EXHIBIT A

April 27, 2022

CT3788

Amendment to the Agreement
Between San Diego County Superintendent of Schools and
the National School District

This **Amendment to the Agreement** between **San Diego County Superintendent of Schools** ("Provider") and the National School District, a California public school district ("District") is entered into by and between the Parties on July 1, 2021 ("Effective Date"). Each of the Provider and the District may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on July 1, 2021, District and Provider entered into an Agreement (the "Agreement"), which set forth certain work or services to be performed by Provider pursuant to the terms of the Agreement. A copy of the Agreement is included herewith as Exhibit A; and

WHEREAS, the Parties wish to make certain changes to the Agreement via this Amendment to the Agreement.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. The terms and conditions of the Agreement are incorporated herein by reference and remain in full force and effect, except as amended by this Amendment.

2. The Parties hereby amend the Agreement as follows:

    a. The total dollar value of the Agreement is hereby changed to increase the grant award by to $2,350,607.46 minus a 2% County administrative fee of $47,012.15 from $2,051,140.89.National School District will receive a total of $2,303,595.31 of increased revenue to the District of $252,454.42.

3. All other terms of the Agreement remain unchanged and in full force and effect.

4. The Parties agree this Amendment shall constitute a valid amendment to the Agreement. In the event there is a discrepancy between the terms of the Agreement and this Amendment, the Parties agree that the terms of the Amendment shall control.

5. The Recitals included in this Amendment are deemed true and correct and are hereby incorporated into this Amendment and the Agreement as though fully set forth herein, and the Parties acknowledge and agree that they are bound by the same.

6. This Amendment may be executed in several counterparts, electronic or otherwise, each of which shall be an original and all of which shall constitute but one and the same agreement. Each Party has the full power and authority to enter into and perform this Amendment, and the person signing this Amendment on behalf of each Party has been properly authorized and empowered to enter into this Amendment.

7. This Amendment has been negotiated and executed in the State of California and shall be governed and construed by the laws of that state without regard to the conflicts of laws principles.

8. The captions, headings, and titles to the various articles and paragraphs of this Amendment are not a part of this Amendment, are for convenience and identification only, and shall have no effect upon the construction or interpretation of any part hereof.

9. This Amendment is by and between the Parties named herein, and unless expressly provided in the foregoing provisions no third party shall be benefited hereby. This Amendment may not be enforced by anyone other than a Party hereto or a successor to such Party who has acquired his/her/its interest in a way permitted by the above provisions.

IN WITNESS WHEREOF, the Parties have approved and executed this Amendment as set forth below.

San Diego County Superintendent of Schools	**National School District**
______________________________	______________________________
Signature	Signature
Michael Simonson	Arik Avanesyans
Name	Name
Deputy Superintendent, Chief Business Officer	Asst. Superintendent, Business Services
Title	Title
______________________________	______________________________
Date	Date

EXHIBIT A
Agreement

[District to attach original agreement between District and Provider.]

151-5/6250220.1

MEMORANDUM OF AGREEMENT

This Agreement for the After School Education and Safety (ASES) is entered into and effective as of the 1st day of July 2021 by and between the **San Diego County Superintendent of Schools** (herein known as "SDCOE" or "County") and **National Elementary School District** (herein known as "District") who agrees to contract for and provide the ASES Program services as specified in the grant. The District further agrees to follow all fiscal reporting and auditing standards required of the ASES Program, in accordance with the provisions of the California Education Code (EC) sections 8482-8484.65. Failure to comply with the following grant rules, regulations, and policies may result in denial of the remaining grant amount and an invoice from the County to the District for up to the entire grant amount allocated for the ASES Program. Any invoice from the California Department of Education (CDE) to the County due to the District's failure to comply with grant rules, regulations and policies will result in the District reimbursing the full invoice amount(s) to the County within 30 days of submission of such invoice(s).

1. SCOPE OF SERVICES: GENERAL CONDITIONS

A. *DISTRICT ASSURANCES*

ASES Priority Enrollment

1. Priority for enrollment of students in a before or after school program must be prioritized in the following order:

   A. Homeless Youth, as defined by the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a). [8483(c)(1)(A); 8483.1(d)(1)(A)] Homelessness is defined as one or more of the following situations:
      a. Emergency or transitional shelter
      b. Hotel or Motel
      c. Unsheltered (i.e., cars, parks, garage, campgrounds)
      d. Temporarily with another person or relatives due to economic hardship or loss of housing (i.e., eviction, inability to pay the rent, destruction of home, illness, loss of employment, etc.)
      e. Unaccompanied youth not living with parent or guardian
      f. Substandard housing (i.e., no water or electricity; health or safety risks)

   B. Foster Youth, as designated through a juvenile dependency court petition [8483(c)(1)(A); 8483.1(d)(1)(A)]

   C. Youth Eligible for Free or Reduced-Priced Meals, as defined yearly in the CDE Student Poverty FPM Data report [8483(c)(1)(A); 8483.1(d)(1)(A)]

   D. Youth that Participate in the Full Day of the Program Every Day [8483(a)(2)]

2. A program shall inform the parent or caregiver of a pupil of the right of homeless children, foster children, and children eligible for free or reduced-price meals to receive priority enrollment and how to request priority enrollment. [8483(d); 8483.1(e)]

ASES Program Operation and Attendance Requirements:

After School

1. The After School program will begin operation immediately upon the conclusion of the regular school day and operate a minimum of 15 hours per week (minimum of three hours per day) and at least until 6:00 p.m. on every regular school day. [8483(a)(1)(A)(i)]
2. The After School program will establish a reasonable early daily release of students from the program. This policy should include, at a minimum, a procedure that allows parents to provide written notification that outlines the date range, early release time, and reason for the early release for their student. Programs operating in a community where the early release policy does not meet the unique needs of that community or school, or both, can provide documentation of an alternative plan and request approval from the SDCOE. [8483(a)(1)(B)]
3. It is the intent of the Legislature that elementary and middle school (or junior high school) students participate in the full day of the program every day during which students participate, except as allowed by the early release policy. [8483(a)(2)]
4. To develop an age-appropriate program, for middle or junior high school students, a flexible attendance schedule may be implemented. [8483(a)(3)]

Before School Program

1. The Before School program will operate at least one and one half hours (1 1/2) per regular schoolday. [8483.1(a)(1)]
2. The Before School program will establish a reasonable late arrival policy and procedure for students arriving late to the Before School program. This policy should include, at a minimum, a procedure that allows parents to provide written notification that outlines the date range, late arrival time, and reason for the late arrival for their student. [8483.1(a)(1)]
3. It is the intent of the Legislature that elementary and middle school (or junior high school) students participate in the full day of the program every day during which students participate, except as allowed by the late arrival policy. [8483.1(a)(2)(A)]
4. A student who attends less than one-half of the daily program hours cannot be counted for attendance purposes. [8483.1(a)(2)(B)]
5. To develop an age-appropriate program, for middle or junior high school students, a flexible schedule may be implemented. [8483.1(a)(3)]

Before and After School Supplemental Program

1. During summer, intersession, or vacation periods, supplemental programs must operate a minimum of four and one-half (4 ½) hours per day. [8483.2]

Attendance Requirement

The goal for each District ASES program site is to meet 100% of the daily attendance goals (ADA) based on the grant amount awarded. To ensure that subsequent ASES grant awards will not be adjusted due to insufficient program attendance and performance, District must enforce the grant rules in compliance with California Education Code 8483.7 (a) (1) (A) which states that "each school that establishes a program pursuant to this article is eligible to receive a three-year after school grant, that shall be awarded in three one-year increments and is subject to semiannual attendance reporting and requirements as described in Section 8482.3 once every three years."

