and 2021-22. This reallocation will further reduce the CalSTRS employer rate from 18.41 percent to approximately 16.15 percent in 2020-21 and from 17.9 percent to 16.02 percent in 2021-22. The CalPERS Schools Pool employer contribution rate will be further reduced from 22.67 percent to 20.7 percent in 2020-21 and from 24.6 percent to 22.84 percent in 2021-22.

Federal Funds. In addition to the federal Coronavirus Relief Fund and Governor's Emergency Education Relief Fund allocated to K-12 education above, the 2020-21 Budget appropriates $1.6 billion in federal Elementary and Secondary School Emergency Relief funds that California was awarded. Of this amount, 90 percent ($1.5 billion) will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for COVID-19 related costs.

Special Education. The 2020-21 Budget increases special education base rates to $625 per pupil pursuant to a new funding formula, apportioned using the existing hold harmless methodology, and provides $100 million to increase funding for students with low-incidence disabilities.

Average Daily Attendance. Since the beginning of the COVID-19 pandemic in early March, local educational agencies across the state closed for classroom instruction, transitioning students and teachers to distance learning models. To help minimize additional learning loss related to COVID-19, the 2020-21 Budget presumes that local educational agencies should transition back to providing in-classroom instruction in the 2020-21 school year. However, if local or state public health official orders necessitate a school closure, local educational agencies will need flexibility to provide distance learning. To ensure funding stability regardless of the instructional model, the 2020-21 Budget includes a hold harmless for the average daily attendance used to calculate school funding for all local educational agencies. Additionally, the 2020-21 Budget includes requirements for distance learning to ensure that, when in-person instruction is not possible, students continue to receive access to a quality education via distance learning.

Learning Continuity and Attendance Planning. The 2020-21 Budget requires the Superintendent of Public Instruction, in consultation with the executive director of the State Board of Education, to develop the template for a Learning Continuity and Attendance Plan by August 1, 2020, and requires the template to include all of the following:

A description of how the local educational agency will provide continuity of learning during the COVID-19 pandemic and address all of the following: distance learning, learning loss, mental health and social-emotional well-being, professional development, pupil engagement and outreach, school nutrition, and local educational agency expenditures related to addressing the impacts of the COVID-19 pandemic.

For additional information regarding the 2020-21 Budget, please see the Department of Finance website at ebudget.ca.gov. The District can take no responsibility for the continued accuracy of the above-

referenced internet address as for the or for the accuracy, completeness, or timeliness of information posted therein, and such information is not incorporated herein by reference.

Future State Budgets

Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the District and other school districts in the State.

The District cannot predict the extent of the budgetary problems the State will encounter in this fiscal year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the District cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the District has no control.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Alameda County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State's annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al.* The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those state employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The 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. (See "THE BONDS—Security.") Articles XIIIA, XIIIB, XIIIC and XIIID of the California Constitution, Propositions 98, 111, 218 and 39, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and of the District to spend tax proceeds and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash 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 under taxing jurisdiction or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The State courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

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

Both the State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. 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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency, if any, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All

taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government will be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB 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 will be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution.

Split Roll Initiatives

On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "Ballot Measure 1851"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Ballot Measure 1851 would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, Ballot Measure 1851 would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Ballot Measure 1851, approximately 40% of the remaining additional tax revenues generated as a result of Ballot Measure 1851 would be deposited into a fund created pursuant to Ballot Measure 1851 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement.

Proponents of Ballot Measure 1851 subsequently announced a revised version of its ballot initiative (the "Ballot Measure 1870" and, together with Ballot Measure 1851, the "Split Roll Measures"). Ballot Measure 1870 has received sufficient signatures and has qualified for the November 2020 Statewide ballot. Like Ballot Measure 1851, Ballot Measure 1870 would similarly amend the determination of "full cash value" of commercial and industrial real property, however the Split Roll Measures differ in the threshold at which commercial and industrial properties would be taxed at market value, which small business-owned properties would continue to be taxed based on purchase price, and how revenue would be allocated for schools.

The District cannot predict whether either Split Roll Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of either Split Roll Measure will have on District revenues or the assessed valuation of real property in the District.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the SBE ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the SBE. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery, the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. The District estimates that it will receive approximately 2% of the District's general fund revenues from Lottery aid in fiscal year 2020-21. At this time, the amount of additional revenues that may be generated by the Lottery in any given year cannot be predicted.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

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

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, such as the District, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000

of taxable property. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Alternatively, charter schools are independent public schools formed by teachers, parents, and other individuals and/or groups. Charter schools function under contracts or "charters" with local school districts, county boards of education, or the State Board of Education. Charter schools operate with minimal supervision by the local school district. Charter schools receive revenues from the State and from the local school district for each student enrolled, and thus effectively reduce revenues available for students enrolled in local school district schools. School districts are required to accommodate charter school students originating in the school district in facilities comparable to those provided to regular school district students.

