

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019

NEW ISSUE
FULL BOOK-ENTRYRATINGS: S&P (insured): “____”
Moody’s (underlying): “____”
(See “RATINGS” herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, and subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates,” the portion of each Base Rental Payment designated as and constituting interest paid by the District under the Lease Agreement and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates,” interest evidenced by the Certificates is not a specific preference item for purposes of the federal alternative minimum tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Certificates, or the amount, accrual or receipt of the portion of each Base Rental Payment constituting interest. See “TAX MATTERS.”

\$ _____ *

SAN JACINTO UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION (2020 REFUNDING)

(FORWARD DELIVERY)

Dated: Date of Delivery**Due: September 1, as described herein**

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The San Jacinto Unified School District Certificates of Participation (2020 Refunding), in the aggregate principal amount of \$ _____ * (the “Certificates”) will, subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates,” be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the San Jacinto Unified School District School Facilities Corporation (the “Corporation”) and the San Jacinto Unified School District (the “District”), and will evidence direct, fractional undivided interests of the Owners thereof in certain Base Rental Payments (which include principal components and interest components) to be made by the District for the use of certain real property (the “Property”) pursuant to a Lease Agreement, dated as of June 1, 2020 (the “Lease Agreement”), by and between the District, as lessee, and the Corporation, as lessor. The proceeds of the Certificates, together with other available funds, will be used to (i) refund all of the District’s outstanding San Jacinto Unified School District Certificates of Participation (2010 Refunding), (ii) purchase a debt service reserve policy to satisfy the reserve requirement for the Certificates, and (iii) pay the costs incurred in connection with the execution and delivery of the Certificates.

The District has covenanted under the Lease Agreement to make all Base Rental Payments and Additional Rental Payments (collectively, the “Rental Payments”) provided for therein, to include all such Rental Payments as a separate line item in its annual budgets, and to make the necessary annual appropriations for all such Rental Payments. The District’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the District’s right to use and occupy any portion of the Property. See “RISK FACTORS – Abatement.”

Interest evidenced by the Certificates will be payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2020. See “THE CERTIFICATES” herein.

The Certificates will be initially delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of Certificates will not receive certificates representing their ownership interests in the Certificates purchased. The Certificates will be delivered in denominations of \$5,000 or any integral multiple thereof. Principal and interest payments evidenced by the Certificates are payable directly to DTC by U.S. Bank National Association, as trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Certificates. See “THE CERTIFICATES – Book-Entry Only System” herein.

The Certificates are subject to prepayment prior to maturity as described herein. See “THE CERTIFICATES – Prepayment.”

The obligation of the District to make the Base Rental Payments does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State of California is obligated to levy or pledge any form of taxation or for which the District or the State of California has levied or pledged any form of taxation.

The scheduled payment of principal and interest evidenced by the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the execution and delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP.

[Insert AGM Logo]

See “RISK FACTORS” for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

* Preliminary, subject to change.

MATURITY SCHEDULE – See Inside Cover

The Certificates will be offered when, as and if executed, delivered and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District; for the Underwriter by James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California; and for the District and the Corporation by Atkinson, Andelson, Loya, Ruud & Romo, Cerritos, California. It is anticipated that the Certificates in book-entry form will be available for delivery through the facilities of DTC on or about June __, 2020, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption “PLAN OF REFUNDING – Forward Delivery of the Certificates” herein. The Underwriter reserves the right to obligate investors purchasing the Certificates to execute and deliver to the Underwriter a Forward Delivery Contract, the form of which is attached hereto as Appendix I.

Stifel

Dated: _____, 2019

MATURITY SCHEDULE*
BASE CUSIP†: 797852

\$ _____
SAN JACINTO UNIFIED SCHOOL DISTRICT
CERTIFICATES OF PARTICIPATION (2020 REFUNDING)

\$ _____ Serial Certificates

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				

\$ _____ % Term Certificates due September 1, 2040 Yield _____% CUSIP _____†

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Corporation, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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

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

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of 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 execution and delivery of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Assured Guaranty Municipal Corp. (the “Insurer”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading “CERTIFICATE INSURANCE” and APPENDIX H – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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

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

In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices of the Certificates at levels 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 Certificates to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

SAN JACINTO UNIFIED SCHOOL DISTRICT

Board of Trustees

John I. Norman, *President*
Willie Hamilton, *Clerk*
Trica Ojeda, *Member*
Deborah Rex, *Member*
Jasmin Rubio, *Member*

Administration

Diane Perez, *Executive Director / Superintendent*
Seth Heeren, *Treasurer / Assistant Superintendent, Business Services*
Sherry Smith, *Assistant Superintendent, Personnel Services*
John Roach, *Assistant Superintendent, Educational Services*
Luke Smith, *Executive Director of Business Services*

SPECIAL SERVICES

Counsel to the District and the Corporation

Atkinson, Andelson, Loya, Ruud & Romo
Cerritos, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Special Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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OFFICIAL STATEMENT

\$ _____ *

**SAN JACINTO UNIFIED SCHOOL DISTRICT
CERTIFICATES OF PARTICIPATION (2020 REFUNDING)**

(FORWARD DELIVERY)

INTRODUCTION

This Official Statement (which includes the cover page, inside cover page, and Appendices hereto) (this “Official Statement”), provides certain information concerning the sale and delivery of San Jacinto Unified School District Certificates of Participation (2020 Refunding), in the aggregate principal amount of \$ _____* (the “Certificates”). The Certificates will, subject to the satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates,” be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the San Jacinto Unified School District School Facilities Corporation (the “Corporation”) and the San Jacinto Unified School District (the “District”), and will evidence direct, fractional undivided interests of the registered owners (the “Owners”) thereof in certain base rental payments (the “Base Rental Payments”) to be made by the District for the use of the real properties on which the Jose Antonio Estudillo Elementary School and the North Mountain Middle School are located (the “Property”), as more fully described herein. The Property will be leased by the District from the Corporation pursuant to a Lease Agreement, dated as of June 1, 2020 (the “Lease Agreement”), by and between the District and the Corporation.

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

The District

The District was established in 1868 and unified in 1944. The District encompasses an area of approximately 100 square miles in the County of Riverside, California (the “County”), and provides educational services to residents in nearly all of the City of San Jacinto and portions of the cities of Hemet, Beaumont and Moreno Valley, as well as certain unincorporated areas of the County.

The District provides public education services for grades kindergarten through 12 (“K-12”). The District currently operates seven kindergarten through fifth grade elementary schools, three sixth through eighth grade middle schools, one comprehensive ninth through twelfth grade high school, one alternative education ninth through twelfth grade high school, one home education program, one adult education school, five State of California preschools and one head start preschool. Total enrollment for the 2018-19 school year is 10,132 students and total enrollment for the 2019-20 school year is projected to be 10,132 students.

The District is governed by a Board of Trustees consisting of five members, each of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating

* Preliminary, subject to change.

between two and three available positions. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Diane Perez has served in this position since July 2013.

The District has budgeted general fund expenditures for fiscal year 2018-19 of approximately \$135.81 million. As of February 2019, the District employed 1,042.1 full-time equivalent (“FTE”) employees, consisting of approximately 551.4 FTE certificated employees, 406.8 FTE classified employees, 67 FTE management employees and 8.5 FTE confidential employees.

For more complete information concerning the District, including certain financial information, see “DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION” herein. The District’s audited financial statements for the fiscal year ended June 30, 2018 are included as Appendix B, and should be read in their entirety.

Security and Sources of Payment for the Certificates

The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the Corporation and the District, and evidence direct, fractional undivided interests in the Base Rental Payments to be made by the District under the Lease Agreement for the use of the Property. See “THE PROPERTY.”

The District will enter into a Ground Lease, dated as of June 1, 2020 (the “Ground Lease”) pursuant to which the District will lease the Property to the Corporation. The Corporation will then sublease the Property back to the District pursuant to the Lease Agreement. The Lease Agreement will obligate the District to make Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, reasonable administrative costs of the Corporation relating to the Property, fees and expenses of the Trustee, insurance premiums and other amounts payable under the Lease Agreement and the Trust Agreement as further described herein). Base Rental Payment and Additional Rental Payments are collectively referred to as “Rental Payments.”

The Trustee and the Corporation will enter into an Assignment Agreement, dated as of June 1, 2020 (the “Assignment Agreement”), pursuant to which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation’s right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement, provided that the Corporation will retain the right to indemnification under the Lease Agreement.

The District covenants under the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

Base Rental Payments are subject to complete or partial abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the District’s right to use and occupy any portion of the Property. See “RISK FACTORS – Abatement.” Abatement of Base Rental Payments under the Lease Agreement, to the extent payment is not made from alternative sources as set forth below, could result in all Certificate Owners receiving less than the full amount of principal and interest evidenced by the Certificates. To the extent proceeds of insurance are available or there are amounts available in the Reserve Fund or other funds established under the Trust Agreement (as described below), Base Rental Payments (or a portion thereof) may be made during periods of abatement.

THE OBLIGATION OF THE DISTRICT TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY

POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

For more complete and detailed information, see “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.” For a discussion of certain risks associated with the District’s ability to make Base Rental Payments for the Property, see “RISK FACTORS.”

Certificate Insurance Policy

As more fully described herein, the scheduled payment of principal and interest evidenced by the Certificates when due will be guaranteed under an insurance policy (the “Insurance Policy”) to be issued concurrently with the delivery of the Certificates by Assured Guaranty Municipal Corp. (the “Insurer”). See “CERTIFICATE INSURANCE” herein.

The Insurer does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn. In addition, in the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given by the District, the Corporation or the Underwriter that such event will not adversely affect the market price or marketability of the Certificates. See “CERTIFICATE INSURANCE” and “RATINGS” herein.

Reserve Fund; Reserve Policy

The Reserve Fund has been established for the benefit of the Certificate Owners. Upon the execution and delivery of the Certificates, a municipal bond debt service reserve insurance policy (the “Reserve Policy”), in an amount equal to the initial Reserve Requirement, issued by Assured Guaranty Municipal Corp. (the “Reserve Insurer”), will be deposited in the Reserve Fund for the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Reserve Fund.”

Purpose of the Certificates

The proceeds of the Certificates, together with other available funds, will be used to (i) refund all of the District’s outstanding San Jacinto Unified School District Certificates of Participation (2010 Refunding) (the “Series 2010 Certificates”), (ii) purchase a debt service reserve policy to satisfy the Reserve Requirement for the Certificates and (iii) pay the costs incurred in connection with the execution and delivery of the Certificates. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Description of the Certificates

The Certificates will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of the Certificates will not receive certificates representing their ownership interests in the Certificates purchased. The Certificates will be delivered in denominations of \$5,000 or any integral multiple thereof. Principal and interest payments evidenced by the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Certificates. See “THE CERTIFICATES – General” and APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Interest evidenced by the Certificates will be payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2020. See “THE CERTIFICATES – General.”

The Certificates are subject to prepayment prior to maturity as described herein. See “THE CERTIFICATES – Prepayment.”

For a more complete description of the Certificates and the basic documentation pursuant to which they are being sold and delivered, see “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” and APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” The summaries and descriptions in this Official Statement of the Trust Agreement, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Continuing Disclosure Agreement and other agreements relating to the Certificates are qualified in their entirety by the respective form thereof and the information with respect thereto included in such documents. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Trust Agreement or the Lease Agreement shall have the same meanings assigned to such terms as set forth therein. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS.”

Offering and Delivery of the Certificates

The Certificates will be offered when, as and if executed, delivered and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District, and the satisfaction of certain other conditions. It is anticipated that the Certificates will be available in book-entry form for delivery through the facilities of DTC on or about June __, 2020 (the “Delivery Date”). See “PLAN OF REFUNDING – Forward Delivery of the Certificates” herein.

Certificate Owners’ Risks

Certain events could affect the ability of the District to make the Base Rental Payments when due. See “RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Continuing Disclosure

Pursuant to the Continuing Disclosure Agreement, dated as of June 1, 2020 (the “Continuing Disclosure Agreement”), executed by and between the District and the Trustee, the District will covenant for the benefit of holders and Beneficial Owners of the Certificates to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the “EMMA System”) certain annual financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for the 2019-20 fiscal year (which is due no later than April 1, 2021) and notice of the occurrence of certain enumerated events (“Notice Events”) in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

[The District, for itself, and those Community Facilities Districts (each, a “CFD”) and the San Jacinto Unified School District Financing Authority, a joint exercise of powers authority of which it is a member, as to each of which the District provides staff support and coordinates continuing disclosure, have previously entered into a number of undertakings to provide continuing disclosure (the “Previous Undertakings”). [During the five-year period preceding the offering of the Certificates, the District or one of its related entities failed to comply with the Previous Undertakings in the following respects: the fiscal year 2013-14 annual report for the CFD No. 2005-2 Special Tax Bonds (Infrastructure Projects), Series 2013 was missing one data item required to be included therein.] The District for itself and its related entities

has since taken the necessary actions to comply with Previous Undertakings and the Continuing Disclosure Agreement.]

Applied Best Practices, LLC, currently serves as the District's dissemination agent in connection with its Previous Undertakings and with respect to the Certificates, except for the District's Previous Undertakings with respect to the bonds of the CFDs for which Willdan Financial Services serves as the dissemination agent.

Forward-Looking Statements

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

Other Information

This Official Statement is current only as of its date, and the information contained herein is subject to change. Copies of the Ground Lease, the Lease Agreement, the Assignment Agreement, the Trust Agreement, the Escrow Agreement and the Continuing Disclosure Agreement are available for inspection at the District and, following delivery of the Certificates, will be on file at the offices of the Trustee in Los Angeles, California.

THE CERTIFICATES

General

The Certificates evidence and represent direct, fractional undivided interests of the Owners thereof in the principal and interest components of Base Rental Payments to be made by the District pursuant to the Lease Agreement.

The Certificates are dated the date of original delivery thereof and will be executed and delivered in denominations of \$5,000 or any integral multiple thereof ("Authorized Denominations"). The interest components evidenced by the Certificates will be due and payable semiannually on March 1 and September 1 of each year, commencing September 1, 2020 (each an "Interest Payment Date"). The interest evidenced by the Certificates will be payable on each Interest Payment Date to and including their respective Principal Payment Dates or prepayment prior thereto, and shall represent the sum of the portions of the Base Rental Payments evidenced thereby designated as interest components coming due on the Interest Payment Dates in each year.

The interest evidenced by the Certificates will be computed on the basis of a 360-day year consisting of twelve, 30-day months. Each Certificate shall evidence interest from the Interest Payment Date next preceding its date of execution to which interest has been paid in full, unless such date of execution shall be after the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day (a "Record Date") and on or prior to the following Interest Payment Date, in which case such Certificate shall evidence interest from such Interest Payment Date, or unless such date of execution shall be on or prior to August 15, 2020, in which case such Certificate shall represent interest from the Delivery Date. Notwithstanding the foregoing, if, as shown by the records of

the Trustee, interest evidenced by the Certificates shall be in default, each Certificate shall evidence interest from the last Interest Payment Date to which such interest has been paid in full or duly provided for.

The Base Rental Payments evidenced by the Certificates will be payable by the District and deposited with the Trustee no later than the 15th day next preceding each Interest Payment Date (each a “Base Rental Deposit Date”). The principal components of the Base Rental Payments will evidence interest components calculated at the rates per annum, all as set forth on the front inside cover page of this Official Statement. The principal evidenced by the Certificates will be payable on their respective Principal Payment Dates and Mandatory Sinking Account Payment Dates in each year and shall represent the sum of the portions of the Base Rental Payments designated as principal components coming due on the Principal Payment Dates and Mandatory Sinking Account Payment Dates in each year.

The Certificates will be subject to the Book-Entry System of registration, transfer and payment, and each Certificate will initially be registered in the name of Cede & Co., as nominee of DTC. As part of such Book-Entry System, DTC has been appointed securities depository for the Certificates, and registered ownership may not thereafter be transferred except as provided in the Trust Agreement. The Certificates are being delivered in book-entry form only. Purchasers will not receive securities certificates representing their interests in the Certificates. Rather, in accordance with the Book-Entry System, purchasers of each Certificates will have beneficial ownership interests in the purchased Certificates through DTC Participants. For more information concerning the Book-Entry System, see “THE CERTIFICATES – Book-Entry Only System.”