CDE is authorized, under EDC 8483.7 to conduct a review of the program and make grant funding adjustments should ASES program sites fail to maintain specific attendance levels. Specifically,

1. Any ASES program that falls below target attendance levels by more than 15 percent in each of two consecutive years may be adjusted. [8483.7(a)(1)(C)(ii)]
2. Any ASES program that falls below 75% of target attendance levels in any year of the grant may be adjusted. [8483.7(a)(1)(D)(ii)]

As per EDC 8483.7(a)(1)(B), the California Department of Education (CDE) provides technical support through the System of Support for Expanded Learning (SSEL) to programs experiencing student attendance below minimum requirements.

General Program Requirements:

The intent of the Legislature as enacted is to provide programming that focuses on "developing the academic, social, emotional, and physical needs and interests of pupils through hands-on, engaging learning experiences". [8482.1(a)] To ensure the District develops ASES programming consistent with this intent, the following requirements are in place for FY 2021-22:

1. The District shall identify a qualified District Contact to be the direct liaison between the ASES program and the County, attending all monthly San Diego Expanded Learning Consortium meetings. For purposes of this document, the term "qualified" describes the District Contact's ability to have access to paths of communication with District Administration to enable the success of their duties and to ensure quality programs that comply with California Education Code 8482-8484.65. In this regard, the role of the District Contact includes:
    a. General program oversight
    b. Programmatic development
    c. Compliance responsibility
    d. Reporting responsibility
2. The District shall provide a detailed program design plan for their overall vision of the ASES Program. The ASES program design plan shall be a fluid document capturing the changes in programming throughout FY 2021-22 and updated as necessary to provide an accurate reflection of programming. Initial District Program Design Plan information must be uploaded to Cityspan no later than October 30, 2021.
3. The District shall work with program sites to develop an individualized scope and sequence and schedule that aligns with the overall District vision.
4. The District shall ensure that each ASES program shall consist of an educational and literacy element designed to provide tutoring and/or homework assistance in one or more of the following core content subject areas: language arts, mathematics, history and social science, computer training, or science. [8482.3(c)(1)(A)]

5. The District shall ensure that each ASES program shall consist of an educational enrichment element that may include, but not limited to, fine arts, career technical education, recreation, physical fitness and prevention activities. Such activities should be determined based on students' needs and interests. [8482.3(c)(1)(B)]
6. The District shall ensure that their ASES programs are "planned through a collaborative process that includes parents, youth, and representatives of participating public schools, governmental agencies, such as city and county parks and recreation departments, local law enforcement, community organizations, and the private sector". [8482.5(b)]

Web-Based Attendance and Daily Attendance Accountability Requirements:

The District is required to maintain attendance documentation for the ASES program as follows:

1. The District's ASES program must follow the County attendance collection process to include entering complete student enrollment information, including the State Student Identifier (SSID) number.
2. In FY 21/22 District receiving ASES funds must implement the *City Span Web-based Attendance Tracking System* (www.youthservices.net/sandiego) for daily program attendance entry.
3. District shall fully utilize the "*Automated Card Scanning"* capability for the system. The *Cityspan Web-Based Attendance Tracking System* will ensure that full attendance is documented only for students complying with their individual Early Release/Late Arrival times on file in accordance with ASES Program California Education Code Sections 8483(a)(1)(A)(i) and 8483(a)(1)(B) and the intent of the Early Release/Late Arrival policies for students in the ASES program.
4. Use the web-based attendance system's card scanning features to ensure that all students are counted for attendance purposes in compliance with EDC Section 8483(a)(1)(A)(i) and EDC Section 8483(a)(1)(B).
5. District ensures that there is a process for monitoring site-level attendance procedures.
6. District will identify and ensure participation by key staff members in professional development provided by the County for implementation of attendance collection processes and procedures.

Staffing Requirements

All ASES program sites are required to comply with the staffing requirements outlined in California Education Code 8483.4. These include:

1. District must "establish qualifications for each staff position that, at a minimum, ensure that all staff members who directly supervise pupils meet the minimum qualifications for an instructional aide, pursuant to the policies of the District."
2. All ASES programs must maintain a pupil-to-staff member ratio of no more than 20 to 1.
3. District shall be solely responsible for students, staff, and parents accessing services under this Agreement. District certifies that it will provide adequate supervision of the students, parents, staff, trainees and other providers, and that its staff will follow legal guidelines on reporting child abuse/neglect.

4. District must certify that all personnel providing services to students are adequately screened including, but not limited to, health screening, including tuberculosis and COVID-19 screenings, fingerprint clearance, and any other screening to prevent the assignment of personnel who may pose a threat to the safety and welfare of students.
5. District must reserve the right to accept or reject the assignment of any personnel and the right to remove him/her from District's premises.
6. District must provide evidence during audit or FPM to verify that staff minimum qualifications are met. District acknowledges that, by agreeing to this Memorandum of Agreement, the District waives their right under EDC 45274 and must provide evidence of minimum qualifications including, but not limited to, examination records and scores, and transcripts.

State-Mandated Data and Evaluation Requirements

All Districts must participate in the state Annual Outcomes Evaluation process and the County's CQGrowth process in accordance with EDC 8484. Specifically,

1. District must participate in a statewide evaluation process as determined by the CDE and provide all required information, including state student identifiers.
2. District must respond to additional surveys or other methods of data collection that may be required throughout the duration of the program in a timely manner.
3. District must annually provide participating pupils' regular school day and program attendance and test results as required by CDE in a timely manner.
4. District must ensure the timely and accurate collection of data required to conduct the ASES program evaluations, including but not limited to, Annual Performance Reports.
5. District must participate in the County process for Continuous Quality Improvement to include solicitation of feedback, participation in survey requests, and regular attendance at District Contact meetings. For FY 2021-22, the Continuous Quality Improvement theme is communication and collaboration.
6. For FY 2021-22 the District will participate in the ASES CQI process to include:

   Quarter 1-2
   - Complete the District Program Plan in Cityspan which describes:
     - How the program plan was developed and how students were involved
     - How the program plan is shared with teachers, administrators, students, parents, and other stakeholders
     - How the program is marketed and promoted to students
     - Link supportive documents through the Resource Link in Cityspan