Proposition 39 requires that each local K-12 school district provide charter school facilities sufficient to accommodate the charter school's students. A K-12 school district, however, would not be required to spend its general discretionary revenues to provide these facilities for charter schools. Instead, the district could choose to use these or other revenues — including State and local bonds. Such facilities must be reasonably equivalent to the district schools that such charter students would otherwise attend. The respective K-12 school district is permitted to charge the charter school for its facilities if district discretionary revenues are used to fund the facilities and a district may decline to provide facilities for a charter school with a current or projected enrollment of fewer than 80 students who are residents in the District.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the February 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond or a Mello-Roos Community Facilities District bond in the future, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (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.

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 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 XIIIB 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.

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 XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB 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.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB 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.

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

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB 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 capital personal income. 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 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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 amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the longer-

term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding California Assembly Bill x1 26 to be constitutional and California Assembly Bill x1 27 to be unconstitutional. As a result, all redevelopment agencies in California were dissolved on February 1, 2012, and the property tax revenue which previously flowed to the redevelopment agencies is now instead going to other local governments, including school districts. It is likely that the dissolution of redevelopment agencies has mooted the effects of Proposition 22.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax (which expired on January 1, 2017) and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and through the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $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).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA are allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds are 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, a constitutional amendment initiative, was approved by California voters at the March 3, 2020 general election in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Tax revenue received under Proposition 55 will be allocated 89% to K-12 schools and 11% to community colleges. The sales and use tax rate increase under Proposition 30 was not extended.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on March 3, 2020. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in Fiscal Year 2015-16 and for each Fiscal Year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the "Annual Stabilization Account Transfer"). For a Fiscal Year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a "Supplemental Stabilization Account Transfer") are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each Fiscal Year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a "budget emergency" (defined as an emergency within the meaning of Article XIIIB of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing Fiscal Year, at a level equal to the highest level of State spending within the three immediately preceding Fiscal Years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any Fiscal Year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding Fiscal Year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the "Public School System Stabilization Account") into which transfers will be made in any Fiscal Year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding Fiscal Year, (ii) the operative

Proposition 98 formula for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the Fiscal Year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding Fiscal Year, as adjusted for ADA growth and cost of living.

Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any Fiscal Year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal Year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. 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.

California Senate Bill 222

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

for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Kindergarten Through Community College Public Education Facilities Bond Act of 2016

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on March 3, 2020. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities. The District makes no guarantee that it will either pursue or qualify for Proposition 51 state facilities funding.

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

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 2, 22, 26, 30, 39, 46, 55 and 98 were each adopted as measure that qualified for the State ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX C

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

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APPENDIX D

EXCERPTS FROM THE COUNTY INVESTMENT REPORT

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APPENDIX E

FORMS OF OPINIONS OF BOND COUNSEL

2020A Bonds

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Education of the
Berkeley Unified School District
2020 Bonar Street, Room 231
Berkeley, California 94702

OPINION: $2,200,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series A (2020) (Federally Taxable)

Members of the Board of Education:

We have acted as bond counsel to the Berkeley Unified School District (the "District") in connection with the issuance by the District of $2,200,000 principal amount of Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series A (2020) (Federally Taxable) (the "Bonds"), pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Act"), and a resolution adopted by the Board of Education of the District on September 16, 2020 (the "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 District contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a school district with the power to cause the Board to issue the Bonds in its name and to perform its obligations under the Resolution and the Bonds.

2. The Resolution has been duly adopted by the District and creates a valid first lien on the funds pledged under the Resolution for the security of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District. The Board of Supervisors of Alameda County is required under the Act to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Bonds. The Bonds are payable from an ad valorem tax levied without limitation as to rate or amount.

4. Interest on the Bonds is includible in gross income for federal income tax purposes.

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

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. 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,

2020A Bonds

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Education of the
Berkeley Unified School District
2020 Bonar Street, Room 231
Berkeley, California 94702

OPINION: $67,800,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series B (2020)

Members of the Board of Education:

We have acted as bond counsel to the Berkeley Unified School District (the "District") in connection with the issuance by the District of $67,800,000 principal amount of Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series B (2020) (the "Bonds"), pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code (the "Act"), and a resolution adopted by the Board of Education of the District on September 16, 2020 (the "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 District contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a school district with the power to cause the Board to issue the Bonds in its name and to perform its obligations under the Resolution and the Bonds.

2. The Resolution has been duly adopted by the District and creates a valid first lien on the funds pledged under the Resolution for the security of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District. The Board of Supervisors of Alameda County is required under the Act to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Bonds. The Bonds are payable from an ad valorem tax levied without limitation as to rate or amount.

4. Subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. 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,

2020 Refunding Bonds

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Education of the
Berkeley Unified School District
2020 Bonar Street, Room 231
Berkeley, California 94702

OPINION: $10,275,000 Berkeley Unified School District (Alameda County, California) 2020 General Obligation Refunding Bonds

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Members of the Board of Education:

We have acted as bond counsel to the Berkeley Unified School District (the "District") in connection with the issuance by the District of $10,275,000 principal amount of Berkeley Unified School District (Alameda County, California) 2020 General Obligation Refunding Bonds (the "Bonds"), pursuant to the provisions of Articles 9 and 11 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and section 53558(b) of the California Government Code (collectively, the "Act"), and a resolution adopted by the Board of Education of the District on September 16, 2020 (the "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 District contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a school district with the power to cause the Board to issue the Bonds in its name and to perform its obligations under the Resolution and the Bonds.

2. The Resolution has been duly adopted by the District and creates a valid first lien on the funds pledged under the Resolution for the security of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District. The Board of Supervisors of Alameda County is required under the Act to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Bonds. The Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.

4. Subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. 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,

APPENDIX F

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

2020 Bonds

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the BERKELEY UNIFIED SCHOOL DISTRICT (the "District") in connection with the issuance by the District of its $2,200,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series A (2020) (Federally Taxable) (the "Series A Bonds"), $67,800,000 Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series B (2020) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on September 16, 2020 (the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. 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 1, 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 of this Disclosure Certificate.

"*Annual Report Date*" means the March 31 after the end of the District's fiscal year.

"*Dissemination Agent*" shall mean, initially, KNN Public Finance, LLC, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve–month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve–month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

"*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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*Participating Underwriter*" means the original underwriter 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 it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. 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 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for fiscal year 2019-2019 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 of this Disclosure Certificate. 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 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the 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 Significant Event under Section 5(b). 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 in a timely manner 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.

(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) The District's 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 prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) The District's approved budget for the then current fiscal year;

(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and

(iii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non–payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, 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 Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) 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 under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier "if material." 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 the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) 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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this 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 Significant Event under Section 5(b).

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

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 considering 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.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

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 Significant 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 Significant 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 Significant 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) Section 27 of the Bond Resolution is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Bond Resolution. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. 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 shall 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 Bond holders 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 the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: [Closing Date]

BERKELEY UNIFIED SCHOOL DISTRICT

By _____
Authorized Officer

ACKNOWLEDGED:

KNN PUBLIC FINANCE LLC, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Berkeley Unified School District

Name of Issues: Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series A (2020) (Federally Taxable)

Berkeley Unified School District (Alameda County, California) General Obligation Bonds, Election of 2020, Series B (2020)

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Issuer in connection with the Issues. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

KNN PUBLIC FINANCE LLC, as Dissemination Agent

By _____
Title _____

cc: Paying Agent

2020 Refunding Bonds

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the BERKELEY UNIFIED SCHOOL DISTRICT (the "District") in connection with the issuance by the District of its $10,275,000 Berkeley Unified School District (Alameda County, California) 2020 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on September 16, 2020 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Indenture which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, 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 of this Disclosure Certificate.

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

"*Dissemination Agent*" shall mean, initially, KNN Public Finance, LLC, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

"*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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"*Participating Underwriter*" means the original underwriter 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 it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. 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 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021, with the report for fiscal year 2019-20 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 of this Disclosure Certificate. 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 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the 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 Significant 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 in a timely manner 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.

(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) The District's 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 prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) The District's approved budget for the then current fiscal year;

(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and

(iii) If the Teeter Plan is no longer effective in Alameda County, property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non–payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, 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 Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) 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 under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier "if material." 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 the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) 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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this 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 Significant Event under Section 5(b).

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

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 Indenture for amendments to the Indenture 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.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant 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 Significant 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 Significant 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 Significant 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 Indenture, 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) Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. 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 shall 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 Bond holders 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 the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: [Closing Date]

BERKELEY UNIFIED SCHOOL DISTRICT

By _____
Authorized Officer

ACKNOWLEDGED:

KNN PUBLIC FINANCE LLC, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Berkeley Unified School District

Name of Issue: Berkeley Unified School District (Alameda County, California) 2020 General Obligation Refunding Bonds

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated November 5, 2020, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

KNN PUBLIC FINANCE, LLC, as Dissemination Agent

By _____
Title _____

cc: Paying Agent

APPENDIX G

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

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

nominee do not affect 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 or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the District will discontinue the Book-Entry System with DTC for the Bonds. If the District determines to replace DTC with another qualified securities depository, the District will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If the District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) payment of principal of and interest on the Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Bonds will be transferable and exchangeable as provided in the Resolution.

The District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of and interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) any consent given or other action taken by DTC as registered owner; or (v) any other matter arising with respect to the Bonds or the Resolution. The District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

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