While the Certificates are subject to the Book-Entry System, payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its DTC Participants for subsequent disbursement to Beneficial Owners of the Certificates as described herein. See “THE CERTIFICATES – Book-Entry Only System” and APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Prepayment

Optional Prepayment. The Certificates maturing on or before September 1, 20__, are not subject to optional prepayment prior to their respective stated Principal Payment Dates. The Certificates maturing on or after September 1, 20__, are subject to optional prepayment prior to their respective stated Principal Payment Dates, on any date on or after September 1, 20__, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement from any source of available funds, any such prepayment to be at a price equal to the principal evidenced by the Certificates to be prepaid, plus unpaid accrued interest evidenced thereby to the date fixed for prepayment, without premium.

Extraordinary Prepayment. The Certificates are subject to extraordinary prepayment prior to their stated Principal Payment Dates, on any date, in whole or in part, in Authorized Denominations, from and to the extent of any insurance proceeds or condemnation awards in excess of \$50,000 paid with respect to all or a portion of the Property remaining after payment therefrom of all reasonable expenses incurred in the collection thereof (the “Net Proceeds”), deposited by the Trustee in the Prepayment Fund, at a prepayment price equal to the principal evidenced by the Certificates to be prepaid, plus unpaid accrued interest, if any, evidenced thereby to the date fixed for prepayment, without premium.

Mandatory Sinking Account Prepayment. The Certificates with a stated Principal Payment Date of September 1, 20__ are subject to prepayment prior to such stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each September 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor will be as follows:

Prepayment Date (September 1)	Principal To Be Prepaid

**Stated Principal Payment Date*

If some but not all of the principal evidenced by the Certificates with a stated Principal Payment Date of September 1, 20__ is prepaid from Net Proceeds deposited by the Trustee in the Prepayment Fund, the principal evidenced by the Certificates with a stated Principal Payment Date of September 1, 20__ to be prepaid from Mandatory Sinking Account Payments on any subsequent September 1 will be reduced by the aggregate principal evidenced by the Certificates with a stated Principal Payment Date of September 1, 20__ so prepaid from Net Proceeds deposited by the Trustee in the Prepayment Fund, such reduction to be allocated among prepayment dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates payable on such prepayment dates are abated pursuant to the Lease Agreement as a result of the event that caused such Certificates to be prepaid from Net Proceeds deposited by the Trustee in the Prepayment Fund in amounts of Authorized Denominations. If some but not all of the principal evidenced by the Certificates with a stated Principal Payment Date of September 1, 20__ is optionally prepaid from Base Rental Payments, the principal evidenced by the Certificates with a stated Principal Payment Date of September 1, 20__ to be prepaid from Mandatory Sinking Account Payments on any subsequent September 1 will be reduced by the aggregate principal evidenced by the Certificates with a stated Principal Payment Date of September 1, 20__ so prepaid, such reduction to be allocated among prepayment dates in amounts of Authorized Denominations to correspond to the prepaid Base Rental Payments elected by the District pursuant to the Lease Agreement.

Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates are to be prepaid on any one date, the Trustee will select the Certificates to be prepaid (i) with respect to any prepayment as described above under the caption “– *Extraordinary Prepayment*,” among Certificates with different stated Principal Payment Dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates are abated pursuant to the Lease Agreement; and (ii) with respect to any prepayment described above under the caption “– *Optional Prepayment*,” as directed in a Written Request of the District, and by lot among Certificates with the same stated Principal Payment Date in any manner that the Trustee deems fair and appropriate, which decision will be final and binding upon the District and the Certificate Owners. For purposes of such selection, any Certificate may be prepaid in part in Authorized Denominations.

Notice of Prepayment. So long as DTC is acting as securities depository for Certificates, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Certificates designated for redemption) at least 30 but not more than 60 days prior to the date fixed for prepayment. Such notice will state the date of the notice, the prepayment date, the prepayment place and the prepayment price and will designate the CUSIP numbers, if any, the Certificate numbers and the stated Principal Payment Date or Principal Payment Dates of the Certificates to be prepaid (except in the event of prepayment of all of the Certificates in whole), and will require that such Certificates be then surrendered at the Principal Office of the Trustee for

prepayment at the prepayment price, giving notice also that further interest evidenced by such Certificates will not accrue from and after the date fixed for prepayment. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the prepayment of the Certificates or the cessation of accrual of interest evidenced thereby from and after the date fixed for prepayment.

With respect to any notice of any optional prepayment of Certificates, unless at the time such notice is given the Certificates to be prepaid will be deemed to have been paid within the meaning of the Trust Agreement, such notice will state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the prepayment price of, and accrued interest evidenced by, the Certificates to be prepaid, and that if such moneys are not received said notice will be of no force and effect and such Certificates will not be required to be prepaid. In the event a notice of prepayment of Certificates contains such a condition and such moneys are not so received, the prepayment of Certificates as described in the conditional notice of prepayment will not be made and the Trustee will, within a reasonable time after the date on which such prepayment was to occur, give notice to the Certificate Owners and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there will be no prepayment of Certificates pursuant to such notice of prepayment.

While the Certificates are subject to the Book-Entry System, the Trustee will not be required to give any notice of prepayment to any person or entity other than DTC and as required by the Continuing Disclosure Agreement. DTC and the DTC Participants shall have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Certificates to be prepaid. Any failure at DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the beneficial owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under “Effect of Prepayment.”

Effect of Prepayment. When notice of prepayment has been duly given as provided in the Trust Agreement and moneys for the payment of the prepayment price of the Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice, the Certificates so called for prepayment will become payable at the prepayment price specified in such notice; and from and after the date so designated, interest evidenced by such Certificates will cease to accrue and such Certificates will cease to be entitled to any benefit or security under the Trust Agreement except for the right of the Owners of such Certificates to receive payment of the prepayment price thereof.

Book-Entry Only System

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered 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 Certificate will be executed and delivered for each stated Principal Payment Date of the Certificates, each in the aggregate amount of the principal evidenced by Certificates with such stated Principal Payment Date, and will be deposited with DTC. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Discontinuance of DTC Service. In the event that (a) DTC determines not to continue to act as securities depository for the Certificates or (b) the District determines to remove DTC from its functions as a depository, DTC’s role as securities depository for the Certificates and use of the book-entry system will be discontinued. If the District fails to select a qualified securities depository to replace DTC, the District will cause the Trustee to execute and deliver new Certificates in fully registered form in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested by the Beneficial Owners thereof. Upon such registration, such persons in whose names the Certificates are registered will become the registered Owners of the Certificates for all purposes.

The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

All Certificates are transferable by the Owner thereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee on the registration books maintained by the Trustee pursuant to the provisions of the Trust Agreement, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not the principal or interest evidenced by such Certificate is overdue, and the Trustee will not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced by such Certificate will be made only to such Owner, which payments will be valid and effectual to satisfy and discharge the liability evidenced by such Certificate to the extent of the sum or sums so paid.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee will execute and deliver a new Certificate or Certificates evidencing principal in the same aggregate amount and having the same stated Principal Payment Date. The Trustee will require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Certificates may be exchanged at the principal corporate trust office of the Trustee for Certificates evidencing principal in a like aggregate amount having the same stated Principal Payment Date in such Authorized Denominations as the Owner may request. The Trustee will require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be required to transfer or exchange any Certificate during the period commencing five days before the date of selection of the Certificates for prepayment and ending on the date of mailing notice of such prepayment, nor will the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Nature of the Certificates

Each Certificate evidences a direct, fractional undivided interest in the principal component of the Base Rental Payment due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Base Rental Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of delivery to its payment date or prepayment date, as the case may be.

The Corporation, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners all of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the District under and pursuant to the Lease Agreement; provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement. The District will pay Base Rental Payments directly to the Trustee, as assignee of the Corporation. See "– Base Rental Payments" below.

Base Rental Payments

For the use and possession of the Property, the Lease Agreement requires the District to make Base Rental Payments. The Base Rental Payments evidenced by the Certificates will be payable no later than the 15th day next preceding each Interest Payment Date. To secure the payment of the Base Rental Payments, the District is required to pay to the Trustee, for deposit into the Base Rental Payment Fund, on the fifteenth day before each Interest Payment Date, an amount sufficient to pay the Base Rental Payment then due.

Pursuant to the Trust Agreement, the Trustee will on each Interest Payment Date, deposit in the Interest Fund that amount of moneys representing the portion of the Base Rental Payments designated as the interest component coming due on such Interest Payment Date. On each Interest Payment Date, the Trustee will withdraw from the Interest Fund, for payment to the Certificate Owners, the interest evidenced by the Certificates coming due on such Interest Payment Date.

Pursuant to the Trust Agreement, the Trustee will on each Principal Payment Date and on each Mandatory Sinking Account Payment Date, deposit in the Principal Fund that amount of moneys representing the portion of the Base Rental Payments designated as the principal component coming due on such Principal Payment Date or on each Mandatory Sinking Account Payment Date. On each Principal Payment Date and on each Mandatory Sinking Account Payment Date, the Trustee will withdraw from the Principal Fund, for payment to the Certificate Owners, the principal evidenced by the Certificates due and payable on such Principal Payment Date or upon earlier prepayment from Mandatory Sinking Account Payments.

THE OBLIGATION OF THE DISTRICT TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Base Rental Payments Schedule

The Lease Agreement requires that Base Rental Payments be made on or before each Base Rental Deposit Date, assuming no early prepayment by the District, which is 15 days prior to each of the following Interest Payment Dates:

<u>Interest Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rental Payment</u>
September 1, 2020			
March 1, 2021			
September 1, 2021			
March 1, 2022			
September 1, 2022			
March 1, 2023			
September 1, 2023			
March 1, 2024			
September 1, 2024			
March 1, 2025			
September 1, 2025			
March 1, 2026			
September 1, 2026			
March 1, 2027			
September 1, 2027			
March 1, 2028			
September 1, 2028			
March 1, 2029			
September 1, 2029			
March 1, 2030			
September 1, 2030			
March 1, 2031			
September 1, 2031			
March 1, 2032			
September 1, 2032			
March 1, 2033			
September 1, 2033			
March 1, 2034			
September 1, 2034			
March 1, 2035			
September 1, 2035			
March 1, 2036			
September 1, 2036			
March 1, 2037			
September 1, 2037			
March 1, 2038			
September 1, 2038			
March 1, 2039			
September 1, 2039			
March 1, 2040			
September 1, 2040			
Total:	<u> </u>	<u> </u>	<u> </u>

Source: The Underwriter.

Additional Rental Payments

The Lease Agreement requires the District to pay, as Additional Rental Payments thereunder in addition to the Base Rental Payments, such amounts as shall be required for the payment of all taxes, assessments of any type or nature charged to the Corporation or the District or affecting the Property or the respective interests or estates of the Corporation or the District in the Property, all reasonable administrative costs of the Corporation relating to the Property, the Certificates or the Trust Agreement, including without limitation all expenses, compensation and indemnification of the Trustee payable by the District under the Trust Agreement, insurance premiums payable under the Lease Agreement, any amounts with respect to the Lease Agreement or the Certificates required to be rebated to the federal government, and all other payments not constituting Base Rental Payments required to be paid by the District under the Lease Agreement or the Trust Agreement.

Covenant to Appropriate Funds

The District covenants under the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

Abatement

Base Rental Payments are paid by the District in each Rental Period for the District's right to use and occupy the Property for such Rental Period. The obligation of the District to pay Rental Payments will be abated during any period in which by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the District's right to use and occupy any portion of the Property. The Rental Payments shall be abated proportionately. The District and the Corporation shall, in a reasonable manner and in good faith, determine the amount of such abatement; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the District during such Rental Period. Such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and to the extent necessary to pay unpaid Rental Payments, the term of the Lease Agreement will be extended as provided in the Lease Agreement, except that the term will in no event be extended more than 10 years beyond the Scheduled Termination Date; provided, however, that during abatement, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Trust Agreement, Rental Payments will not be abated as provided above but, instead, will be payable by the District as a special obligation payable solely from said funds and accounts. For information regarding rental interruption insurance, see "– Insurance" below.

Abatement of Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. For a description of abatement resulting from condemnation of all or part of the Property, see APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – Rental Payments – Rental Abatement."

Reserve Fund

A reserve fund (the "Reserve Fund") is established by the Trust Agreement and is required to be funded in an amount equal to, as of the date of calculation, an amount equal to the least of (a) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code, (b) the maximum amount of principal and interest evidenced by the Certificates coming due in any Certificate Year, and (c) 125% of the average

amount of principal and interest evidenced by the Certificates coming due in each Certificate Year (the “Reserve Requirement”).

Upon the execution and delivery of the Certificates, the Reserve Policy in the stated amount of \$_____, an amount equal to the initial Reserve Requirement, issued by the Reserve Insurer will be deposited in the Reserve Fund for the Certificates. The Reserve Fund is required to be maintained until all Base Rental Payments are paid in full pursuant to the Lease Agreement and until the first date upon which the Certificates are no longer Outstanding. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Amounts available in the Reserve Fund are to be used to make delinquent Base Rental Payments to the extent that the moneys available in the Interest Fund and Principal Fund do not equal the amount of the principal and interest evidenced by the Certificates coming due on any Interest Payment Date. If a Reserve Facility (such as the Reserve Policy) is credited to the Reserve Fund to satisfy a portion of the Reserve Requirement, the Trustee shall make a claim for payment under such Reserve Facility, in accordance with the provisions thereof, in an amount which, together with other available moneys in the Reserve Fund, will be sufficient to make said deposit in the Interest Fund and Principal Fund. In addition, moneys, if any, on deposit in the Reserve Fund will be withdrawn and applied by the Trustee for the final Base Rental Payment. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE TRUST AGREEMENT – Reserve Fund.”

The District may substitute a line of credit, letter of credit, insurance policy, surety bond or other credit source (each, a “Reserve Facility”) for all or a part of the Reserve Policy or Reserve Facility then on deposit in the Reserve Fund by depositing such substitute Reserve Facility with the Trustee so long as, at the time of such substitution, the amount on deposit in the Reserve Fund, together with the amount available under such Reserve Facility and any previously substituted Reserve Facilities, shall be at least equal to the Reserve Requirement; provided, however, that, prior to any such substitution, the Trustee shall have received the written consent of the Insurer (so long as the Insurer is not in default on its payment obligations under the insurance policy).

If at any time the balance in the Reserve Fund is reduced below the Reserve Requirement, the first Base Rental Payments thereafter received from the District under the Lease Agreement and not needed to pay the interest or principal evidenced by Certificates payable to the Owners on the next Interest Payment Date, Principal Payment Date will be used to increase the balance in the Reserve Fund to the Reserve Requirement.

Insurance

The Lease Agreement requires the District to maintain or cause to be maintained, throughout the term of the Lease Agreement, casualty insurance insuring the Property against fire and all other risks covered by an extended coverage endorsement (excluding earthquake and flood), subject to a \$100,000 loss deductible provision (unless some other deductible is acceptable to the Insurer), in an amount equal to the full insurable value of the Property. The full insurable value of the Property will not be less than the principal evidenced by the outstanding Certificates.

The casualty insurance required by the Lease Agreement may be maintained in the form of self-insurance by the District, in compliance with the terms of the Lease Agreement.

The Lease Agreement requires the District to maintain or cause to be maintained, throughout the term of the Lease Agreement, rental interruption insurance to cover the Corporation’s loss, total or partial, of Base Rental Payments caused by perils covered by the casualty insurance described above, in an amount equal to the lesser of (i) the amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period, or (ii)

such lesser amount as may be agreed to by the Insurer. The District may not self-insure for rental interruption insurance.

The District is also required to obtain certain public liability and property damage insurance coverage in protection of the Corporation and the District and worker's compensation insurance as described under APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – Insurance – Property Casualty Insurance; Rental Interruption Insurance."

The District is required under the Lease Agreement to obtain title insurance on the Property, in the aggregate amount of not less than the initial aggregate amount of principal evidenced by the Certificates, subject only to Permitted Encumbrances, as defined in the Lease Agreement.