   Quarter 3-4
   - Review available data uploaded to the QAP section in Cityspan. This includes:
     - District communication map
     - District mission, vision, purpose
     - Stakeholder surveys (student, parent, administrator, teacher)

- Administer the QAP Initial Survey provided by the SDCOE to program sites. Hold a QAP Data Review Meeting prior to May 30, 2022 with program sites. The SDCOE will provide Districts with the QAP Data Review process which includes:
    - Program site review of available data
    - District communication of vision, mission, and purpose
    - Outline of tasks to include:
        - Development of site-level mission, vision, and purpose statement aligned to District's mission, vision, and purpose
        - Development of site-level communication map
        - Upload documentation of QAP Data Review Meeting in Cityspan
- Attend the SDCOE Quality Standards Training in March 2022

Student Reimbursement Rate, Payment, and Program Expenditure Guidelines

1. District will distribute allocated funds to participating schools and ensure fiscal accountability in accordance with EDC 8482-8484.65. This includes a reimbursement calculation formula that is consistent with CDE guidelines that provide for a rate of $10.18 per student per day for PM (ASES) reimbursement and a rate of $6.78 per student per day for AM (Before School**)** reimbursement.
2. District will allow participation of any student of a participating school regardless of their ability to pay. [8482.6]
3. Upon notification of overpayment of the ASES grant in excess of the grant award amount or request for reimbursement of unexpended ASES grant funds by the CDE, the District will be required to return the entire amount of funding in question to the County in accordance with EDC 8483.8.
4. District will ensure that expenditures shall comply with all applicable provisions of state and local rules, regulations and policies relating to the administration, use, and accounting for public school funds, including, but not limited to, California Education Code.
5. Failure to comply with EDC 8483.7(a)(1)(B)(i) and 8483.7(a)(1)(C)(ii) and may result in an adjustment of the ASES grant award during the current fiscal year or in subsequent years of the grant.

Federal Program Monitoring and Annual Program Audit Guidelines.

1. District will follow all fiscal and auditing standards required by the EDC 8482.3(f)(5); 8484.8(b)(3)(4).
2. District will provide a copy of Federal Program Monitoring (FPM) and Annual Program Audit findings/exceptions to County relative to the administration of the ASES Grant Requirements per EDC Sections 8482-8484.65 and the 2021-22 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting
3. District will participate in Federal Program Monitoring (FPM) training as conducted by the County.

Budget Restrictions

1. No more than 15% of grant funding may be used for administrative costs (including indirect costs equal to the lesser of 5% of the grant amount or the District approved CDE indirect cost rate). [8483.9(b); 8483.9(a)(2)]
2. Each grantee must expend at least 85% of grant funding directly for pupils. [8483.9(c)]
3. Identify and secure Matching Funds/In-Kind Contributions for the ASES program. District is required to submit the 33% Match/In-Kind via the Cityspan Web-based Attendance and Fiscal Management System by December 31, 2021. No more than 25% of the required local contribution can be facilities or space usage. [8483.7(a)(6); 8433.75(a)(4)]
4. Funds must supplement, not supplant, existing services. Programs cannot use ASES funds to pay for existing levels of service. [8483.7(7)(B)(b); 8483.75(5)(B)(b)]
5. The District maintains an inventory record for each piece of equipment, with a total acquisition cost of $500 or more per unit that is purchased with state and/or federal funds. Also, the District must conduct a physical check of the inventory of equipment, at least, every two years and reconcile with inventory records (34 CFR 80.32(d)(2)). District will also be required to report all Inventory Items via the Cityspan Web-based Attendance and Fiscal Management System by December 31, 2021. [35168]
6. The record describes the acquisition by:
    a. Type
    b. Model
    c. Serial number
    d. Funding source
    e. Acquisition date
    f. Cost
    g. Location
    h. Current condition
    i. Transfer, replacement, or disposition of obsolete or unusable equipment [35168; 5 CCR 3946; 34 CFR 80.32(d) (I).)
7. District must follow all fiscal and auditing standards required. [8482.3(f)(5); 8484.8(b)(3); 8484.8(b)(4)] District can be required to provide copies of the following documents to SDCOE:
    - Before and ASES Program (EXLP) contracts – for ASES subcontracts to provider agencies that operate Before and/or ASES Programs.
    - EXLP duty statements and/or job descriptions that are related to the cost that are associated with operating the EXLP.
    - EXLP line item budgets.
    - EXLP time accounting, including time accounting methods.
9. The District will be required to submit the 2021-22 85/15 report via the <u>*Cityspan Web-Based Attendance and Fiscal Management System*</u> no later than October 30, 2022.
10. District will need prior approval from SDCOE to make a capital expenditure purchase with ASES grant funds of $5,000 (tax included) or more. Replacement equipment, other capital assets, and improvements which materially increase the value or useful life of equipment, or other capital assets are allowable as a direct cost when approved by the awarding agency. The Federal requirements found in the OMB guidance cited at Title 2, *Code of Federal Regulations (CFR),* Part 200.439 (Cost Principles for Equipment and other capital expenditures), require a grantee or sub-grantee to obtain prior written approval from its awarding agency before incurring the cost of a capital expenditure. Both the OMB

guidance and generally accepted accounting principles identify equipment as a capital expenditure.

Additional ASES Program Operation Requirements

1. If the site is not located on a school campus, it must align the educational and literacy component of the program with the regular school program. Offsite programs will not be approved unless safe transportation is provided by the District or designee. [8484.6]
2. Provide an afterschool snack/meal or before school meal that conforms to nutrition standards as established by the U.S. Department of Agriculture. It is the intent of the Legislature that ASES programs seek to qualify program sites as approved distribution sites for federally funded after school snacks or meals rather than using core operating funds. [8483.1(c); 8483.3(c)(8); 8483.95]
3. Provide notices, reports, statements, and records sent to parents in any primary language other than English if more than 15 percent speak a single primary language other than English. [48985]
4. Communicate and collaborate with the regular school day program.
5. Identify, assign, and maintain indoor/outdoor space at participating school sites that are to be utilized by the ASES program.
6. Notify the County in the event the District intends to close or relocate an ASES program school site, either temporarily or permanently.
7. Host scheduled technical assistance site visits conducted by staff from the County and the Children's Initiative.
8. Ensure the proper record keeping and documentation of program activities and the timely submission of all required reports.

As the official Grantee of Record, the County will provide the following:

1. In coordination with District, inform statewide ASES efforts impacting San Diego County by working with the California Department of Education, the Governor's Office, the Office of the Secretary of Education, the Department of Finance, the California State Legislature, and the California Advisory Committee on Before and ASES Programs.
2. In coordination with District, educate and involve stakeholders and elected officials including: parents, government agencies, community organizations, and the private sector in ASES issues and efforts.
3. Serve as the fiscal, technical, and program liaison between the Districts, school sites, and the California Department of Education regarding the ASES programs.
4. Maintain files of MOAs and invoices submitted by implementing districts.
5. Establish and maintain master files of ASES participants, funding levels, attendance, expenditures, allocations, and payment transmittals.
6. Verify all ASES funding levels and allocations based on official records provided by CDE.
7. Ensure the timely collection of all required data and submission of evaluation reports, and incur the associated sub-contracted costs, as negotiated.
8. Develop, verify, and obtain appropriate signatures on all required ASES reports for submission to CDE.