Action on Default

Should the District default under the Lease Agreement, the Trustee, as assignee of the Corporation under the Assignment Agreement, has the option to (subject to the restrictions described below) terminate the Lease Agreement. In the event of such termination, the District agrees to surrender immediately possession of the Property, without let or hindrance, and to pay to the Trustee, as assignee of the Corporation, all damages recoverable at law that the Corporation may incur by reason of default by the District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement.

Without terminating the Lease Agreement, the Trustee shall be permitted (x) to collect each installment of Base Rental Payments as the same become due and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the District, regardless of whether or not the District has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Corporation does not elect to terminate the Lease Agreement in the manner provided for therein, the District remains liable and agrees to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the District and, if the Property is not re-let, to pay the full amount of the Base Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Base Rental Payments that results therefrom; and further agrees to pay said Base Rental Payments and/or Base Rental Payment deficiency punctually at the same time and in the same manner as provided for the payment of Rental Payments under the Lease Agreement, notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years Base Rental Payments in excess of the Base Rental Payments specified in the Lease Agreement, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property. See "RISK FACTORS."

The Lease Agreement provides that, so long as the Insurer is not in default under the Insurance Policy, the Insurer will control all remedies upon an event of default under the Lease Agreement. For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – Defaults and Remedies" and "– THE TRUST AGREEMENT – Default and Limitations of Liability – Action on Default."

CERTIFICATE INSURANCE

Bond Insurance Policy

Concurrently with the execution and delivery of the Certificates, the Insurer will issue its Insurance Policy for the Certificates. The Insurance Policy guarantees the scheduled payment of principal and interest evidenced by the Certificates when due as set forth in the form of the Insurance Policy included as Appendix H to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

The Insurer is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than the Insurer, is obligated to pay any debts of the Insurer or any claims under any insurance policy issued by the Insurer.

The Insurer’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of the Insurer should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Insurer in its sole discretion. In addition, the rating agencies may at any time change the Insurer’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Insurer. The Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by the Insurer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed the Insurer’s insurance financial strength rating of “AA+” (stable outlook). The Insurer can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). The Insurer can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody’s announced it had affirmed the Insurer’s insurance financial strength rating of “A2” (stable outlook). The Insurer can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding the Insurer’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of the Insurer

At December 31, 2018:

- The policyholders' surplus of the Insurer was approximately \$2,533 million.
- The contingency reserves of the Insurer and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,034 million. Such amount includes 100% of the Insurer's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of the Insurer and its subsidiaries (as described below) were approximately \$1,873 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of the Insurer and the contingency reserves, net unearned premium reserves and deferred ceding commission income of the Insurer and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to the Insurer are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019).

All consolidated financial statements of the Insurer and all other information relating to the Insurer included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding the Insurer included herein under the caption "CERTIFICATE INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

The Insurer makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "CERTIFICATE INSURANCE."

THE PROPERTY

General

The Property leased pursuant to the Lease Agreement consists of the real property on which the Jose Antonio Estudillo Elementary School, at 900 Las Rosas Drive, San Jacinto, California, is located, and the real property on which the North Mountain Middle School, at 1202 East Seventh Street, San Jacinto, California, is located, together with the buildings and improvements located on each site.

Jose Antonio Estudillo Elementary School was originally constructed in 2004. The school currently serves 675 students in grades K through 5. The Jose Antonio Estudillo Elementary School facilities contain approximately 53,202 square feet of space, including 24 permanent classrooms, 6 portables, an auditorium, administrative facilities, 4.5 acres of play field and 2.56 acres of parking. The school is located on an approximate 10.11-acre site.

North Mountain Middle School was originally constructed in 1998. The school currently serves 1,056 students in grades 6 through 8. The North Mountain Middle School facilities contain approximately 85,593 square feet of space, including 36 permanent classrooms, 10 portable classrooms, a gymnasium/multipurpose room, administrative facilities, 14.47 acres of play field and 2.18 acres of parking. The school is located on an approximate 22.47-acre site.

Substitution or Release

The Lease Agreement provides that, with the consent of the Insurer and compliance with the other conditions specified therein, the District may release from the Lease Agreement any portion of the Property or substitute alternate real property for all or any portion of the Property. Any such substitution or release of any portion of the Property shall be subject to certain specific conditions set forth in the Lease Agreement, among which are that an independent certified real estate appraiser selected by the District shall have found that the Property, as constituted after such substitution or release, has an annual fair rental value greater than or equal to 105% of the maximum amount of Base Rental Payments payable by the District in any Rental Period. Thus, a portion of the property comprising the Property could be replaced with less valuable property, or could be released altogether, so long as, among other things, the Property, as constituted after such substitution or release, has an annual fair rental value greater than or equal to 105% of the maximum amount of Base Rental Payments payable by the District in any Rental Period. See "RISK FACTORS – Substitution or Release of Property" and APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – No Consequential Damages; Use of the Property; Substitution or Release – Substitution or Release of the Property."

PLAN OF REFUNDING

General

Subject to the terms of the Forward Delivery Certificate Purchase Agreement (as defined below), the Corporation and the District expect that the Certificates will be executed and delivered on or about June __, 2020, or at such later date as is mutually agreed upon by the Corporation, the District and the

Underwriter (the “Settlement Date”). The Certificates are being executed and delivered to provide funds to (i) refund the Series 2010 Certificates, (ii) purchase a debt service reserve policy to satisfy the reserve requirement for the Certificates, and (iii) pay the costs incurred in connection with the execution and delivery of the Certificates. The District intends to apply a portion of the net proceeds of the sale of the Certificates to currently refund the Series 2010 Certificates within ninety days following the Settlement Date.

The Series 2010 Certificates were executed and delivered on February 11, 2010, pursuant to a trust agreement, dated as of February 1, 2010 (the “2010 Trust Agreement”), by and among U.S. Bank National Association, as trustee, the District and the Corporation, payable from base rental payments received by the Corporation from the District under a lease agreement, dated as of February 1, 2010 (the “2010 Lease Agreement”), by and between the District, as lessee, and the Corporation, as lessor. The Corporation and U.S. Bank National Association, as escrow bank (the “Escrow Bank”) will enter into an Escrow Agreement, dated as of June 1, 2020 (the “Escrow Agreement”), with respect to the Series 2010 Certificates being refunded, pursuant to which the Corporation will deposit a portion of the proceeds from the sale of the Certificates into a special fund to be held by the Escrow Bank. The amounts deposited with the Escrow Bank with respect to the Series 2010 Certificates, which will be held pursuant to the Escrow Agreement, will be used to purchase certain United States governmental obligations or other non-callable obligations (the “Escrow Securities”) the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank to pay the principal and interest evidenced by the Series 2010 Certificates to their first optional prepayment date (September 1, 2020), and to prepay such Series 2010 Certificates at a prepayment price equal to 100% of the principal amount of such Series 2010 Certificates being refunded on the prepayment date in accordance with the schedule set forth in the Escrow Agreement. The amounts to be deposited under the Escrow Agreement will be verified as sufficient by Causey Demgen & Moore P.C.. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

The Escrow Securities and other monies held under the Escrow Agreement are pledged to the payment of the Series 2010 Certificates to be refunded. As a result, the lien of the Series 2010 Certificates under the 2010 Trust Agreement will be defeased and discharged.

None of the amounts on deposit with the Escrow Bank, the principal of the Escrow Securities nor the interest thereon will be available for the payment of the Certificates.

Forward Delivery of the Certificates

The District and the Corporation anticipate that the Certificates will be executed and delivered by the Trustee for sale to and purchase by the Underwriter (the “Settlement”) on or about June __, 2020 (the “Settlement Date”). The following is a description of certain provisions of the Forward Delivery Certificate Purchase Agreement, dated _____, 2019, between the Underwriter and the District, with respect to the Certificates (the “Forward Delivery Certificate Purchase Agreement”). This description is not to be considered a full statement of the terms of the Forward Delivery Certificate Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

Conditions of Settlement. The execution and delivery and purchase of the Certificates on the Settlement Date are subject to the satisfaction of certain conditions set forth in the Forward Delivery Certificate Purchase Agreement, including, among other things, the delivery to the Underwriter of certain documents and legal opinions on and as of the Closing Date and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Settlement Date, including the delivery of (i) each of the Insurance Policy and the Reserve Policy in an amount equal to the initial Reserve Requirement, by the Insurer, and (ii) the policy of title insurance on the Property in the aggregate amount of not less than the initial aggregate amount of principal evidenced by the Certificates, and the delivery to

the Underwriter of: (i) the opinion of Special Counsel, substantially in the form and to the effect set forth in Appendix D relating to the Certificates, (ii) the Updated Official Statement, and (iii) written evidence satisfactory to the Underwriter that, as of the Settlement Date, Standard & Poor's has rated the Certificates and Moody's Investors Service has provided its underlying rating on the District (See "RATINGS" herein). Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the District or the Corporation to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the Certificates will be executed and delivered unless all of the Certificates are executed and delivered on the Settlement Date.

The Settlement and the execution and delivery of the Certificates will not require further approval of the Board of Trustees. The Settlement documents include, among other items, the opinion of Special Counsel in substantially the form set forth as Appendix C hereto and certain opinions of Special Counsel (see "Tax Law Risks" below), Disclosure Counsel and Underwriter's Counsel, and certificates of the Corporation and the District as to the completeness and accuracy of the updated Official Statement (the "Updated Official Statement") relating to the Certificates, which the Forward Delivery Certificate Purchase Agreement requires the Corporation and the District to prepare and furnish to the Underwriter, as such Updated Official Statement may have been supplemented and amended to the Settlement Date.

Official Statement and Updated Official Statement. [Until such time as the Certificates are executed and delivered by the Trustee and purchased by the Underwriter on the Settlement Date, certain information contained in this Official Statement may change in a material respect. The District and the Corporation agree in the Forward Delivery Certificate Purchase Agreement to update the Official Statement, if necessary in the judgment of the Underwriter or the District, so that the Official Statement as amended or supplemented does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.]

[During the period of time between the date of the Official Statement for the Certificates (the "Official Statement") and the execution and delivery and delivery of the Certificates (the "Delayed Delivery Period"), certain information contained in the Official Statement could change in a material respect. The Corporation and the District have agreed to provide an updated Official Statement to purchasers of the Certificates, which shall be dated a date not more than two weeks prior to the Settlement Date, unless the Underwriter requests the Corporation and the District to prepare such document earlier, and gives the Corporation and the District at least 30 days' advance written notice of such request. Any changes in such information will not permit the Underwriter to terminate the Forward Delivery Certificate Purchase Agreement unless the change is an event described under "Termination of Forward Delivery Certificate Purchase Agreement" below. In addition to the risks set forth above, purchasers of the Certificates are subject to certain additional risks, some of which are described below.

[Additionally, the District and the Corporation agree in the Forward Delivery Certificate Purchase Agreement to prepare an Updated Official Statement, dated a date not more than twenty-five nor less than ten days prior to the Settlement Date, which, as of such date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. References under this section entitled "PLAN OF REFUNDING" to the Official Statement as of a specific date shall mean (i) at any point in time during the period from the date of this Official Statement to but not including the date of delivery of the Updated Official Statement to the Underwriter, this Official Statement, and (ii) from and after the date of delivery of the Updated Official Statement, the Updated Official Statement, in each case as amended or supplemented.]

Termination of Forward Delivery Certificate Purchase Agreement. The Underwriter has the right, between the date of the Forward Delivery Certificate Purchase Agreement and the Settlement Date, by written notice to the District, to cancel the Underwriter's obligation to purchase the Certificates if, for any reason Special Counsel cannot deliver the opinion referenced above, or in the Underwriter's sole and reasonable judgment, any of the following events occur during that time and cause the market price or marketability of the Certificates, or the ability of the Underwriter to enforce contracts for the sale of the Certificates, to be materially adversely affected:

- There shall have been a Change in Law. A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date which is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Certificates or selling the Certificates or beneficial ownership interests therein to the public, or (B) as to the District and the Corporation, would make the completion of the execution and delivery, sale or delivery of the Certificates illegal.
- As a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement Date), or for any other reason Special Counsel cannot issue an opinion substantially in the form of Appendix C to the Official Statement as to the tax-exempt status of the Certificates.
- [There shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere.]
- A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the U. S Securities and Exchange Commission ("SEC") or any other governmental authority having jurisdiction.
- A general banking moratorium has been declared by federal, New York or State authorities and shall remain in effect.
- Legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Certificates, or any comparable securities of the District, are not exempt from the registration, qualification or other requirements of the Securities Act of

1933, the Securities Exchange Act of 1934 or the Trust Indenture Act of 1939 or otherwise, or would be in violation of any provision of the federal securities laws.

- Any event or circumstance exists that either makes untrue or incorrect, in a material respect, any statement or information contained in the Official Statement (as then updated or supplemented), or is not reflected in the Official Statement (as then updated or supplemented) but should be reflected in the Official Statement (as then updated or supplemented) in order to make the statements and information contained in the Official Statement not misleading in any material respect and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates.
- Additional material restrictions not in force as of the date of the Forward Delivery Certificate Purchase Agreement shall have been imposed upon trading in securities generally by any federal, State or New York governmental authority or by any United States national securities exchange.
- The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose as to the Certificates or securities of the general character of the Certificates any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of the Underwriter.
- [An event of default, technical or otherwise, under the 2010 Trust Agreement shall have occurred.]
- [The title insurance company fails to deliver the title insurance policy with respect to the Property.]
- [Moody's Investors Service or Standard & Poor's shall fail to rate the Certificates as of the Settlement Date.][The District does not deliver a certification as of the Settlement Date to the effect that (A) the evidence of the ratings on the Certificates delivered at and as of the Closing Date remains accurate or (B) the ratings on the Certificates at and as of the Settlement Date are as stated in such certification.]

Forward Delivery Contract. The Underwriter reserves the right to obligate investors purchasing the Certificates to execute a Forward Delivery Contract (the "Forward Delivery Contract") in substantially the form set forth in Appendix I. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the Certificates, even if the purchaser decides to sell the purchased bonds following the date of the Forward Delivery Contract. Neither the District nor the Corporation will be a party to any Forward Delivery Contract, and neither is in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Certificate Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Relating to Forward Delivery Period

In addition to the risks set forth above and under "RISK FACTORS," purchasers of the Certificates are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the Certificates on the Settlement Date will not be different from those currently assigned to the Certificates. See "RATINGS".

The execution and delivery of the Certificates is not, and the Underwriter's obligations under the Forward Delivery Certificate Purchase Agreement are not, conditioned upon the assignment of any particular ratings for the Certificates or the maintenance of the initial ratings of the Certificates.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market for the Certificates and no assurance can be given that a secondary market will exist for the Certificates during the Forward Delivery or at any time thereafter. Prospective purchasers of the Certificates should assume that there will be no secondary market for the Certificates during the Forward Delivery Period.

Market Value Risk. The market value of the Certificates as of the Settlement Date may be affected by a variety of factors including, without limitation, general market conditions; [the ratings on the Certificates,] the financial condition and business operations of the District and federal and state tax, securities and other laws. The market value of the Certificates on the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Certificates, and that difference could be substantial. None of the Corporation, the District or the Underwriter makes any representation as to the expected market value of the Certificates as of the Settlement Date.

Tax Law Risks. Subject to the additional conditions of Settlement described above, the Forward Delivery Certificate Purchase Agreement obligates the Corporation and the District to cause the Trustee to deliver and the purchaser to acquire the Certificates if the District delivers an opinion of Special Counsel substantially in the form set forth in Appendix C or to the effect that the portion of each Base Rental Payment designated as and constituting interest paid by the District under the Lease Agreement and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, the portion of each Base Rental Payment designated as and constituting interest paid by the District under the Lease Agreement and received by the Owners of the Certificates is not a specific preference item for purposes of the federal alternative minimum tax, and the portion of each Base Rental Payment designated as and constituting interest paid by the District under the Lease Agreement and received by the Owners of the Certificates is exempt from State of California personal income taxes. During the Delayed Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, promulgated or interpreted that might prevent Special Counsel from rendering its opinion or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on "state or local bonds" (such as the Certificates) for federal income tax purposes, the Corporation and the District might be able to satisfy the requirements for the delivery of the Certificates. In such event, the purchasers would be required to accept delivery of the Certificates. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Certificates and other available funds are shown below.

SOURCES

Principal Amount of Certificates	
Plus Net Original Issue Premium	
Amounts Released from Series 2010 Certificates	_____
Total Sources	

USES

Transfer to Escrow Bank	
Underwriter's Discount	
Costs of Issuance ⁽¹⁾	_____
Total Uses	

⁽¹⁾ Includes legal, Municipal Advisor, rating agency, printing, Insurance Policy and Reserve Policy premiums and fees, and other fees and miscellaneous costs of execution and delivery of the Certificates.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Certificates. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations and Other Obligations

The obligation of the District to make the Base Rental Payments does not constitute a debt of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State is obligated to levy or pledge any form of taxation or for which the District or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay the Base Rental Payments from any source of legally available funds and the District has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make necessary annual appropriations therefor. The District is currently liable and may become liable on other obligations payable from its general revenues, some of which may have a priority over the Base Rental Payments. See "DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION – District Debt" herein.

The District has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the District, the funds available to make Base Rental Payments may be decreased. In the event the District's revenue sources are less than

its total obligations, the District could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement.

Abatement

In the event of substantial interference with the District's right to use and occupy any portion of the Property by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement." The Rental Payments shall be abated proportionately. In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the District's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the Reserve Fund or other funds and accounts established under the Trust Agreement (including proceeds of the Insurance Policy), or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or prepayment of the Certificates, there could be insufficient funds to make payments to Certificate Owners in full.

Absence of Earthquake and Flood Insurance

The District is not required under the Lease Agreement to maintain earthquake or flood insurance on the Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance." The District does not currently insure against the risks of earthquake or flood with respect to the Property and does not anticipate obtaining such insurance in the future. See "– Seismic Factors" below.

Limited Recourse on Default

If the District defaults on its obligations to make Base Rental Payments, the Trustee, as assignee of the Corporation, may (subject to the restrictions described below) retain the Lease Agreement and hold the District liable for all Base Rental Payments on an annual basis and will have the right to reenter and relet the Property. In the event such reletting occurs, the District would be liable for any resulting deficiency in Base Rental Payments. Alternatively, the Trustee may (subject to the restrictions described below) terminate the Lease Agreement with respect to the Property and proceed against the District to recover damages pursuant to the Lease Agreement.

The Lease Agreement provides that, so long as the Insurer is not in default under the Insurance Policy, the Insurer will control all remedies upon an event of default under the Lease Agreement.

Due to the specialized nature of the Property, no assurance can be given that the Trustee will be able to relet any portion of the Property so as to provide rental income sufficient to make payments of principal and interest evidenced by the Certificates in a timely manner, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Certificates. In addition, due to the governmental function of the Property, it is not certain whether a court would permit the exercise of the remedies of repossession and reletting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against school districts in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such reletting will not adversely affect the exclusion of any interest component of Base Rental Payments evidenced by the Certificates from federal or state income taxation.

No Acceleration Upon Default

In the event of a default, there is no available remedy of acceleration of the Base Rental Payments due over the term of the Lease Agreement. The District will only be liable for Base Rental Payments on an

annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's Base Rental Payments.

Substitution or Release of Property

The Lease Agreement provides that, upon the consent of the Insurer and satisfaction of the other conditions specified therein, the District may release from the Lease Agreement any portion of the Property or substitute alternate real property for all or any portion of the Property. Thus, a portion of the property comprising the Property could be replaced with less valuable property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – No Consequential Damages; Use of the Property; Substitution or Release – Substitution or Release of the Property.”

Limitation on Remedies

The enforcement of any remedies provided in the Lease Agreement and the Trust Agreement could prove both expensive and time consuming. Although the Lease Agreement provides that if the District defaults the Trustee may reenter the Property and re-let such Property, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others because of the Property's specialized nature. Additionally, the Trustee may have limited ability to re-let the Property to provide a source of rental payments sufficient to pay the principal and interest evidenced by the Certificates. Furthermore, due to the governmental nature of the Property, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Lease Agreement and proceed against the District to recover damages pursuant to the Lease Agreement. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Certificates are subject to certain limitations on legal remedies against governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Certificates may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the District were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Corporation could be prohibited or severely restricted from taking any steps to enforce their rights under the Lease Agreement and from taking any steps to collect amounts due from the District under the Lease Agreement. See “Bankruptcy” below.

Special Counsel has limited its opinion as to the enforceability of the Certificates and of the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the

Certificates are not subject to acceleration in the event of the breach of any covenant or duty under the Trust Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners of the Certificates.

Bankruptcy

Generally. In addition to the limitations on remedies contained in the Lease Agreement and the Trust Agreement, the rights and remedies provided in the Lease Agreement and the Trust Agreement may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

The obligations of the Insurer under the Insurance Policy are contractual obligations and in an event of default by the Insurer, the rights and remedies available may be limited by and subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Bankruptcy of District. The District may be eligible to become a debtor in a Chapter 9 bankruptcy case. If the District were to go into bankruptcy, it may be able to reject the Ground Lease or the Lease Agreement or assume the Ground Lease or the Lease Agreement, despite any provision of the Ground Lease or the Lease Agreement that makes the bankruptcy or insolvency of the District an event of default thereunder.

If the District rejects the Lease Agreement, the District's obligation to pay Base Rental Payments and Additional Rental Payments will terminate. The Trustee on behalf of the Owners of the Certificates will have a claim for damages in the bankruptcy case, but this claim for damages may be significantly limited. While the Corporation may be able to recover possession of the Property and re-let it, no assurance can be given that the new lease will provide for the same level of payments as the Lease Agreement. The Owners of the Certificates could suffer substantial losses.

If the District rejects the Ground Lease, the rights of the Trustee and the Owners of the Certificates to receive Base Rental Payments and Additional Rental Payments may terminate, even if the District remains in possession of the Property. While the Trustee on behalf of the Owners of the Certificates may have a claim in the District's bankruptcy, this claim for damages may be significantly limited, and the Owners of the Certificates could suffer substantial losses.

If the District assumes the Lease Agreement, it may be able to assign it to a third party, notwithstanding the provisions of the transaction documents, and thereby replace the obligation of the District to pay Base Rental Payments and Additional Payments with the obligation of the third party assignee to make such payments. While there must be adequate assurances of the future performance of the assignee, that determination is made by the bankruptcy court, not the Trustee or the Owners of the Certificates, and the determination may turn out to have been wrong. There may be adverse tax consequences of such an assignment.

The District may be able to obtain authorization from the bankruptcy court to sell the Property to a third party, free and clear of the Ground Lease, the Lease Agreement, and the rights of the Trustee and the Owners of the Certificates. Under such circumstances, the Owners of the Certificates may suffer substantial losses.

The Trustee and the Owners of the Certificates would be prohibited from taking any action to enforce any of their rights or remedies against the District or its property, unless the permission of the bankruptcy court was first obtained. This could prevent the Trustee from making payments to the Owners of the Certificates from funds in the possession of the Trustee.

Actions could be taken in a bankruptcy of the District that could adversely affect the exclusion of interest evidenced by the Certificates from gross income for federal income tax purposes. In addition, there may be other possible effects of the bankruptcy of the District that could result in delays or reductions in payments of the principal and interest evidenced by the Certificates, or in other losses to the Owners of the Certificates.

Regardless of any specific adverse determinations in a bankruptcy case of the District, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Certificates.

Bankruptcy of Corporation. The Corporation is not a special-purpose bankruptcy-remote entity, and could become a debtor in a bankruptcy case. The District and the Corporation intend the assignment to the Trustee of all of Corporation's right, title, and interest to receive the Base Rental Payments and Additional Rental Payments to be an absolute sale and not the grant of a security interest in such property to secure a borrowing of the Corporation. Nonetheless, if the Corporation were to become a debtor in a bankruptcy case, and a party in interest (including the Corporation itself) was to take the position that the transfer of the Base Rental Payments and Additional Rental Payments to the Trustee should be recharacterized as the grant of a security interest in such property, then delays in payments on the Certificates could result. If a court were to adopt such position, then delays or reductions in payments evidenced by the Certificates, or other losses to the Owners of the Certificates, could result.

Because the Corporation is not assigning all its rights under the Ground Lease and the Lease Agreement to the Trustee, if the Corporation goes into bankruptcy, the Corporation may be able to obtain authorization from the bankruptcy court to sell to a third party all rights under the Ground Lease and the Lease Agreement, including the Base Rental Payments and Additional Rental Payments, free and clear of rights of the Trustee and the Owners of the Certificates. While the Trustee (and thus the Owners of the Certificates) should be entitled to receive the value of the Base Rental Payments and Additional Rental Payments as determined by the bankruptcy court, the bankruptcy court's valuation may be substantially different than the value placed on such payments by the Owners of the Certificates, and the Owners of the Certificates may suffer a loss.

Similarly, because the Corporation is not assigning all its rights under the Ground Lease and the Lease Agreement, it may be able to reject the Ground Lease and the Lease Agreement despite any provision of the Ground Lease or the Lease Agreement which makes the bankruptcy or insolvency of the Corporation an event of default thereunder. If the Corporation rejects the Ground Lease or the Lease Agreement, the rights of the Trustee and the Owners of the Certificates to receive Base Rental Payments and Additional Rental Payments may be terminated. Under such circumstances, the Owners of the Certificates could suffer substantial losses, and any claim for damages may be significantly limited. In addition, the Corporation may be able to sell or assign its leasehold estate in the Property, notwithstanding the provisions of the transaction documents. It is possible that such a sale or assignment would result in the termination of the Lease Agreement. If the Lease Agreement does terminate, the District's obligation to pay Base Rental Payments and Additional Rental Payments would terminate. Under such circumstances, the Owners of the Certificates could suffer substantial losses.

The Trustee and the Owners of the Certificates would be prohibited from taking any action to enforce any of their rights or remedies against the Corporation or its property, unless the permission of the bankruptcy court was first obtained. This could prevent the Trustee from making payments to the Owners of the Certificates from funds in the possession of the Trustee. In addition, the provisions of the transaction documents that require the District to make payments directly to the Trustee, rather than to the Corporation, may no longer be enforceable, and all payments may be required to be made to the Corporation.

Actions could be taken in a bankruptcy case of the Corporation which could adversely affect the exclusion of interest evidenced by the Certificates from gross income for federal income tax purposes. In addition, there may be other possible effects of the bankruptcy of the Corporation that could result in delays

or reductions in payments of the principal and interest evidenced by the Certificates, or in other losses to the Owners of the Certificates.

Regardless of any specific adverse determinations in a bankruptcy case of the Corporation, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Certificates.

Loss of Tax Exemption

As discussed under the heading “TAX MATTERS,” certain acts or omissions of the District in violation of its covenants in the Trust Agreement and the Lease Agreement, as well as certain other matters, could result in the interest evidenced by the Certificates being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain Outstanding until maturity or until prepaid under the provisions contained in the Trust Agreement.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Property. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The District is unaware of the existence of hazardous substances on the Property sites which would materially interfere with the beneficial use thereof.

Seismic Factors

The District, like most regions in the State, and the Property are located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. In addition, the District may be subject to unpredictable fires, or flooding in the wake of fires or in the event of unseasonable rainfall. The occurrence of severe seismic activity, fires or flooding in the area of the District could result in substantial damage and interference with the District’s right to use and occupy all or a portion of the Property, which could result in the Base Rental Payments being subject to abatement. See “–Abatement” above. The District is not required by the Lease Agreement or otherwise to obtain or maintain earthquake insurance for the Property. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance.”

Economic Conditions in California

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because much of the District’s revenues derive from

payments from the State, the District's revenues can vary significantly from year to year, even in the absence of significant education policy changes. Decreases in the State's general fund revenues may significantly affect appropriations made by the State to school districts, including the District. See "DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION – State Funding of Education; State Budget Process" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Base Rental Payments by the District, or with respect to the performance by the District of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

THE CORPORATION

The San Jacinto Unified School District School Facilities Corporation was incorporated on August 20, 1990, as a California nonprofit public benefit corporation. The Corporation was formed for the specific purposes of (i) providing financing assistance to the District by constructing, financing and leasing public facilities, land and equipment for the use and benefit for the District, (ii) acquiring by lease, purchase, installment purchase or otherwise real and personal property, including any interest therein; to enter into contracts for services or for other purposes; to construct, reconstruct, modify, add to, improve or otherwise acquire, modify and equip buildings, structures, equipment, facilities and improvements and (by sale, installment sale, lease, sublease, leaseback, gift or otherwise) make any part or all of any such real or personal property (and any interest therein) available to or for the benefit of the public, the District or any one or more departments, commissions or agencies of the District, and (iii) borrowing the necessary funds to pay the cost of financing, refinancing, acquiring, constructing, replacing, establishing, improving, maintaining, equipping and operating such real and personal property for the herein described purposes, the indebtedness for which borrowed money may, but need not, be evidenced by securities of the Corporation of any kind or character issued at any one or more times, which may be either unsecured or secured by any mortgage, trust deed, pledge, encumbrance or other lien upon any part or all of the properties and assets at any time then or thereafter owned or acquired by the Corporation. The directors of the Corporation receive no compensation. The Corporation has no financial liability to the Owners of the Certificates with respect to the payment of Base Rental Payments by the District or with respect to the performance by the District of the other agreements and covenants it is required to perform

The Corporation's articles of incorporation and by-laws empower the Corporation to act as lessee under the Ground Lease and lessor under the Lease Agreement.

DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION

Introduction

The District was established in 1868 and unified in 1944. The District encompasses an area of approximately 100 square miles in the County, and provides educational services to residents in nearly all of the City of San Jacinto and portions of the cities of Hemet, Beaumont and Moreno Valley, as well as certain unincorporated areas of the County.

The District provides public education services for grades K-12. The District currently operates seven kindergarten through fifth grade elementary schools, three sixth through eighth grade middle schools, one comprehensive ninth through twelfth grade high school, one alternative education ninth through twelfth

grade high school, one home education program, one adult education school, five State of California preschools and one head start preschool. Total enrollment for the 2018-19 school year is 10,132 students and total enrollment for the 2019-20 school year is projected to be 10,132 students.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: San Jacinto Unified School District, 2045 S. San Jacinto Avenue, San Jacinto, California 92583, Attention: Assistant Superintendent, Business Services.

Board of Trustees

The governing board of the District is the Board of Trustees of the San Jacinto Unified School District (the “Board”). The Board consists of five members who are elected by geographic area to overlapping four-year terms at elections held every two years. If a vacancy arises during any term, the vacancy is filled by an appointment by the majority vote of the remaining board members and, if there is no majority, by a special election. Each December, the Board elects a President and a Clerk to serve one-year terms. The name, office and the month and year of the expiration of the current term of each member of the Board are described below.

SAN JACINTO UNIFIED SCHOOL DISTRICT (County of Riverside, California)

Board of Trustees

Name	Office	Term Expires
John I. Norman	President	December 2020
Willie Hamilton	Clerk	December 2020
Trica Ojeda	Member	December 2020
Deborah Rex	Member	December 2022
Jasmin Rubio	Member	December 2022

Superintendent and Business Services Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District’s day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and Assistant Superintendent, Business Services, is set forth below.

Diane Perez, Superintendent. Ms. Perez has over 26 years of public education experience. Prior to starting with the District, Ms. Perez worked for the Riverside County Office of Education for 13 years. She then came to the District in 2004 as the Coordinator of Student Services and became Superintendent in July 2013.

Ms. Perez holds a Bachelor’s Degree in Political Science with an international emphasis from the University of California, Los Angeles, and a Masters of Arts in Educational Counseling from the University of Redlands. Ms. Perez also earned her Pupil Support Services Credential and Clear Administrative Services Credential from the University of Redlands. Ms. Perez is a Past Chair of the United Way, a member of Soroptimist and is on the Inland Personnel Council Advisory Board as a liaison to all Riverside County School District personnel administrators.