9. Using information provided by CDE, prepare quarterly, semi-annual, and annual progress reports and submit to CDE by the required deadlines.
10. Provide funding notification and payment distribution to Districts in a timely manner.
11. Ensure that program goals are met efficiently and effectively.
12. Ensure that information on fiscal requirements is shared with all partners expediently.
13. Share data on program process and outcomes via District Contact meetings and Consortium Steering Committee meetings.
14. Convene, in coordination with the District, meetings of ASES stakeholders, as necessary.
15. Coordinate any publicity, press releases or media coverage of programs with District prior to release and distribution.
16. Ensure that all staff positions, project materials, or services funded with the 2% consortium fee directly provide and serve the County's ASES funded before and after school programs.
17. Provide training and technical assistance to Districts in San Diego County in excess of those provided through the System of Support for Expanded Learning and the Children's Initiative.
18. Ensure the development and maintenance of a web-based attendance reporting system for use of all consortium members and participating districts.
19. Ensure consortium-wide program evaluation and the preparation of CDE required evaluation reports.
20. Conduct annual needs assessment and convene task forces for needed areas of program training, technical assistance, products, and support.
21. With input from consortium members, develop protocols for site visits, information sharing, advocacy, public relations and marketing activities, and other events impacting ASES programs.
22. Provide training and technical assistance in preparation for Federal Program Monitoring (FPM) visits from California Department of Education, and document upload to the CDE Compliance Monitoring Tool (CMT).

B. TERMS AND CONDITIONS OF GRANT AWARD

1. All statutes and regulations applicable to each program under which state funds are made available through this application will be met by the District in its administration of each site program.
2. District will make reports to the County as necessary to enable the County to perform its duties and will maintain such records and provide access to those records as the County deems necessary. The District shall maintain such records for at least five years after the completion of the activities for which the funds are used.
3. District will make any application, evaluation, periodic program plan, or report relating to each program available to parents and other members of the general public. (California Public Records Act, Government Code Section 6250 et seq.)
4. This grant shall be administered in accordance with the provisions of California Education Code (EDC) sections 8482-8484.65. Further, expenditures shall comply with all applicable provisions of federal, state and local rules, regulations and policies relating to the administration, use and accounting for public school funds, including, but not limited to, the Education Code of the state of California.
5. The grantee shall use these funds in accordance with the approved application.

6. If a program participant receives state funds to operate ASES in excess of the amount warranted due to the program failing to operate and the program serving fewer pupils than planned, raising an inadequate amount of matching funds, failing to expend funds fully or any other reason during the grant period, the County shall reduce any subsequent allocations by the amount equal to the overpayment [8483.8]
7. If an ASES program site stops program operations, the County will bill the agency for the amount of the overpayment. If payment is not received within three months of the billing invoice date, any overpayment will be withheld from the next payment to the district.
8. District shall submit quarterly expenditure reports and program reports (including evaluation reports) as required. **FAILURE TO SUBMIT INTERIM REPORTS AS REQUIRED MAY RESULT IN DENIAL OF THE REMAINING GRANT AMOUNT. FAILURE TO SUBMIT AN ANNUAL EXPENDITURE REPORT BY JANUARY 15, 2023 MAY RESULT IN DENIAL OF THE REMAINING GRANT AMOUNT.**
9. **FAILURE TO SUBMIT A FINAL EXPENDITURE REPORT BY FEBRUARY 15, 2023 WILL RESULT IN A BILLING FROM THE CDE FOR THE ENTIRE AMOUNT OF ANY GRANT FUNDS ADVANCED AND POSSIBLE ADJUSTMENT OF ANY SUBSEQUENT YEARS' GRANT (S).**
10. District shall comply with the General Conditions and District Assurances specified in this MOA.
11. This award is made contingent upon the availability of funds. If the Legislature takes action to reduce or defer the funding upon which this award is based, then this award will be amended accordingly.
12. The CDE GRANT NO., FY, PCA, VENDOR NO., and SUFFIX as specified below will be used on all communications:

CDE GRANT NO. 37-24239-10371-EZ **FY 21/22**: **PCA**: 24239
VENDOR NO. 10371: **SUFFIX NO**. EZ

2. TERM OF AGREEMENT

According to the terms of the ASES Program (ASES) grant, this Agreement shall be effective from the period commencing July 1, 2021, and ending December 31, 2022, unless sooner terminated by the County as provided in the section of this Agreement entitled "Termination." Upon expiration or termination of this Agreement, the District shall return to the County any and all equipment, documents or materials and all copies made thereof which the District received from the County or produced for the County for the purposes of this Agreement.

3. TERMINATION

FOR CONVENIENCE

1. The County may, by written notice to District, terminate this agreement in whole or in part at any time, for the County's convenience. Upon receipt of such notice, District shall:

a) Immediately discontinue all services affected (unless the notice directs otherwise) and

b) Deliver to the County all information and material as may have been involved in the provision of services in the performance of this agreement, whether completed or in process. Termination of this agreement shall be as of the date of receipt by District of such notice.

2. If the termination is for the convenience of the County, District shall submit a final expenditure report within 60 days of termination and upon approval by the County, the County shall pay District the sums earned for the services actually performed prior to the effective date of termination and other costs reasonably incurred by District to implement the termination.

3. District shall not be entitled to anticipatory or consequential damages as a result of any termination under this section. Payment to District in accordance with this section shall constitute the District's exclusive remedy for any termination hereunder. The rights and remedies of the County provided in this section are in addition to any other rights and remedies provided by law or under this agreement.

FOR DEFAULT

1. The County may, by written notice to District, terminate this agreement in whole or in part at any time because of the failure of District to fulfill its contractual obligations. Upon receipt of such notice, District shall:

   a) Immediately discontinue all services affected (unless the notice directs otherwise) and

   b) Deliver to the County all information and material as may have been involved in the provision of services in the performance of this agreement, whether completed or in process. Termination of this agreement shall be as of the date of receipt by District of such notice.

2. If the termination is due to the failure of District to fulfill its contractual obligations, the County may take over the services, and complete the services by contract or otherwise. In such case, District shall be liable to the County for any reasonable costs or damages occasioned to the County thereby.

4. <u>COMPENSATION AND REIMBURSEMENT</u>

The After School Education and Safety Programs (ASES) are considered direct grants and CDE shall pay grantees (County) according to the following schedule authorized in California Education Code 8482.4:

> "The department shall allocate 65 percent of the first-year grant amount no later than 30 days after the grantee submits the grant award acceptance letter to the CDE. Of the remaining 35 percent of the grant, the CDE shall allocate 25 percent or more of the funds within the

operational period of the program and may retain up to 10 percent of the total grant until all administrative requirements of the grant have been met."