Seth Heeren, Assistant Superintendent, Business Services. Mr. Heeren has over 22 years of public school experience. He has been employed with the District since 2007. Prior to working in the

District's Finance Department, Mr. Heeren worked in the Technology Department for several years where he was promoted to the Director of Technology. In 2010, Mr. Heeren became Director of Fiscal Services. He was then promoted to Executive Director of Business Services in February of 2014, and became the Assistant Superintendent, Business Services in 2015. Mr. Heeren holds a Bachelor's Degree in Economics from the University of California, San Diego and a Master's Degree in School Business Leadership from Wilkes University.

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. For fiscal year 2018-19, the District has projected to receive approximately \$97.2 million or approximately 73.7% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax). Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "– Allocation of State Funding to School Districts; Local Control Funding Formula," "– Attendance and LCFF" and "– Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations, and, consequently, the District's ability to pay Base Rental Payments.

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

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time,

unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

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

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

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

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

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "2018-19 State Budget") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately \$133.33 billion in revenues, and \$83.82 billion in non-Proposition 98 expenditures and \$54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a \$1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately \$1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of \$97.2 billion (\$56.1 billion State general fund and \$41.1 billion other funds) for all kindergarten through grade 12 ("K-12") education programs. The 2018-19 State Budget provides \$3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional \$570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides \$300 million one-time Proposition 98 State general fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes \$57.8 million in Proposition 98 General fund resources for county offices of education to provide technical assistance to school districts, of which \$4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.
- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes \$15 million one-time Proposition 98 General fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.
- Community Engagement Initiative. The 2018-19 State Budget includes \$13.3 million one-time Proposition 98 General fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the local control and accountability plan ("LCAP") process.
- California Collaborative for Educational Excellence. The 2018-19 State Budget includes \$11.5 million Proposition 98 General fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes \$10 million Proposition 98 general fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.
- Strong Workforce Program. The 2018-19 State Budget includes \$164 million ongoing Proposition 98 general Fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.
- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes \$150 million ongoing Proposition 98 general fund resources to make permanent the Career Technical Education Incentive Grant Program.
- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing \$167.2 million one-time Proposition 98 general fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the “Proposed 2019-20 State Budget”) on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately \$149.32 billion (including a prior year balance of approximately \$12.38 billion) and total expenditures in fiscal year 2018-19 totaled approximately \$144.08 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately \$147.86 billion, inclusive of revenues and transfers of approximately \$142.62 billion and a prior year balance of \$5.24 billion. The Proposed 2019-20 State Budget projects total expenditures of \$144.20 billion, inclusive of non-Proposition 98 expenditures of approximately \$88.90 billion and Proposition 98 expenditures of approximately \$55.30 billion. The Proposed 2019-20 State Budget proposes to allocate approximately \$1.39 billion of the general fund’s projected fund balance to the Reserve for Liquidation of Encumbrances and \$2.28 billion of such fund balance to the State’s Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of \$15.30 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of \$2 billion in Proposition 98 general fund resources for the LCFF.
- CalSTRS Pension Costs. The Proposed 2019-20 State Budget includes a \$3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRS to reduce long-

term liabilities for local educational agencies and community colleges, of which \$700 million will go towards buying down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining 2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of \$20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.
- Special Education. The Proposed 2019-20 State Budget includes \$576 million of Proposition 98 general fund resources, of which \$186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.
- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of \$750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.
- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of \$10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of state investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.
- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.
- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of \$388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of \$187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.
- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of \$283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of \$1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes
- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of \$187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block

Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of \$119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are \$597 million and \$482.2 million, respectively.
- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of \$26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.
- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of \$9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.
- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of \$50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "2019-20 Proposed Budget Overview"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of \$20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates \$20.6 billion in discretionary resources among a variety of priorities, including \$9.7 billion for reducing debts and liabilities on a one-time basis, \$5.1 billion for programmatic spending on a one-time basis, \$2.7 billion for ongoing

spending and \$3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions \$2.7 billion for ongoing spending, which will reach an estimated \$3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – *Assembly Bill No. 26 & California Redevelopment Association v. Matosantos*" herein). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

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

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

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$8,235

per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$7,796 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to \$9,269 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes the higher costs-of-living adjustment of 3.70% authorized by the 2018-19 State Budget, which is known as “super COLA.”

- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional Concentration Grant of up to 50% of a LEA’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.
- An Economic Recovery Target (the “ERT”) that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, LEAs would receive the greater of the Base Grant or the ERT.

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

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year LCAP. Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district’s budget to ensure adequate funding is allocated for the planned actions.

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

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

Attendance and LCFF. The following table sets forth the District’s actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “EL/LI Students”), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude adult education.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

Fiscal Year		A.D.A./Base Grant					Enrollment ⁽¹⁾	
		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated Percent of EL/LI Students
2013-14	A.D.A. ⁽²⁾ :	2,850.7	2,044.35	1,426.2	2,613.3	8,934.28	9,339	82.74%
	Targeted Base Grant ⁽³⁾ :	\$7,676	\$7,056	\$7,266	\$8,638	--	--	--
2014-15	A.D.A. ⁽²⁾ :	2,928.76	2,138.37	1,409.55	2,586.73	9,063.41	9,528	82.75%
	Targeted Base Grant ⁽³⁾⁽⁴⁾ :	\$7,740	\$7,116	\$7,328	\$8,712	--	--	--
2015-16	A.D.A. ⁽²⁾ :	2,968.22	2,177.03	1,355.69	2,686.94	9,187.83	9,648	82.34%
	Targeted Base Grant ⁽³⁾⁽⁵⁾ :	\$7,820	\$7,189	\$7,403	\$8,801	--	--	--
2016-17	A.D.A. ⁽²⁾ :	3,022.56	2,277.28	1,393.81	2,711.37	9,405.02	9,851	82.17%
	Targeted Base Grant ⁽³⁾⁽⁶⁾ :	\$7,820	\$7,189	\$7,403	\$8,801	--	--	--
2017-18	A.D.A. ⁽²⁾ :	2,980.34	2,260.63	1,481.34	2,811.97	9,534.28	10,011	82.46%
	Targeted Base Grant ⁽³⁾⁽⁷⁾ :	\$7,941	\$7,301	\$7,518	\$8,618	--	--	--
2018-19 ⁽⁸⁾	A.D.A.:	2,984.33	2,219.73	1,506.36	2,863.70	9,618.78	10,132	82.27%
	Targeted Base Grant ⁽³⁾⁽⁹⁾ :	\$8,235	\$7,571	\$7,796	\$8,618	--	--	--

⁽¹⁾ Reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013-14 and 2014-15 school years and California Longitudinal Pupil Achievement Data System (“CALPADS”) for the 2015-16 through 2017-18 school year. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI Students was based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

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

⁽³⁾ Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and include the grade span adjustment, but do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years shown above. However, the LCFF is now fully implemented as of the current fiscal year 2018-19, two years ahead of its anticipated implementation.

⁽⁴⁾ Targeted fiscal year 2014-15 Base Grant amount reflects a 0.85% cost-of-living adjustment from targeted fiscal year 2013-14 Base Grant amounts.

⁽⁵⁾ Targeted fiscal year 2015-16 Base Grant amount reflects a 1.02% cost-of-living adjustment from targeted fiscal year 2014-15 Base Grant amounts.

⁽⁶⁾ Targeted fiscal year 2016-17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

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

⁽⁸⁾ Figures are projections based on the second interim report for fiscal year 2018-19; such projections will be revised throughout such fiscal year.

⁽⁹⁾ Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts. This “super COLA” amount was authorized by the 2018-19 State Budget and exceeds the statutory 2.71% cost-of-living adjustment.

Source: San Jacinto Unified School District.

The District received approximately \$100.02 million in aggregate revenues reported under LCFF sources in fiscal year 2017-18, and has projected to receive approximately \$104.9 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 79.36% of its general fund revenues in fiscal year 2018-19). Such amount includes supplemental grants and concentration grants projected to be approximately \$24,083,095 in fiscal year 2018-19.

After years of growth in A.D.A., the District is projecting a modest decline in A.D.A. in the near term. One or two charter schools are projected to expand or commence operations within the territory of the District, and the District expects to begin to experience what most school district have been experiencing as a result of a general decline in population growth.

Local Sources of Education Funding

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

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

Local property tax revenues account for approximately 9.11% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately \$9.66 million, or 7.39% of total general fund revenues in fiscal year 2018-19.

For information about the property taxation system in California and the District's property tax base, see "DISTRICT HISTORY, OPERATIONS AND FINANCIAL INFORMATION – Local Property Taxation – *Assessed Valuation of Property Within District.*"

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

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, like the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while

operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

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

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 6.91% (or approximately \$9.03 million) of the District's general fund projected revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 8.45% (or approximately \$11.05 million) of the District's general fund projected revenues for fiscal year 2018-19.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately \$1.99 million for fiscal year 2018-19.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from sources such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 5.28% (or approximately \$6.90 million) of the District's general fund projected revenues for fiscal year 2018-19.

Charter Schools

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

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. However, independent charter schools that receive their

funding directly from the State are generally not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would generally be included in the school district's financial reports and audited financial statements.

There is currently one District-authorized, independent charter school, San Jacinto Valley Academy, operating within the District. San Jacinto Valley Academy serves grades K-12 and began operating in 1997. Enrollment for fiscal years 2016-17 and 2017-18 was 1,369 and 1,435, respectively. The District projects enrollment for fiscal year 2018-19 to be 1,456. The District cannot provide any assurances whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's finances in future years.

Local Property Taxation

Taxable property located in the District has a 2018-19 assessed value of \$3,099,865,066. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described under the heading, "*State-Assessed Property*" below.

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

State-Assessed Property. Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in 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.

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

Assessed Valuation of Property Within District. The following table sets forth the assessed valuations of the various classes of property in the District for fiscal years 2007-08 through 2018-19.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Assessed Valuations
Fiscal Years 2007-08 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual Percent Change
2007-08	\$3,244,485,390	\$143,800	\$142,169,026	\$3,386,798,216	-
2008-09	3,121,172,555	143,800	74,179,239	3,195,495,594	-5.65%
2009-10	2,345,656,969	143,800	76,415,038	2,422,215,807	-24.20
2010-11	2,120,006,229	130,800	72,947,563	2,193,084,592	-9.46
2011-12	2,099,201,287	130,800	71,709,935	2,171,042,022	-1.01
2012-13	2,046,541,243	131,600	70,217,363	2,116,890,206	-2.49
2013-14	2,142,441,204	131,600	64,440,782	2,207,013,586	4.26
2014-15	2,342,292,684	131,600	61,385,073	2,403,809,357	8.92
2015-16	2,495,366,930	131,600	61,433,859	2,556,932,389	6.37
2016-17	2,624,630,751	131,600	60,929,034	2,685,691,385	5.04
2017-18	2,812,312,468	131,600	64,187,285	2,876,631,353	7.11
2018-19	3,031,905,201	130,800	67,829,065	3,099,865,066	7.76

Source: California Municipal Statistics, Inc.; annual percent change provided by Stifel, Nicolaus & Company, Incorporated.

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

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

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

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

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

See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Assessed Valuation by Jurisdiction. The following table gives a distribution of taxable real property located in the District by jurisdiction.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Assessed Valuations
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Beaumont	\$ 30,394	0.00%	\$ 4,749,904,936	0.00%
City of Hemet	175,126,530	5.65	5,944,312,276	2.95
City of Moreno Valley	22,804,365	0.74	15,777,801,124	0.14
City of San Jacinto	2,755,783,955	88.90	3,054,496,507	90.22
Unincorporated Riverside County	146,119,822	4.71	43,011,850,793	0.34
Total District	<u>\$3,099,834,672</u>	<u>100.00%</u>		
Total Riverside County	\$3,099,834,672	100.00%	\$280,327,986,244	1.11%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

	2018-19 Assessed Valuation⁽¹⁾	% of Total	Number of Parcels	% of Total
<u>Non-Residential:</u>				
Agricultural/Rural	\$134,926,759	4.45%	405	2.39%
Commercial/Industrial	476,418,059	15.71	667	3.94
Vacant Commercial/Industrial	131,954,868	4.35	391	2.31
Vacant Other	12,878,753	0.42	530	3.13
Subtotal Non-Residential	<u>\$756,178,439</u>	<u>24.94%</u>	<u>1,993</u>	<u>11.77%</u>
<u>Residential:</u>				
Single Family Residence	\$2,007,225,124	66.20%	10,226	60.41%
Condominium/Townhouse	34,067,943	1.123	339	2.00
Mobile Homes and Mobile Home Lots	80,454,204	2.65	2,271	13.41
2-4 Residential Units	34,479,918	1.14	218	1.29
5+ Residential Units/Apartments	68,953,539	2.27	88	0.52
Vacant Residential	50,546,034	1.67	1,794	10.60
Subtotal Residential	<u>\$2,275,726,762</u>	<u>75.06%</u>	<u>14,936</u>	<u>88.23%</u>
TOTAL	\$3,031,905,201	100.00%	16,929	100.00%

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table sets forth the assessed valuation of single-family homes located in the District for fiscal year 2018-19.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Per Parcel 2018-19 Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	10,226	\$2,007,225,124	\$196,286	\$194,661

2018-19 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	34	0.332%	0.332%	\$ 603,867	0.030%	0.030%
\$25,000 - \$49,000	227	2.220	2.552	9,132,799	0.455	0.485
\$50,000 - \$74,999	349	3.413	5.965	21,986,119	1.095	1.580
\$75,000 - \$99,999	559	5.466	11.432	49,281,045	2.455	4.036
\$100,000 - \$124,999	745	7.285	18.717	84,212,918	4.195	8.231
\$125,000 - \$149,999	1,044	10.209	28.926	144,675,495	7.208	15.439
\$150,000 - \$174,999	1,187	11.608	40.534	192,521,489	9.591	25.030
\$175,000 - \$199,999	1,221	11.940	52.474	228,830,709	11.400	36.431
\$200,000 - \$224,999	1,062	10.385	62.859	225,404,940	11.230	47.660
\$225,000 - \$249,999	1,149	11.236	74.095	272,712,677	13.587	61.247
\$250,000 - \$274,999	893	8.733	82.828	233,592,075	11.638	72.884
\$275,000 - \$299,999	810	7.921	90.749	232,028,018	11.560	84.444
\$300,000 - \$324,999	568	5.554	96.304	176,549,846	8.796	93.240
\$325,000 - \$349,999	248	2.425	98.729	83,322,172	4.151	97.391
\$350,000 - \$374,999	88	0.861	99.589	31,704,850	1.580	98.970
\$375,000 - \$399,999	19	0.186	99.775	7,327,611	0.365	98.970
\$400,000 - \$424,999	3	0.029	99.804	1,232,535	0.061	99.335
\$425,000 - \$449,999	6	0.059	99.863	2,627,367	0.131	99.397
\$450,000 - \$474,999	2	0.020	99.883	943,403	0.047	99.528
\$475,000 - \$499,999	0	0.000	99.883	0	0.000	99.575
\$500,000 and greater	12	0.117	100.000	8,535,189	0.425	100.000
Total	10,226	100.000%		\$2,007,225,124	100.000%	

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

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2018-19 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	Percent of Total⁽¹⁾
1.	Wal-Mart Real Estate Business Trust	Commercial	\$ 25,299,218	0.83%
2.	County Lake Manufactured Home Community	Mobile Home Park	19,966,890	0.66
3.	Edelbrock Foundry Corp.	Industrial	16,162,762	0.53
4.	Providence Vista Gardens Hemet Apartments	Apartments	15,535,000	0.51
5.	Ramona State Partners	Commercial	15,295,828	0.50
6.	RSI Communities	Residential Properties	14,370,369	0.47
7.	1097 North State	Commercial	12,634,684	0.42
8.	Eastgate Prop Partners	Commercial Land	12,040,445	0.40
9.	Building Management Services	Residential Commercial	10,342,435	0.34
10.	Parkview MHC	Mobile Home Park	9,981,406	0.33
11.	GM Gabrych Family LP	Undeveloped	9,599,451	0.32
12.	HF Prop	Commercial Land	9,265,380	0.31
13.	Stater Bros. Markets	Commercial	8,682,303	0.29
14.	Preserve	Residential Development	8,220,917	0.27
15.	D&A Semi Annual Mortgage Fund III	Commercial Land	8,209,555	0.27
16.	EMP Zimmer II	Commercial	7,924,991	0.24
17.	NSA Prop Holdings	Commercial	7,683,335	0.25
18.	Mattkar Properties	Commercial	6,900,000	0.23
19.	Walgreen Co.	Commercial	6,870,530	0.23
20.	DGH Hemet Meadow Homes	Apartments	6,656,034	0.22
			<u>\$231,641,533</u>	<u>7.64%</u>

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$3,031,905,201
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates. The following table sets forth the total *ad valorem* property tax rates for fiscal years 2014-15 through 2018-19 in the typical tax rate area (“TRA”) of the District (TRA 10-046). This TRA comprises approximately 6.33% of the total assessed value of taxable property in the District.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Typical Tax Rate per \$100 Assessed Valuation (TRA 10-046)
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
San Jacinto Unified School District	.11866	.11727	.11656	.15078	.15291
Mount San Jacinto Community College District	-	.01394	.01320	.01320	.01320
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
Eastern Municipal Water District, I.D. No. U-12	.00800	.00800	.00800	.00800	.00800
Total	\$1.13016	\$1.14271	\$1.14126	\$1.17548	\$1.17761

Source: California Municipal Statistics, Inc.