The County will retain 2% of grant funds for countywide program coordination, technical assistance, and program support, as agreed herein and this should not be reported in the district expenditure report.

Program funds will be dispersed to District based on the reimbursement schedule cited above in California Education Code 8482.4. The District's annual ASES allocation(s) **shall not exceed $2,350,607.46**

District will ONLY report expenditures up to **$2,303,595.31** (98% of grant award) and will receive up to a total of $2,303,595.31 if the district expends all their grant allocation and is in compliance with all grant requirements. NOTE: For FY 2021-22, the CDE has extended the expenditure reporting period through Quarter 5 (October 31, 2022) and Quarter 6 (December 31, 2022).

GRANT AMOUNTS MAY BE ADJUSTED by the CDE at any time for the following reasons:

- Non-operation of program
- Non-operation of a funded grant component
- District's inability to expend the total grant award by the December 31, 2022 final expenditure deadline
- Audit Findings or Program Compliance issues

NOTE: A reduction of grant award or repayment of expended ASES funding due to any of the conditions listed above WILL BE PAID BY DISTRICT.

All payments will be made by SDCOE subsequent to actual receipt of funds from CDE.

5. CONFIDENTIAL RELATIONSHIP

The County may from time to time communicate to District certain information to enable District to effectively perform the services. District shall treat all such information as confidential, whether or not so identified, and shall not disclose any part thereof without the prior written consent of the County. Contractor shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services. The foregoing obligation of this Paragraph 5, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information; (ii) is, through no fault of District, hereafter disclosed in publicly available sources of information; (iii) is now in the possession of District without any obligation of confidentiality; (iv) is required to be disclosed by operation of law; or (v) has been or is hereafter rightfully disclosed to District by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

District shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this Agreement without the prior written consent of the County. In its performance hereunder, the District shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

6. <u>PUBLIC RECORDS ACT</u>

District acknowledges that the County is a public agency subject to the requirements of the California Public Records Act Cal. Gov. Code section 6250 et seq. The County acknowledges that the District may submit information that the District considers confidential, proprietary, or trade secret information pursuant the Uniform Trade Secrets Act (Cal. Civ. Code section 3426 et seq.), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act (Government Code sections 6254 and 6255). District acknowledges that the County may submit to the District information that the County considers confidential or proprietary or protected from disclosure pursuant to exemptions to the California Public Records Act (Government Code sections 6254 and 6255). Upon request or demand of any third person or entity not a party to this Agreement ("Requestor") for production, inspection and/or copying of information designated by a Disclosing Party as Confidential Information, the Receiving Party as soon practical but within three (3) days of receipt of the request, shall notify the Disclosing Party that such request has been made, by telephone call, letter sent via facsimile and/or by US Mail to the address and facsimile number listed at the end of the Agreement. The Disclosing Party shall be solely responsible for taking whatever legal steps are necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor by the Receiving Party. If the Disclosing Party takes no such action, after receiving the foregoing notice from the Receiving Party, the Receiving Party shall be permitted to comply with the Requestor's demand and is not required to defend against it.

7. <u>OWNERSHIP OF DOCUMENTS</u>

All memoranda, reports, plans, specifications, maps and other documents prepared or obtained under the terms of this Agreement by or for the County shall be the property of the County and shall be delivered to the County by the District upon demand.

Services provided to the County, and all participating schools therein, and all related materials including, but not limited to; audio; video; images; District's name, slogans, quotes, writings; posters; and any other related materials which are exclusively owned by the District will remain the exclusive property of the District.

8. <u>FUND AVAILABILITY</u>

Funding of this Agreement, if funded by the County, is contingent upon appropriation and availability of funds. Work performed in advance of Agreement approval shall be done at the sole risk of the District. In the event the funds are not available by operation of law or budget determination, the County shall have the exclusive right to withhold funding.

9. <u>DATA PRIVACY AND PROTECTION</u>

All County content/data (to include but not limited to: students, teachers, interns, aides, Principals, and other administrative personnel) involved in this agreement shall continue to be the property of and under the control of the County.

All content/data created by the County or by its students or personnel using the service(s) provided by the District pursuant to this Agreement will cease to be retained by the District at the conclusion of this Agreement and will, in fact, be removed from the District's records.

The District will not use any information in a student or personnel record for any purposes other than those required or specifically permitted by this Agreement. Any other use of the County's student and personnel information will not be undertaken without the express, written consent of the County.

The District certifies it uses and adheres to the following methods to ensure the privacy and security of all electronically stored information:

- transmission of student and personnel information is always via secure protocols (SFTP, SSL and/or encryption)
- no data transmission occurs via email
- student and personnel data are stored in an encrypted form and programmatic access to that data is done using secure coding standards without visible account or password information
- all server systems including data storage are maintained in a locked, secure, environmentally controlled facility
- all server systems have been hardened with industry standard recommended measures for security protection

The District will notify the County within 24 hours of the District discovering an unauthorized access or disclosure of County data.

The District and the County will work together to ensure compliance with FERPA regulations as applicable.

10. NO ASSIGNMENTS

Neither any part nor all of this Agreement may be assigned or subcontracted, except as otherwise specifically provided herein, or to which the County, in its sole discretion, consents to in advance thereof in writing. Any assignment or subcontracting in violation of this provision shall be void.

11. AUDIT

District agrees to maintain and preserve until five years after termination of the Agreement with the County, and to permit the state of California or any of its duly authorized representatives, to have access to and to examine and audit any pertinent books, documents, papers, and records related to this Agreement.

12. INDEPENDENT DISTRICT

It is expressly understood that at all times, while rendering the services described herein, and in complying with any terms and conditions of this Agreement, District is acting as an independent District and not as an officer, agent, or employee of the County. Except as the County may specify in writing, District shall have no authority express or implied, to act on behalf of the County in any capacity whatsoever as an agent. District shall have no authority, express or implied, to bind the County to any obligation whatsoever.

13. INSURANCE REQUIREMENTS

District must ensure that it shall maintain Public Liability and Property Damage Insurance to protect them and the County from all claims for personal injury, including accidental death, as well as from all claims for property damage arising from the operations under this Agreement. The minimum amounts of such insurance shall be as hereinafter set forth.

Required Amounts of Insurance:	
General Liability	**$1,000,000**
Bodily Injury and	Amount
Comprehensive form - Property Damage	
Products/Completed	
Operations	
Auto Liability	**$1,000,000/$300,000**
Bodily Injury and	Amount
Comprehensive form - Property Damage	
Owned, Non-owned Hired Combined	

District shall file, with the County, Certificates of Insurance indicating a thirty-day (30) cancellation notice and naming the **SAN DIEGO COUNTY SUPERINTENDENT OF SCHOOLS** as an additional insured.

14. WORKERS' COMPENSATION

District shall provide workers' compensation insurance or shall self-insure their services in compliance with provisions of Section 3700 of the Labor Code of the State of California. A Certificate of Insurance may be provided, providing for such, or District shall sign and file with the County the following certificate:

> "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provision of that Code, and I will comply with such provision before commencing the performance of the work of this Agreement."