Tax Charges and Delinquencies

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

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

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

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth a recent history of real property tax collections and delinquencies in the District.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Secured Tax Charge⁽¹⁾	Amount Delinquent (As of June 30)	Percentage Delinquent (As of June 30)
2013-14	\$2,672,580.94	\$79,254.26	2.97%
2014-15	2,728,212.72	81,571.42	2.99
2015-16	2,855,503.60	66,025.16	2.31
2016-17	3,013,661.40	74,072.84	2.46
2017-18	4,173,359.35	88,395.88	2.12

⁽¹⁾ District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Teeter Plan

In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing with Section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies, 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. The District is included in the Teeter Plan.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors of a county orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. The County has never discontinued the Teeter Plan with respect to any levying agency.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's independent auditor, Vavrinek, Trine, Day & Co. LLP, Certified Public Accountants & Consultants, Rancho Cucamonga, California for fiscal years 2013-14 through 2017-18.

The District's auditor, Vavrinek, Trine, Day & Co. LLP, has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2013-14 through 2017-18.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2017-18

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES					
Revenue limit sources/LCFF Sources	\$57,237,406	\$68,411,119	\$82,027,120	\$90,590,857	\$95,035,068
Federal sources	6,802,026	6,816,082	6,870,014	6,741,353	8,136,972
Other State sources	7,224,137	6,720,365	12,516,043	10,835,235	12,884,412
Other local sources	5,153,103	5,674,877	6,114,062	6,877,742	6,926,661
Total Revenues	76,416,672	87,622,443	107,527,239	115,045,187	122,983,113
EXPENDITURES					
Current					
Instruction	49,602,842	57,118,093	66,458,031	70,499,501	74,664,980
Instruction-related activities:					
Supervision of instruction	2,030,527	2,626,794	3,455,402	3,963,638	4,513,224
Instructional library, media and technology	480,399	736,487	840,214	852,927	792,726
School site administration	6,782,148	7,554,278	8,574,414	9,050,904	9,832,379
Pupil services:					
Home-to-school transportation	1,444,701	1,656,642	2,087,495	1,835,004	2,093,954
Food services	102,166	79,873	126,408	171,199	249,580
All other pupil services	3,356,410	3,962,095	4,915,715	5,293,595	5,494,924
General administration:					
Data processing	1,351,967	1,355,430	1,810,823	1,365,100	2,023,359
All other general administration	3,616,465	4,162,350	4,949,641	5,236,160	5,625,176
Plant services	6,601,077	7,347,632	8,061,078	8,293,928	9,631,941
Facility acquisition and construction	237,357	502,952	2,009,389	5,429,978	6,290,903
Other outgo	415,543	378,574	310,646	256,730	226,155
Debt service					
Principal	-	-	-	-	199,129
Interest and other	55,327	-	-	-	57,220
Total Expenditures	76,076,949	87,481,200	103,599,256	112,248,664	121,700,650
Excess (Deficiency) Of Revenues Over (Under) Expenditures	339,723	141,243	3,927,983	2,796,523	1,282,463
OTHER FINANCING SOURCES(USES)					
Transfers in	-	-	-	-	-
Other sources – proceeds from capital leases	-	-	-	-	1,557,324
Transfers out	(16,234)	(669,033)	(320,245)	(311,209)	(3,116,872)
Net Financing Sources (Uses)	(16,234)	(669,033)	(320,245)	(311,209)	(1,559,548)
NET CHANGE IN FUND BALANCES	323,489	(527,790)	3,607,738	2,485,314	(277,085)
Fund Balance—Beginning	19,794,434	20,117,923	19,590,133	23,197,871	25,683,185
Fund Balance—Ending ⁽¹⁾	\$20,117,923	\$19,590,133	\$23,197,871	\$25,683,185	\$25,406,100

⁽¹⁾ The District's general fund balance increased \$3,079,948 from fiscal year 2013-14 to fiscal year 2015-16 as it incurred operating surpluses in two of the prior three fiscal years.

Source: San Jacinto Unified School District Audited Financial Reports for fiscal years 2013-14 through 2017-18.

The following table sets forth the general fund balance sheet of the District for fiscal years 2013-14 through 2017-18.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Summary of General Fund Balance Sheet
Fiscal Years 2013-14 through 2017-18

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
ASSETS					
Deposits and investments	\$11,404,906	\$19,295,495	\$27,376,416	\$27,710,005	\$29,684,599
Receivables	18,012,241	3,951,205	3,379,730	4,338,511	3,694,791
Due from other funds	913,625	1,308,614	1,309,234	785,905	810,829
Total Assets	<u>\$30,330,772</u>	<u>\$24,555,314</u>	<u>\$32,065,380</u>	<u>\$32,834,421</u>	<u>\$34,190,219</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$9,496,882	\$3,534,218	\$7,034,898	\$4,455,769	\$5,085,756
Due to other funds	702,463	681,104	500,000	212,501	3,420,615
Deferred revenue ⁽¹⁾	13,504	749,859	1,332,611	2,482,966	277,748
Total Liabilities	<u>\$10,212,849</u>	<u>\$4,965,181</u>	<u>\$8,867,509</u>	<u>\$7,151,236</u>	<u>\$8,784,119</u>
FUND BALANCES					
Nonspendable	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Restricted	10,549,154	8,976,266	9,697,267	10,044,871	8,016,329
Committed	-	-	-	-	-
Assigned	5,514,020	7,961,434	5,651,970	8,875,394	9,984,160
Unassigned	4,044,749	2,642,433	7,838,634	6,752,920	7,395,611
Total Fund Balances	<u>\$20,117,923</u>	<u>\$19,590,133</u>	<u>\$23,197,871</u>	<u>\$25,683,185</u>	<u>\$25,406,100</u>
Total Liabilities and Fund Balances	<u>\$30,330,772</u>	<u>\$24,555,314</u>	<u>\$32,065,380</u>	<u>\$32,834,421</u>	<u>\$34,190,219</u>

⁽¹⁾ Unearned Revenue beginning in fiscal year 2013-14.

Source: San Jacinto Unified School District Audited Financial Reports for fiscal years 2013-14 through 2017-18.

District Budget Process and County Review

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

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, 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, 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 of schools, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent of schools, 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 of schools determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent of schools 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 of schools 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 of schools, request an emergency appropriation from the State, in which case the county superintendent of schools, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent of schools will assume control of the school district in order to ensure the school district's return to fiscal solvency.

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

The following table sets forth the District's adopted general fund budgets for fiscal years 2016-17 through 2018-19, unaudited actuals for fiscal years 2016-17 and 2017-18, and second interim report for fiscal year 2018-19.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
General Fund Budgets for Fiscal Years 2016-17 through 2018-19,
Unaudited Actuals for Fiscal Years 2016-17 through 2017-18
and Second Interim Report for Fiscal Year 2018-19

	2016-17 Original Adopted Budget⁽¹⁾	2016-17 Unaudited Actuals⁽¹⁾	2017-18 Original Adopted Budget⁽²⁾	2017-18 Unaudited Actuals⁽²⁾	2018-19 Original Adopted Budget	2018-19 Second Interim Report⁽³⁾
REVENUES						
LCFF Sources	\$88,709,172.00	\$90,590,857.11	\$93,917,000.00	\$95,035,068.39	\$102,415,613.00	\$103,808,749.00
Federal Revenue	6,716,258.00	6,741,352.52	7,665,614.00	8,136,972.39	7,887,005.00	9,034,847.28
Other State Revenue	11,211,297.00	10,835,235.66	8,654,698.00	12,884,411.77	11,324,060.00	11,054,290.00
Other Local Revenue	5,682,341.00	6,877,742.14	5,594,297.00	6,926,660.59	6,424,997.00	6,903,959.00
TOTAL REVENUES	112,319,068.00	115,045,187.43	115,831,609.00	122,983,113.14	128,051,675.00	130,801,845.28
EXPENDITURES						
Certificated Salaries	47,933,134.00	47,783,123.57	50,748,809.00	51,123,391.27	55,482,616.00	53,967,785.00
Classified Salaries	16,560,849.00	16,647,596.87	17,185,670.00	17,173,007.11	19,537,317.00	19,060,073.00
Employee Benefits	23,864,704.00	22,927,318.44	26,215,679.00	25,505,334.34	30,475,139.00	29,346,319.00
Books and Supplies	8,325,791.00	7,077,541.58	4,876,391.00	6,448,789.93	6,486,990.00	10,058,665.59
Services, Other Operating Expenses	14,777,309.00	14,219,257.33	15,625,581.00	15,421,210.01	16,959,401.00	18,048,758.41
Capital Outlay	2,515,925.00	3,518,524.43	2,268,106.00	4,213,184.29	1,636,987.00	4,365,426.69
Other Outgo (excluding Transfers of Indirect Costs)	592,515.00	556,730.22	618,515.00	868,653.83	1,220,155.00	1,216,192.00
Other Outgo - Transfers of Indirect Costs	(144,561.00)	(181,423.49)	(217,649.00)	(224,095.22)	(236,422.00)	(251,633.00)
TOTAL EXPENDITURES	114,425,666.00	112,548,668.95	117,321,102.00	120,529,675.56	131,562,183.00	135,811,586.69
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES	(2,106,598.00)	2,496,518.48	(1,489,493.00)	2,453,437.58	(3,510,508.00)	(5,009,741.41)
OTHER FINANCING SOURCES/USES:						
Interfund Transfers						
Transfers In	-	-	-	-	-	-
Transfers Out	-	(11,208.93)	-	(2,730,522.16)	-	-
Other Sources /Uses	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
TOTAL, OTHER SOURCES/USES	-	(11,208.93)	-	(2,730,522.16)	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	(2,106,598.00)	2,485,309.55	(1,489,493.00)	(277,084.58)	(3,510,508.00)	(5,009,741.41)
Beginning Balance, July 1	21,206,059.00	23,197,875.52	22,446,335.00	25,683,185.07	21,888,864.00	25,406,100.49
Ending Balance, June 30	\$19,099,461.00	\$25,683,185.07	\$20,956,842.00	\$25,406,100.49	\$18,378,354.00	\$20,396,359.08
Unrestricted Balance, June 30	\$12,299,651.00	\$15,636,313.74	\$13,627,100.00	\$17,389,771.58	\$12,990,603.00	\$16,440,744.90
Restricted Balance, June 30	\$6,799,810.00	\$10,044,871.33	\$7,329,742.00	\$8,016,328.91	\$5,387,753.00	\$3,955,614.18

⁽¹⁾ On behalf payments of \$3,289,394 are included in the actual revenues and expenditures, but have not been included in the budget amounts.

⁽²⁾ On behalf payments of \$3,871,746 are included in the final budget and actual revenues and expenditures, but have not been included in the original budgeted amounts.

⁽³⁾ Figures are projections.

Source: District Adopted general fund Budgets for fiscal years 2016-17 through 2017-18; unaudited actuals for fiscal years 2016-17 through 2017-18; and second interim report for fiscal year 2018-19.

District Debt Structure

Long-Term Debt Summary. A schedule of the District's long-term obligations for the year ended June 30, 2018, consisted of the following:

Long-Term Obligation	(as restated) Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
Series 1997 Bonds	\$ 439,757	-	\$ 95,334	\$ 344,423	\$ 91,637
Series 1998 Bonds	589,213	-	88,953	500,260	85,698
Series 2007 Bonds	585,000	-	585,000	-	-
Premium on bonds	85,074	-	85,074	-	-
Series 2014 Refunding Bonds	39,185,000	-	85,000	39,100,000	825,000
Premium on bonds	5,612,248	-	372,083	5,240,165	-
Series 2017 Bonds	26,150,000	-	-	26,150,000	880,000
Premium on bonds	1,464,037	-	58,353	1,404,684	-
2010 Certificates ⁽¹⁾	38,580,000	-	895,000	37,685,000	930,000
Discount on 2010 Certificates	(564,542)	-	25,468	(539,074)	-
2017 Certificates	-	\$4,910,000	-	4,910,000	160,000
Premium on 2017 Certificates	-	371,335	16,287	355,048	-
Capital Leases	-	1,557,324	199,129	1,358,195	206,445
Compensated Absences	75,583	21,690	-	97,273	-
Net OPEB obligation	7,970,977	857,167	185,592	8,642,552	-
	<u>\$120,172,347</u>	<u>\$7,717,516</u>	<u>\$2,692,273</u>	<u>\$125,248,526</u>	<u>\$3,178,780</u>

(1) The subject of the refunding described in this Official Statement.

Source: San Jacinto Unified School District Audited Financial Report for fiscal year 2017-18.

General Obligation Bonds. Since 1996, the District has conducted three bond elections and issued bonds as described below. All such bonds are payable from a special *ad valorem* property tax which the County is required to levy in an amount sufficient to pay such obligations.

On November 5, 1996, the voters of the District approved a bond measure authorizing the District to issue \$6,500,000 in general obligation bonds. On March 27, 1997, the District issued its 1997 General Obligation Bonds, Series A (the "Series 1997 Bonds") in the aggregate principal amount of \$3,500,000. On February 5, 1998, the District issued its 1998 General Obligation Bonds, Series B (the "Series 1998 Bonds") in the aggregate principal amount of \$3,000,000.

On November 7, 2006, the voters of the District approved a bond measure authorizing the District to issue \$150 million in general obligation bonds (the "2006 Authorization"). On August 30, 2007, the District issued its General Obligation Bonds, Election of 2006, Series 2007 (the "Series 2007 Bonds") in the aggregate principal amount of \$42,000,000, leaving \$108,000,000 principal amount of bonds authorized under but unissued under the 2006 Authorization.

On December 23, 2014, the District issued its General Obligation Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds") in the aggregate principal amount of \$40,235,000, to advance refund a portion of the Series 2007 Bonds.

On November 8, 2016, the voters of the District approved a bond measure authorizing the District to issue \$44.9 million in general obligation bonds (the "2016 Authorization"). On February 22, 2017, the County, on behalf of the District, issued the District's General Obligation Bonds, Election of 2016, Series

2017 (the “Series 2017 Bonds”) in the aggregate principal amount of \$26,150,000, leaving \$18,750,000 principal amount of bonds authorized but unissued under the 2016 Authorization.

The following table summarizes the District’s general obligation bonds that are currently outstanding:

Issue Date	Interest Rate	Maturity Date	Original Issue	Bonds Outstanding July 1, 2017	Issued	Redeemed	Bonds Outstanding June 30, 2018
1997	3.90-6.00%	2022	\$ 3,500,000	\$ 439,757	\$ -	\$ 95,334	\$ 344,423
1998	3.80-5.20%	2023	3,000,000	589,213	-	88,953	500,260
2007	4.25-6.25%	2018	42,000,000	585,000	-	585,000	-
2014	3.00-5.00%	2033	40,235,000	39,185,000	-	85,000	39,100,000
2017	2.00-5.00%	2042	26,150,000	26,150,000	-	-	26,150,000
				<u>\$66,948,970</u>	<u>\$ -</u>	<u>\$854,287</u>	<u>\$66,094,683</u>

Source: San Jacinto Unified School District Audited Financial Report for fiscal year 2017-18.