15. TUBERCULOSIS CLEARANCE

District shall certify in writing that District's employees, volunteers, and subcontractors receive clearance for TB. In such cases where the District does not have in-person contact with students, the District shall not be required to obtain TB clearance.

16. PUPIL SAFETY / SCHOOL SAFETY ACT

The County Program Manager/Director has determined that the District will have greater than limited contact (including electronic contact) with pupils and the District shall require their employees, including the employees of any District school site, who will provide these services, to submit their fingerprints in order to conduct a criminal background check per Education Code §45125.1.

17. INDEMNIFICATION

To the fullest extent allowable by law, District agrees to hold harmless, defend, and to indemnify the County, accept any and all responsibility for loss or damage to any person or entity, including the County, and to indemnify, hold harmless, and release the County, its officers, agents, and employees from and against any actions, claims, damages, liabilities, disabilities, or expenses, that may be asserted by any person or entity, including District, that arise out of, pertain to, or relate to the District's or its agents', employees', Districts', subDistricts', or invitees' performance or obligations under this Agreement. District agrees to provide a complete defense for any claim or action brought against the County based upon a claim relating to such District's or its agents', employees', Districts', subDistricts', or invitees' performance or obligations under this Agreement. District's obligations under this Section apply whether or not there is concurrent negligence on the County's part, but to the extent required by law, excluding liability due to the County's conduct. The County shall have the right to select its legal counsel at District's expense, subject to District's approval, which shall not be unreasonably withheld. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for District or its agents under workers' compensation acts, disability benefits acts, or other employee benefit acts.

18. TOBACCO-FREE FACILITY

The County is a tobacco-free facility. Tobacco use (smoked or smokeless) is prohibited at all times on all areas of County Office property.

19. NOTICES

All notices, legal or otherwise, shall be provided as follows:

SDCOE: Brittany Mabe, Director
Expanded Learning & Community Engagement
6401 Linda Vista Road
San Diego, CA 92111

With copy to: Deputy Superintendent/Chief Business Officer
SDCOE Legal Services
6401 Linda Vista Rd
San Diego, CA 92111

DISTRICT: National Elementary School District
ATTN: Sharmila Kraft, Ed.D.
1500 N Avenue
National City, CA 91950-4827

20. AMENDMENT

No oral or other agreements or understandings shall be effective to modify or alter the written terms of this Agreement. This Agreement may be amended or modified only by a written instrument signed by the County and by a duly authorized representative of the District.

21. GOVERNING LAW/VENUE

In the event of litigation, the Agreement and related matters shall be governed by and construed in accordance with the laws of the State of California. Venue shall be with the appropriate State or Federal court located in San Diego County.

22. MEDIATION

In the event of any dispute, claim, question, or agreement or disagreement arising from or relating to this Agreement or breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith, recognize their mutual interests, and attempt to reach a just and equitable solution satisfactory to both parties. If the parties are unable to resolve the issue(s) within a period of thirty (30) days, then upon notice of either party to the other, all disputes, claims, questions, or disagreements shall be resolved through mediation. The parties will select a mediator by their mutual agreement, within 30 days. If there can be no such agreement, each party will submit a list of five mediator choices to the other, rank ordered by preference. The mediator will then be selected based on a further discussion, unless an individual is on both lists and then that person would have preference. Each party shall bear its own costs, including without limitation one half of the cost of the fees and costs of mediation.

23. COMPLIANCE WITH LAW

District shall be subject to, and shall comply with, all federal, state, and local laws and regulations applicable with respect to its performance under this Agreement including, but not limited to: licensing, employment, and purchasing practices, and wages, hours, and conditions of employment, including non-discrimination COVID requirements as stated in Exhibit A to this agreement.

To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, the District and any subcontractor(s) shall comply with all applicable rules and regulations to which the County is bound by the terms of such fiscal assistance program.

24. DEBARMENT, SUSPENSION OR INELIGIBILITY CLAUSE

By signing this Agreement, the District certifies that the District, and any of its principles and/or subcontractors:

i. Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any federal agency, and;
ii. Have not, within a three-year period preceding this Agreement, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with containing, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statues or commission of embezzlement, theft, forgery, bribery falsification or destruction of records, making false statements, or receiving stolen property. District certifies that no employee, officer, agent, or subcontractor who may come in contact with students in performance of this Agreement, has been convicted of a serious or violent felony.

25. AUTHORIZATION TO PERFORM SERVICES

District is not authorized to perform services or incur costs under this agreement until executed by both the District and approved by signature of the SDCOE Superintendent of Schools or his designee, the Deputy Superintendent, Chief Business Officer.

26. SEVERABILITY

If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

27. ENTIRE AGREEMENT

This Agreement represents the entire Agreement and understandings of the parties hereto and no prior writings, conversations or representations of any nature shall be deemed to vary the provisions hereof. This Agreement may not be amended in any way except by a writing duly executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed, such parties acting by their representatives being thereunto duly authorized.

SAN DIEGO COUNTY SUPERINTENDENT OF SCHOOLS	**NATIONAL ELEMENTARY SCHOOL DISTRICT**

______________________________	______________________________
By (Authorized Signature)	By (Authorized Signature)
Michael Simonson	______________________________
Name (Type or Print)	Name (Type or Print)
Deputy Superintendent, Chief Business Officer	______________________________
Title	Title
______________________________	______________________________
Date	Date

EXHIBIT A

COVID-19 Vaccination & Testing Requirements

The San Diego County Office of Education ("SDCOE") is a public agency that has a duty to implement health and safety protocols to address COVID-19 in accordance with all state and local regulations.

As a Contractor/Vendor for SDCOE, you are responsible for ensuring that your agents and employees are complying with applicable state, county and SDCOE guidelines whenever services are performed on all SDCOE operated facilities. Accordingly, SDCOE has implemented a COVID-19 vaccination verification and testing requirements for all vendors and contractors.

1. Contractor/Vendor must comply with and enforce the following requirements effective October 15, 2021:
    a. All employees, volunteers and/or agents of Contractor/Vendor must provide proof of full vaccination. Such proof of vaccination must indicate that there has been at least 14 days between the last dose and the date of services.
    b. Any employee, volunteer and/or agent who is not fully vaccinated against COVID-19 must undergo testing and test negative for COVID-19 on a weekly basis. The COVID-19 test must be a PCR or antigen test.
    c. The Contractor/Vendor shall verify the vaccination status for each of its own workers by manually reviewing a paper or digital copy of the worker's COVID-19 vaccine record card or testing results in accordance with the Vaccine Record Guidelines & Standards from the California Department of Public Health. As a Contractor/Vendor, if you fail to receive the requisite documentation or digital proof of vaccination or testing from your employees, volunteers and/or agents, then such persons shall be considered untested or unvaccinated and ineligible to perform services on SDCOE facilities for any length of time due to non-compliance with the requirements outlined above.
    d. The Contractor/Vendor shall advise each employee, volunteer and/or agent of the Contractor/Vendor of the SDCOE testing and vaccination policy and the requirement that a face mask must be worn at all times while at an SDCOE operated facility.

2. It is the responsibility of the Contractor/Vendor to ensure there is no interruption of service to SDCOE if the Contractor/Vendor and any employee, volunteer and/or agent of the Contractor/Vendor fails to adhere to the guidelines contained herein.

3. The Contractor/Vendor hereby certifies that all employees, volunteers and/or agents of Contractor/Vendor have been provided with a copy of this policy and warrants that employees, volunteers and/or agents of the Contractor/Vendor who perform services at SDCOE facilities have received proof of vaccination or have acquired proof of a negative Covid-19 test within 72 hours of the commencement of work, and will further comply with

the testing requirements as outlined in the State Public Health Office Order of August 11, 2021, or as later amended or enacted.

4. Failure by the Contractor/Vendor to comply with the terms of this Addendum or any applicable county or state health order, may result in termination of the agreement to provide services.

5. This Addendum is hereby incorporated into the Agreement as though fully set forth. No other terms or conditions of the Agreement are changed, and in the event of a conflict the terms of This Exhibit B shall prevail.

San Diego County Office of Education
FUNDING STATUS PER SCHOOL
2021-2022

Grant Number	District Name	CDSCode	School Name	School	Sub Program	Amount Awarded
37-24239-10371-EZ	National Elementary	37682216038731	Central Elementary	E	After School Base	$153,331.95
37-24239-10371-EZ	National Elementary	37682216038731	Central Elementary	E	Before School Base	$83,205.49
37-24239-10371-EZ	National Elementary	37682216038749	El Toyon Elementary	E	After School Base	$152,612.13
37-24239-10371-EZ	National Elementary	37682216038749	El Toyon Elementary	E	Before School Base	$47,370.13
37-24239-10371-EZ	National Elementary	37682216038764	Ira Harbison	E	After School Base	$227,745.62
37-24239-10371-EZ	National Elementary	37682216038764	Ira Harbison	E	Before School Base	$57,621.46
37-24239-10371-EZ	National Elementary	37682216038756	John A. Otis Elementary	E	After School Base	$152,612.13
37-24239-10371-EZ	National Elementary	37682216038756	John A. Otis Elementary	E	Before School Base	$36,626.92
37-24239-10371-EZ	National Elementary	37682216038772	Kimball	E	After School Base	$166,548.37
37-24239-10371-EZ	National Elementary	37682216038772	Kimball	E	Before School Base	$56,875.49
37-24239-10371-EZ	National Elementary	37682216038780	Las Palmas	E	After School Base	$250,059.65
37-24239-10371-EZ	National Elementary	37682216038780	Las Palmas	E	Before School Base	$57,435.07
37-24239-10371-EZ	National Elementary	37682216038798	Lincoln Acres	E	After School Base	$180,027.37
37-24239-10371-EZ	National Elementary	37682216038798	Lincoln Acres	E	Before School Base	$34,529.11
37-24239-10371-EZ	National Elementary	37682216038806	Olivewood	E	After School Base	$197,090.94
37-24239-10371-EZ	National Elementary	37682216038806	Olivewood	E	Before School Base	$74,655.15
37-24239-10371-EZ	National Elementary	37682216038814	Palmer Way	E	After School Base	$163,038.59
37-24239-10371-EZ	National Elementary	37682216038814	Palmer Way	E	Before School Base	$37,021.67
37-24239-10371-EZ	National Elementary	37682216108559	Rancho de la Nacion	E	After School Base	$159,830.02
37-24239-10371-EZ	National Elementary	37682216108559	Rancho de la Nacion	E	Before School Base	$62,370.20
					TOTAL GRANT AMOUNT	**$2,350,607.46**
					GRANT AMOUNT, LESS 2%	**$2,303,595.31**

EXHIBIT B

April 27, 2022

PAYING AGENT AGREEMENT

THIS PAYING AGENT AGREEMENT (the "Agreement"), is entered into as of _______, 2022, between *the National School District (the "District"), and the County of San Diego acting through the Office of the Treasurer–Tax Collector, San Diego* County, California (the "County"), as Paying Agent and Registrar.

RECITALS

WHEREAS the District has duly authorized and provided for the issuance of its bonds, entitled as follows:

- "National School District (San Diego County, California) 2016 Election General Obligation Bonds, Series B" (the "Series B Bonds") in an aggregate principal amount of $_______0;

WHEREAS, the Bonds will be issued as fully registered bonds without coupons;

WHEREAS the District will ensure that all things necessary to make the Bonds the valid obligations of the District, in accordance with their terms and the requirements of State of California ("State") law, will be done upon the issuance, sale and delivery thereof;

WHEREAS the District and the County wish to provide the terms under which the County will act as Paying Agent to pay the principal, redemption premium (if any), and interest on the Bonds, in accordance with the terms thereof, and under which the County will act as Registrar for the Bonds;

WHEREAS the County has agreed to serve in such capacities for and on behalf of the District and has full power and authority to perform and serve as Paying Agent and Registrar for the Bonds;

WHEREAS the District and the County have each authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. <u>Definitions</u>.

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

"Bond" or "Bonds" means any one or all of the:

- "National School District (San Diego County, California) 2016 Election General Obligation Bonds, Series B" (the "Series B Bonds") in an aggregate principal amount of $_______.

"Bond Register" means the book or books of registration kept by the County in which are maintained the names and addresses of, and principal amounts registered to, each Registered Owner.

"Bond Resolution" means the Resolution of the District adopted on April 27, 2022 pursuant to which the Bonds were issued.

"County" means the Office of the Treasurer–Tax Collector, County of San Diego, California.

"District" means National School District.

"District Request" means a written request signed in the name of the District by an authorized officer and delivered to the County.

"DTC" or "Depository" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Bonds.

"Fiscal Year" means the fiscal year of the District ending on June 30 of each year.

"Investment Management Agreement" means that certain Investment Management Agreement entered into by and between the District and the County.

"Paying Agent" means the County when it is performing the function of paying agent for the Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Registered Owner" means a Person in whose name a Bond is registered in the Bond Register.

"Registrar" means the County when it is performing the function of registrar, authentication agent and/or transfer agent for the Bonds.

ARTICLE TWO

APPOINTMENT OF COUNTY AS PAYING AGENT AND REGISTRAR

Section 2.01. Appointment and Acceptance.

The District hereby appoints the County to act as Paying Agent with respect to the Bonds, to pay, or to provide for payment, to the Registered Owners in accordance with the terms and provisions of this Agreement, the Bond Resolution, and the Bonds, the principal of, redemption premium (if any), and interest on all or any of the Bonds.

The District hereby appoints the County as Registrar with respect to the Bonds. As Registrar, the County shall keep and maintain for and on behalf of the District books and records as to the ownership of the Bonds and with respect to the transfer and exchange thereof as provided herein and in the Bond Resolution.