Certificates of Participation. On February 11, 2010, the District executed and delivered the Series 2010 Certificates, which are the subject of the refunding described in this Official Statement, to prepay the District’s prior certificates of participation that were executed and delivered in 1997, 1998 and 2006.

On September 8, 2017, the District executed and delivered its Certificates of Participation (2017 Financing) (the “Series 2017 Certificates”) in the aggregate principal amount of \$4,910,000 to finance the acquisition, construction and installation of aquatic facilities at San Jacinto High School. As of June 30 2018, the principal balance outstanding was \$4,910,000 and unamortized premium on issuance of \$355,048. As of June 30, 2018, the principal balance outstanding was \$4,910,000 and unamortized premium on issuance of \$355,048. The 2017 Certificates mature through 2038 as follows:

Year Ending September 1	Principal	Interest	Total
2019	\$ 160,000	\$ 185,288	\$ 345,288
2020	170,000	181,138	351,138
2021	175,000	175,088	350,088
2022	180,000	167,988	347,988
2023	185,000	159,763	344,763
2024-2028	1,080,000	646,188	1,726,188
2029-2033	1,365,000	365,263	1,730,263
2034-2038	1,595,000	129,115	1,724,115
Total	<u>\$4,910,000</u>	<u>\$2,009,831</u>	<u>\$6,919,831</u>

Source: Fieldman, Rolapp & Associates, Inc.

Capital Leases. The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Portable Classrooms
Balance, July 1, 2017	-
Additions	\$1,794,458
Payments	256,350
Balance, July 1, 2018	\$1,538,108

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2019	\$256,349
2020	256,350
2021	256,360
2022	256,349
2023	256,249
2024	256,351
Total	\$1,538,108
Less: Amount Representing Interest	179,813
Present Value of Minimum Lease Payments	\$1,358,195

Source: San Jacinto Unified School District Audited Financial Report for fiscal year 2017-18.

Compensated Absences. The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2018 amounted to \$97,273.

Tax and Revenue Anticipation Notes. The District has no tax and revenue anticipation notes outstanding and does not expect to issue any tax and revenue anticipation notes in fiscal year 2019-20.

Special Tax Bonds. The District has formed a number of community facilities districts which have issued special tax bonds under the Mello-Roos Community Facilities Act of 1982, as amended. Such special tax bonds are payable for special taxes levied on property within the respective community facilities districts. Such special tax bonds are not payable from *ad valorem* taxes to be levied within the District and do not represent a debt of the District. Other special taxes and assessments may be levied from time to time on property within the District.

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS and CalPERS (defined below) and the supplemental employee retirement plan described above, the District provides certain post-retirement healthcare benefits (the "Plan"), in accordance with District employment contracts. For a description of the District's Plan, which is a single-employer defined benefit healthcare plan including medical, dental, and vision benefits, in addition to life insurance and other benefits, see Note 9 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

The Governmental Accounting Standards Board ("GASB") released its Statement Number 45 ("Statement Number 45"), which required municipalities to account for other post-employment benefits (meaning other than pension benefits) ("OPEB") liabilities much like municipalities are required to account

for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), and care benefits. Statement Number 45 was phased in over a three-year period based upon the entity's revenues.

In June 2015, the Governmental Accounting Standards Board ("GASB") issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75"). The objective of Statement Number 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement Number 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement Number 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement Number 75 replaces Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. Statement Number 75 is effective for periods beginning after June 15, 2017. The District has implemented Statement Number 75 for fiscal year 2017-18.

The contribution requirements of Plan members and the District are established and may be amended by the District and the Teacher Education Association ("TEA"), the local California Service Employees Association ("CSEA"), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District. The contribution requirements of Plan members and the District are established and may be amended by the District and the Teachers Association (CTA), the local California Service Employees Association (CSEA), as well as unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2018, the District reported a total OPEB liability, deferred outflows of resources, and OPEB expense of \$8,642,552, \$541,204, and \$671,575, respectively. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75. See Note 9 to the District's financial statements attached hereto APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018" for more information as of June 30, 2018.

Total Compensation Systems, Inc., Agoura Hills, California, has prepared an actuarial valuation of the District's retiree health insurance benefits and reports that, as of June 30, 2018, the District had an actuarial accrued liability of \$9,117,274. According to such actuarial valuation, the District's projected annual pay-as-you-go amount for the year beginning July 1, 2018 is \$316,702. The "pay-as-you-go" cost is the cost of benefits for current retirees. Further according to such actuarial valuation, for current employees, the value of benefits "accrued" in the year beginning July 1, 2018 (the service cost) is \$729,638 and the OPEB expense for the fiscal year ending June 30, 2019 is projected to be \$1,051,252. The actuarial valuation is based on various assumptions, including 2.75% increase in inflation per year, a 3.8% discount rate (investment return), and a 2.75% increase in payroll per year. A copy of the latest actuarial valuation is available from the District, but the District may impose a charge for copying, handling and mailing any requested document.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. for debt outstanding as of March 1, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column 2 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 column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

Not included in the table below or elsewhere in this Official Statement with respect to overlapping debt are assessments which may exist on properties within the Reassessment District for the benefit of the Western Riverside Council of Governments ("WRCOG") Property Assessed Clean Energy ("PACE") Programs, in which multiple programs the County participates as a member, through WRCOG in collaboration with its private sector partners, which provide financing for energy efficiency, renewable energy, and water conservation retrofits on residential and commercial properties. Under this program a property owner is permitted to finance the up-front cost of energy or other eligible improvements on a property, with such costs financed over a term of years through a voluntary assessment attached to the improved property. Payments for such projects and retrofits are secured by assessments on such participating residential and commercial properties. The overlapping debt information included in this Official Statement is necessarily understated by the amount of such assessments on properties within the boundaries of the District.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Statement of Direct and Overlapping Bonded Debt

2018-19 Assessed Valuation: \$3,099,865,066

	Percent Applicable	Debt as of 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	0.105%	\$ 50,453
San Jacinto Unified School District	100.000	64,389,684
Eastern Municipal Water District Improvement Districts	38.910-100.000	662,334
Riverside County Flood Control and Water Conservation District, Zone 4	5.995	880,666
Mount San Jacinto Community College District	3.440	5,870,100
San Jacinto Unified School District Community Facilities District	100.000	20,375,000
San Jacinto Community Facilities District No. 2002-1	100.000	16,550,000
Eastern Municipal Water District Community Facilities Districts	83.924-100.000	4,544,655
City of San Jacinto 1915 Act Bonds	100.000	455,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$113,777,892</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	1.106%	\$ 8,597,679
Riverside County Pension Obligation Bonds	1.106	2,696,981
San Jacinto Unified School District Certificates of Participation	100.000	41,505,000 ⁽¹⁾
City of Moreno Valley Certificates of Participation	0.145	94,794
City of San Jacinto Pension Obligation Bonds	90.221	621,036
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$53,515,490</u>
Less: Riverside County supported obligations		28,314
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$53,487,176</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		<u>\$6,512,171</u>
GROSS COMBINED TOTAL DEBT		\$173,805,553 ⁽²⁾
NET COMBINED TOTAL DEBT		\$173,777,239

⁽¹⁾ Excludes the Certificates.

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

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$64,389,684)	2.08%
Total Direct and Overlapping Tax and Assessment Debt	3.67%
Combined Direct Debt (\$105,894,684).....	3.42%
Gross Combined Total Debt.....	5.61%
Net Combined Total Debt	5.61%

Ratios to Redevelopment Incremental Valuation (\$627,609,930):

Total Overlapping Tax Increment Debt	1.04%
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Source: California Municipal Statistics, Inc.

Employment

As of February 2019, the District employed 1,042.1 FTE employees, consisting of approximately 551.4 FTE certificated employees, 406.8 FTE classified employees, 67 FTE management employees and 8.5 FTE confidential employees. For the year ended June 30, 2018, the total certificated and classified payrolls were approximately \$51.12 million and \$17.17 million, respectively. The District has projected total certificated and classified payrolls to be approximately \$53.97 million and \$19.06 million, respectively, for fiscal year 2018-19.

District employees are represented by employee bargaining units as follows:

SAN JACINTO UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Labor Organizations

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
San Jacinto Teachers Association	519	June 30, 2020
California School Employees Association – CSEA Chapter 189	541	June 30, 2018*

* The District and the bargaining unit are in contract negotiations and are operating under the expired contract until a new agreement is reached.

Source: San Jacinto Unified School District.

Retirement Benefits

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

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, covered employees contributed 8.00% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Prior to fiscal year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate

increased from 9.205% of pay to 10.250% of pay. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

As of June 30, 2017, an actuarial valuation (the "2017 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.3 billion, an increase of approximately \$10.6 million from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," a 7.00% investment return assumption consistent with the State Teachers' Retirement Board's decision on February 1, 2017, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

Pursuant to Assembly Bill 1469, school district's contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10
2020	18.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2014-15 through 2017-18 and the projected contribution for fiscal year 2018-19.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
Contributions to CalSTRS for Fiscal Years 2014-15 through 2018-19

Fiscal Year	District Contribution	CalSTRS On-Behalf Amounts
2014-15	\$5,194,357	\$1,803,424
2015-16	7,319,048	2,551,097
2016-17	5,890,725	3,289,394
2017-18	7,162,732	3,898,235
2018-19 ⁽¹⁾	8,575,567	4,264,043

⁽¹⁾ Second interim report for fiscal year 2018-19.
Source: San Jacinto Unified School District.

The District's total employer contributions to CalSTRS for fiscal years 2014-15 through 2017-18 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such school districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

School districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a 15-year period with experience gains and losses spread over a rolling 30-year period. On December 21,

2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017 (the “2017 CalPERS Schools Pool Actuarial Valuation”). The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

The actuarial funding method used in the 2017 CalPERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method”. The 2017 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.75% inflation and payroll growth of 3.00% compounded annually. The 2017 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.375% compounded annually (net of administrative expenses) as of June 30, 2017, 7.25% compounded annually (net of administrative expenses) as of June 30, 2018, and 7.0% compounded annually (net of administrative expenses) as of June 30, 2019. The first reduction in the investment rate of return will impact the District’s employer contribution rates beginning in fiscal year 2018-19. The CalPERS Board also adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.75% as of June 30, 2017, to 2.625% as of June 30, 2018, and finally to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future. The overall payroll growth will be reduced from 3.0% annually as of June 30, 2017, to 2.875 as of June 30, 2018, and finally to 2.75% as of June 30, 2019.

The following table sets forth the District’s total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 and the projected contribution for fiscal year 2018-19.

SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
Contributions to CalPERS for Fiscal Years 2014-15 through 2018-19

Fiscal Year	District Contribution
2014-15	\$1,940,126
2015-16	1,637,678
2016-17	2,293,354
2017-18	2,768,569
2018-19 ⁽¹⁾	3,392,161

⁽¹⁾ Second interim report for fiscal year 2018-19.
Source: San Jacinto Unified School District.

The District’s total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see “–Governor’s Pension Reform” below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

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

Governor’s Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees’ Pension Reform Act of 2012 (“PEPRA”) which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$127,200 for 2017, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District’s future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District’s pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 13 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

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

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in three joint ventures under joint powers agreements (“JPAs”): Riverside Schools Insurance Authority (RSIA), Riverside County Employer/Employee Partnership for Benefits (REEP), Joint Education Transit (JET), and Riverside Schools Risk Management Authority (RSRMA). The District pays an annual premium to the applicable entity for its health, workers’ compensation and property liability coverage. Payments for these services received are paid to the above-mentioned JPAs.

The relationships between the District, the pools and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District's financial statements attached hereto.

For additional information about the JPAs, see Note 15 in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018” attached hereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

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

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

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIII B of the California Constitution

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

Article XIII C and Article XIII D of the California Constitution

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution.

The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

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

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

Proposition 98 and Proposition 111

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

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

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 districts Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of

excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

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

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

Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*

On February 1, 2012, pursuant to the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) (“AB1X 26”) dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified

requirements and deadlines. AB 1484 also provides for a “tax claw back” provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This “tax claw back” provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State’s income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see “– Proposition 98 and Proposition 111” above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by the voters on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

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

Proposition 2

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

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year’s deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year’s deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending

from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the “Public School System Stabilization Account”) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

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

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

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

Future Initiatives

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

RATINGS

The Certificates were assigned an underlying rating of “___” by Moody’s Investor Service, Inc. (“Moody’s”). The rating agency may have obtained and considered information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The rating is not a recommendation to buy, sell or hold the Certificates. The rating reflects only the view of the rating agency and an explanation of the significance of its rating may be obtained from it. There is no assurance that a rating of a rating agency will be maintained for any given period of time or that such rating may not be revised downward or withdrawn entirely by the rating agency, if in its own judgment, circumstances warrant. Any such downward change in or withdrawal may have an adverse effect on the market price of the Certificates. Neither the Underwriter nor the District has undertaken any responsibility after the

execution and delivery of the Certificates to assure the maintenance of the rating or to oppose any such revision or withdrawal.

In addition, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its insured rating of "AA" to the Certificates with the understanding that upon delivery of the Certificates, the Insurance Policy will be delivered by the Insurer. See also "CERTIFICATE INSURANCE" herein. Such rating is expected to be assigned solely as a result of the issuance of the Insurance Policy and would reflect only S&P's view of the claims-paying ability and financial strength of the Insurer. Neither the Underwriter nor the District has made any independent investigation of the claims-paying ability of the Insurer and no representation is made that the insured rating of the Certificates based upon the purchase of the Insurance Policy will remain the same. The existence of the Insurance Policy will not, of itself, negatively affect the underlying ratings. However, any downward revision or withdrawal of any rating of the Insurer may have an adverse effect on the market price or marketability of the Certificates.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, special counsel to the District ("Special Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading "PLAN OF REFUNDING – Forward Delivery of the Certificates," the portion of each Base Rental Payment designated as and constituting interest paid by the District under the Lease Agreement and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Special Counsel is of the further opinion that, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading "PLAN OF REFUNDING – Forward Delivery of the Certificates," interest evidenced by the Certificates is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix C hereto.

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

Certificates purchased, whether at original execution and delivery thereof or otherwise, for an amount higher than their principal evidenced thereby payable on the scheduled principal payment date thereof (or, in some cases, at their earlier prepayment date) (“Premium Certificates”) will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like those evidenced by the Premium Certificates, the interest with respect to which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Certificate, will be reduced by the amount of amortizable premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest evidenced by obligations such as the Certificates. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest evidenced by the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest evidenced by the Certificates being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person), whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel’s attention after the date of execution and delivery of the Certificates may adversely affect the value of, or the tax status of interest evidenced by, the Certificates. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Counsel is of the opinion, subject to satisfaction of certain conditions and to the occurrence of certain events described herein under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates,” that interest evidenced by the Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest evidenced by, the Certificates may otherwise affect a Certificate holder’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

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

The opinion of Special Counsel is expected to be based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel’s judgment as to the proper treatment of the Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Special Counsel cannot give and is not expected to give any opinion or assurance about the future activities of the District, or about the effect of future changes

in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District covenants, however, to comply with the requirements of the Code.

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

The Certificates will be sold pursuant to the terms of the Forward Delivery Certificate Purchase Agreement under which the District and the Corporation will agree to sell to the Underwriter, and the Underwriter will agree to accept and purchase, the Certificates on or about the Settlement Date, subject to the satisfaction of certain conditions provided in the Forward Delivery Certificate Purchase Agreement and the Trust Agreement. Subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading "PLAN OF REFUNDING – Forward Delivery of the Certificates," Special Counsel expects to be able to deliver on the Settlement Date an opinion substantially similar to the opinion described above. See the form of opinion attached hereto as Appendix C. The execution and delivery and delivery of the Certificates on the Settlement Date will be subject to, among other things, receipt of such opinion of Special Counsel.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., certified public accountants (the "Verification Agent"), will deliver a report stating that the firm has verified the accuracy of mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the Escrow Securities initially deposited in the escrow fund established under the Escrow Agreement to provide for the payment of the interest due on the Series 2010 Certificates to and including their first optional prepayment date, and to pay on such prepayment date the prepayment price thereof, and the computations of yield on the Certificates and of investments in the escrow fund established under the Escrow Agreement.

The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligations to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District, will render its opinion with respect to the legality of the Lease Agreement and the Trust Agreement. A copy of its legal opinion will accompany the original delivery of each Certificate. The form of the legal opinion proposed to be delivered by Special Counsel is included as Appendix C to this Official Statement. Special Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain other legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, for the Underwriter by James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, and for the District and the Corporation by Atkinson, Andelson, Loya, Ruud & Romo, Cerritos, California.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. (the “Municipal Advisor”), has been engaged by the District to perform financial services in connection with the delivery of the Certificates and certain other financial matters. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor is not contractually 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 contained in this Official Statement. The fees of the Municipal Advisor are contingent upon delivery of the Certificates.

ABSENCE OF MATERIAL LITIGATION

[At the time of (a) the execution and delivery of the Forward Delivery Certificate Purchase Agreement, the District will certify that, and (b) the Settlement (subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates”), the District expects to execute and deliver its certificate to the effect that: to the best of the District’s knowledge, with respect to the information concerning the District contained in this Official Statement and as further described in the Updated Official Statement: there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the District, threatened against the District (i) which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates, the Lease Agreement, the Ground Lease, the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Agreement, (ii) contesting the validity of the Lease Agreement, the Ground Lease, the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Agreement, the powers of the District to enter into or perform its obligations under the Lease Agreement, the Ground Lease, the Trust Agreement or the Continuing Disclosure Agreement, or the existence or powers of the District, or (iii) which, if determined adversely to the District, would materially impair the District’s ability to meet its obligations under the Lease Agreement or materially and adversely affect the District’s financial condition.]

The District does have claims pending against it. The aggregate amount of the uninsured liabilities of the District which may result from all claims will not, in the opinion of the District, materially affect the District’s finances or impair its ability to make Base Rental Payments under the Lease Agreement.

UNDERWRITING

The Certificates are expected to be purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed, subject to certain terms and conditions set forth in the Forward Delivery Certificate Purchase Agreement, dated _____, 2019, by and between the Underwriter and the District, to purchase the Certificates at a purchase price of \$_____ (which represents

the aggregate principal amount of the Certificates, plus \$_____ of net original issue premium, and less \$_____ of Underwriter's discount). The Forward Delivery Certificate Purchase Agreement provides that the Underwriter will purchase all of the Certificates, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Forward Delivery Certificate Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. See "PLAN OF REFUNDING – Forward Delivery of the Certificates."

The Underwriter will purchase all the Certificates if any are purchased. The Certificates may be offered and sold to certain dealers (including dealers depositing said Certificates into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

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

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

**SAN JACINTO UNIFIED SCHOOL
DISTRICT**

By: _____
Superintendent

APPENDIX A
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

APPENDIX C

FORM OF SPECIAL COUNSEL OPINION

Subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading “PLAN OF REFUNDING – Forward Delivery of the Certificates,” Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel to the District, expects to be able to render on the Settlement Date its final approving opinion with respect to the Certificates in substantially the following form:

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of June 1, 2020, is by and between the SAN JACINTO UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California (the “District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the District has caused to be executed and delivered the San Jacinto Unified School District Certificates of Participation (2020 Refunding) (the “Certificates”), evidencing principal in the aggregate amount of \$_____, pursuant to the Trust Agreement, dated as of the date hereof (the “Trust Agreement”), by and among the Trustee, the San Jacinto Unified School District School Facilities Corporation and the District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the District and the Trustee for the benefit of the Owners and Beneficial Owners of the Certificates and in order to assist the underwriters of the Certificates in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

“Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the District’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

“Certificates” means the San Jacinto Unified School District Certificates of Participation (2020 Refunding), executed and delivered pursuant to the Trust Agreement.

“Disclosure Representative” means the Assistant Superintendent, Business Services of the District or his or her designee, or such other officer or employee as the District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means Applied Best Practices, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the Trustee a written acceptance of such designation.

“District” means the San Jacinto Unified School District, a school district organized and existing under the laws of the State of California, and its successors.

“Financial Obligation” means (a) a debt obligation of the District, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the District, or (c) a guarantee of (i) a debt obligation of the District, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

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

“Official Statement” means the Official Statement, dated _____, 2020, relating to the Certificates.

“Participating Underwriter” means any of the original underwriters of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

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

“Trust Agreement” means the Trust Agreement, dated as of June 1, 2020, by and among U.S. Bank National Association, as trustee, the Corporation and the District, as originally executed and as it may from time to time be amended, supplemented or otherwise modified in accordance with the provisions thereof.

“Trustee” means U.S. Bank National Association, as Trustee under the Trust Agreement, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2019-20 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

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

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall (i) provide each Annual Report received by it to the MSRB, as provided herein, and (ii) file a report with the District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements, if any, 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, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The District's Average Daily Attendance and Base Revenue Limit for the last completed fiscal year.

(ii) The number of District employees for the last completed fiscal year, broken down into the following categories: non-management certificated; certificated management; classified non-management; classified management; and total number of all employees.

(iii) The District's contributions to the State Public Employees' Retirement System and the State Teachers' Retirement System for the last completed fiscal year.

(iv) The District's audited Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund, for the last completed fiscal year.

(v) The District's adopted budget for the current fiscal year, together with any amendments thereto.

(vi) Information regarding the investment policies and practices with respect to District funds and the status of the investment of District funds, similar to the information included in the Official Statement, including the annual report for the last completed fiscal year relating to the Pooled Surplus Investments Fund maintained by the county in which the District is located pursuant to California Government Code Sections 53600 et seq., together with the most recent monthly report for such investment pool, so long as the District has money on deposit therein.

(vii) Information regarding total assessed valuation of taxable properties within the District for the current fiscal year, if and to the extent provided to the District by the County of Riverside (the "County").

(viii) Information regarding the top twenty local secured taxpayers within the District for the current fiscal year, if and to the extent provided to the District by the County.

(ix) Outstanding borrowings and long-term obligations, including:

(1) general obligation bonds, certificates of participation, capital leases and operating leases;

(2) a description of any obligations of the type referred to in (1) above that have been issued, entered into or incurred since the beginning of the District's current fiscal year; and

(3) a description of any obligations of the type referred to in (1) above that the District reasonably expects to issue, enter into or incur within the 60 day period following the date of filing of the Annual Report.

(x) The balance in the Reserve Fund and a statement of the Reserve Requirement, as of the December 31 next preceding the Annual Report Date.

(c) In addition to any of the information expressly required to be provided pursuant to this Section, the District shall provide such further 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.

Any or all of the items described above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, that have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the District.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other material events affecting the tax status of the Certificates.

(ii) Modifications to rights of holders of the Certificates.

(iii) Optional, unscheduled or contingent Certificate calls.

(iv) Release, substitution, or sale of property securing repayment of the Certificates.

(v) Non-payment related defaults.

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

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Certificates.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event. The Trustee shall have no obligation or duty to determine the materiality of any such event or whether any such event reflects financial difficulties.

(d) If a Listed Event described in subsection (b) of this Section occurs, the District shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the District determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, in a timely manner not later than ten business days after the date of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Trust Agreement.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final principal payment date of the Certificates, the District shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent (if other than the Trustee), with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the District and the Trustee. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the District; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsections (a) or (b) of Section 4 hereof, 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 Certificates, or the 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 Certificates, 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 (i) is approved by Owners of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Certificates.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative

form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. In the event of a failure of the District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount evidenced by the Outstanding Certificates, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Certificates may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee under the Trust Agreement. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the District agrees to indemnify and save the Dissemination Agent, and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur 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, and which are not due to its negligence or its willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

SAN JACINTO UNIFIED SCHOOL
DISTRICT

By: _____

U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE

By: _____
Authorized Officer

ACCEPTED AND AGREED TO:

APPLIED BEST PRACTICES, LLC, AS
DISSEMINATION AGENT

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Jacinto Unified School District
Name of Issue: San Jacinto Unified School District Certificates of Participation (2020 Refunding)
Date of Issuance: June __, 2020

NOTICE IS HEREBY GIVEN that the San Jacinto Unified School District (the "District") has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement, dated as of June 1, 2020, by and between the District and U.S. Bank National Association, as Trustee. [The District anticipates that such Annual Report will be filed by _____.]

Dated: _____

U.S. Bank National Association, as Trustee,
on behalf of the San Jacinto Unified School
District

cc: San Jacinto Unified School District

APPENDIX E

COUNTY OF RIVERSIDE POOLED INVESTMENT FUND

The following information and the investment policy of the County have been provided by the Treasurer-Tax Collector (the “County Treasurer”), and has not been confirmed or verified by the District or the Underwriter. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Further information may be obtained from the County Treasurer.

The County Treasurer maintains one Pooled Investment Fund (the “PIF”) for all local jurisdictions having funds on deposit in the County Treasury. As of March 31, 2019, the portfolio assets comprising the PIF had a market value of \$67,525,389,587.99.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2018, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of “mandatory” vs. “discretionary” depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 80.62% of the funds on deposit in the County Treasury, while approximately 19.38% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County’s PIF, the desire of the County Treasurer is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer’s 2018 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Treasurer’s Pooled Investment Fund as of March 31, 2019 were as follows:

U.S. Treasury Securities	\$668,465,923.72	8.89%
Federal Agency Securities	3,949,986,694.91	52.51
Cash Equivalent & Money Market Funds	928,023,976.03	12.34
Commercial Paper	1,119,402,175.69	4.88
NCD	330,000,000.00	4.39
Medium Term Notes	278,870,612.34	3.71
Municipal Notes	247,922,036.00	3.30
Certificates of Deposit	-	-
Repurchase Agreements	-	-
Local Agency Obligations ⁽¹⁾	120,000.00	0.002
	<hr/>	<hr/>
	\$7,522,791,418.69	100.00%
Book Yield	2.35%	
Weighted Average Maturity (years)	1.042	

⁽¹⁾ Represents County Obligations issued by the Riverside District Court Financing Corporation.

As of March 31, 2019, the market value of the PIF was 100.03% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an “Investment Oversight Committee” in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County’s investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of “AAA-bf” from Moody’s Investors Service and “AAAf/S1” rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Neither the District nor the Underwriter has made an independent investigation of the investments in the PIF and neither has made an assessment of the current County investment policy, a copy of which is attached hereto. The value of the various investments in the PIF will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the approval of the IOC and the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the PIF will not vary significantly from the values described herein.

APPENDIX F

RIVERSIDE COUNTY INVESTMENT POLICY

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Certificates, payment of principal of, premium, if any, and interest evidenced by the Certificates to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Certificates, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the District, the Corporation and the Underwriter each believes to be reliable, but none of the District, the Corporation or the Underwriter takes responsibility for the completeness or accuracy thereof. The District, the Corporation and the Underwriter cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Certificates or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Certificates, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), will act as securities depository for the Certificates. The Certificates will be executed and delivered 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 Certificate will be executed and delivered for each stated Principal Payment Date of the Certificates, each in the aggregate amount of the principal evidenced by Certificates with such stated Principal Payment Date, 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. The information on such website is not incorporated into this Official Statement by reference or otherwise.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

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

Prepayment notices will be sent to DTC. If less than all of the Certificates with a particular stated Principal Payment Date are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Certificates to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, interest and other payments evidenced by the Certificates 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 Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, interest and other payments evidenced by the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, and disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 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, 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.

THE DISTRICT, THE CORPORATION AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO PARTICIPANTS, OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR ANY PREMIUM EVIDENCED BY THE CERTIFICATES PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR ANY PREPAYMENT OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE DISTRICT, THE CORPORATION AND THE TRUSTEE ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE CERTIFICATES OR ANY ERROR OR DELAY RELATING THERETO.

THE FOREGOING DESCRIPTION OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE CERTIFICATES, PAYMENT OF PRINCIPAL, INTEREST AND OTHER PAYMENTS EVIDENCED BY THE CERTIFICATES TO PARTICIPANTS OR BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN SUCH CERTIFICATES AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE PARTICIPANTS AND THE BENEFICIAL OWNERS IS BASED ON INFORMATION PROVIDED BY DTC. ACCORDINGLY, THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX I

FORM OF FORWARD DELIVERY CONTRACT

_____, 2019

Re: San Jacinto Unified School District Certificates of Participation (2020 Refunding)

Ladies and Gentlemen:

The Purchaser designated below and executing this instrument (the "Purchaser") hereby agrees to purchase when, as, and if executed and delivered by the San Jacinto Unified School District (the "District") to Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter") and the Underwriter agrees to sell to the undersigned,

<u>Maturity</u> <u>Date</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>CUSIP</u> <u>Number</u>	<u>Yield</u>	<u>Price</u>
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of the above-referenced San Jacinto Unified School District Certificates of Participation (2020 Refunding) (the "Refunding Certificates" as to the aggregate amount of the San Jacinto Unified School District Certificates of Participation (2020 Refunding) and the "Purchased Refunding Certificates" as to the portion of such Refunding Certificates identified in the above captioned table with the Purchaser is purchasing from the Underwriter) offered by the District's Preliminary Official Statement dated _____, 2019, and the Official Statement dated _____, 2019 (the "Official Statement"), receipt of copies of which is hereby acknowledged, at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Purchased Refunding Certificates), at the interest rates, in the principal amounts and with maturity dates shown above, and on the further terms and conditions set forth in this Forward Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Official Statement (including without limitation the information under the heading "PLAN OF REFUNDING – Forward Delivery of the Certificates" therein), has considered the risks associated with purchasing the Purchased Refunding Certificates and is duly authorized to purchase the Purchased Refunding Certificates. The Purchaser further acknowledges and agrees that the Purchased Refunding Certificates are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Refunding Certificates from the Underwriter on or about June __, 2020 (the "Settlement Date") as they may be executed and delivered pursuant to the Forward Delivery Certificate Purchase Agreement between the District and the Underwriter (the "Purchase Agreement"). A copy of the Purchase Agreement is available from the Underwriter upon request.

Payment for the Purchased Refunding Certificates that the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriter by wire transfer to a bank account specified by the Underwriter, on the Settlement Date upon delivery to the Purchaser of the Purchased Refunding Certificates

then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon the execution and delivery of the Refunding Certificates and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Refunding Certificates hereunder *shall be unconditional* unless:

- The District fails to deliver the Refunding Certificates as set forth in the Purchase Agreement or fails or is unable to comply with all of the conditions to Settlement set forth in the Purchase Agreement by 8:00 a.m. California Time on the Settlement Date, or
- The Underwriter terminates its agreement to purchase the Refunding Certificates on the Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Official Statement under “PLAN OF REFUNDING – Forward Delivery of the Certificates.”

The Purchaser acknowledges that the market value of the Refunding Certificates as of the Settlement Date may be affected by a variety of factors between the date of this Forward Delivery Contract and the Settlement Date, including, without limitation, changes in general market conditions or the financial condition of the District or modifications to laws that may diminish the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on “state or local bonds,” that will not prevent the District from satisfying all material conditions precedent for the delivery of the Purchased Refunding Certificates. The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described and, except as described in the fourth paragraph of this Forward Delivery Contract, will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Refunding Certificates on the Settlement Date. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Forward Delivery Contract to the Underwriter before Settlement (i.e., delivery of the Refunding Certificates to, and payment for the Refunding Certificates by, the Underwriter) on the Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after Settlement. The Purchaser also acknowledges and agrees that it will remain obligated to purchase the Purchased Refunding Certificates in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Refunding Certificates following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Refunding Certificates hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Forward Delivery Contract (including this one) is in the Underwriter’s sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below.

This will become a binding contract between the Underwriter and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of California.

[NAME OF INVESTOR]

By: _____
Name: _____
Title: _____

Accepted: _____, 2019

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Name: _____
Title: _____