The County hereby accepts its appointment, and agrees to act as Paying Agent and Registrar.

Section 2.02. Compensation.

As compensation for the County's services as Paying Agent and Registrar, the District hereby agrees to pay the County the fees and amounts set forth in Exhibit A.

In addition, the District agrees to reimburse the County, upon its request, for all reasonable and necessary out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys made or incurred by the County in connection with entering into and performing under this Agreement, and in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the County, provided sufficient collected funds have been provided to it for such purpose by or on behalf of the District, shall pay on behalf of the District the principal of, redemption premium (if any), and interest on each Bond in accordance with the provisions of the Bond Resolution and the Bonds.

As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC.

Section 3.02. Payment Dates.

The District hereby instructs the County to pay the principal of, redemption premium (if any), and interest on the Bonds on the dates specified in the Bonds.

ARTICLE FOUR

REGISTRAR

Section 4.01. Initial Delivery of Bonds.

The Bonds will be initially authenticated, registered and delivered through DTC's book-entry system to or upon the order of the purchaser designated by the District as one Bond for each maturity. If the Bonds are not to be issued through DTC' book entry system and if such purchaser delivers a written request to the County not later than five business days prior to the date of initial delivery, the County will, on the date of initial delivery, deliver Bonds of authorized denominations, registered in accordance with the instructions in such written request.

Section 4.02. Duties of Registrar.

The County shall provide for the proper registration of transfer, exchange and replacement of the Bonds. Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature of which has been guaranteed by an eligible guarantor institution, in a form acceptable to the County, duly executed by the Registered Owner thereof or his or her attorney duly authorized in writing. The Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

Any Bond may be exchanged for Bonds of the same series of like tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent.

Section 4.03. Unauthenticated Bonds.

If the Bonds are not DTC book-entry bonds, the District shall provide to the County on a continuing basis, an adequate inventory of unauthenticated Bonds to facilitate transfers. The County agrees that it will maintain such unauthenticated Bonds in safekeeping.

Section 4.04. Form of Bond Register.

The County as Registrar will maintain its records as Bond Registrar in accordance with the County's general practices and procedures in effect from time to time. The County as Paying Agent will keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Bonds, which upon reasonable notice shall be open to inspection by the District.

Section 4.05. Reports.

The District may request the information in the Bond Register at any time the County is customarily open for business, provided that reasonable time is allowed for the County to provide an up-to-date listing and to convert the information into written form.

The County will not release or disclose the content of the Bond Register to any person other than to the District at its written request, except upon receipt of a subpoena or court order or as may otherwise be required by law. Upon receipt of a subpoena or court order the County will notify the District.

Section 4.06. Cancelled Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the County, shall be promptly cancelled by it and, if surrendered to the District, shall be delivered to the County and, if not already cancelled, shall be promptly cancelled by the County. The District may at any time deliver to the County for cancellation any Bonds previously authenticated and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the County. All cancelled Bonds shall be held by the County for its retention period then in effect and shall thereafter be destroyed and evidence of such destruction furnished to the District upon its written request.

ARTICLE FIVE

THE COUNTY

Section 5.01. Duties of County.

The County undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement against the County. The County hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium (if any), and interest on the Bonds to pay the same as it shall become due and further agrees to establish and maintain such accounts and funds as may be required for the County to function as Paying Agent.

Section 5.02. Reliance on Documents, Etc.

The County may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the County by the District.

No provision of this Agreement shall require the County to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The County may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The County need not examine the ownership of any Bond, but shall be protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

The County has no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership or interest on the Bonds.

The County may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

The County may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

Section 5.03. Recitals of District.

The recitals contained in the Bond Resolution and the Bonds shall be taken as the statements of the District, and the County assumes no responsibility for their correctness.

Section 5.04. May Own Bonds.

The County, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Registrar for the Bonds.

Section 5.05. Money Held by County.

Money held by the County hereunder need not be segregated from other funds. Money held hereunder will be deposited in the District's interest and sinking funds and invested in the County investment pool and invested by the County Treasurer pursuant to its duties as Treasurer and pursuant to the Investment Management Agreement, as applicable, prior to the principal and interest payment dates of the Bonds and the District is entitled to receive interest earnings on such funds.

Any money deposited with or otherwise held by the County for the payment of the principal of, redemption premium (if any), or interest on any Bond and remaining unclaimed for one year after such deposit will be paid by the County to the District, and the District and the County agree that the Registered Owner of such Bond shall thereafter look only to the District for payment thereof, and that all liability of the County with respect to such moneys shall thereupon cease.

Section 5.06. Other Transactions.

The County may engage in or be interested in any financial or other transaction with the District.

Section 5.07. Interpleader.

The District and the County agree that the County may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The District and the County further agree that the County has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 5.08. Indemnification.

The District shall indemnify the County, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the County's acceptance or administration of the County's duties hereunder or under the Bond Resolution (except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the County's negligence or willful misconduct), including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. Such indemnity shall survive the termination or discharge of this Agreement or discharge of the Bonds.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the District or the County shall be mailed or delivered to the District or the County, respectively, at the address shown herein, or such other address as may have been given by one party to the other by fifteen (15) days written notice.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the District and the County shall bind their successors and assigns, whether so expressed or not.

Section 6.06. Severability.

If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the terms of the Bonds set forth in the Bonds and the Bond Resolution constitute the entire agreement between the parties hereto relative to the County acting as Paying Agent and Registrar.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Term and Termination.

This Agreement shall be effective from and until the final payment of principal of and interest on the Bonds or until the County resigns; whichever occurs first. The County may resign at any time and be discharged of its duties and obligations by giving written notice thereof to the District. If the County resigns, prior to the effective date of the resignation, the County shall appoint a successor Paying Agent and Registrar. A successor Paying Agent shall be appointed by the County Treasurer. In the event of resignation of the County as Paying Agent and Registrar, upon receipt of moneys representing the principal and interest on the Bonds, the successor Paying Agent shall be responsible for the actual payment to the bondholders and cancellation of any bonds or coupons. The provisions of Section 5.08 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and shall be governed by the laws of the State of California.

Section 6.12. Documents to be Filed with County.

At the time of the County's appointment as Paying Agent and Registrar, the District shall file with the County the following documents: (a) certified copies of the Bond Resolution and specimen Bonds; (b) a copy of the opinion of bond counsel provided to the District in connection with the issuance of the Bonds; (c) a District Request containing written instructions to the County with respect to the issuance and delivery of the Bonds, including the name of the Registered Owners and the denominations of the Bonds; (d) a Closing Memorandum Addendum, to be reviewed by Bond Counsel, providing instructions to the County for the deposit of all bond proceeds; and (e) within 90 days of the date hereof, a transcript of proceedings prepared for the Bonds.

[Signatures on the following page]

IN WITNESS WHEREOF, the District has caused this Paying Agent Agreement to be signed in its name by its representative thereunto duly authorized, and the County has caused this Paying Agent Agreement to be signed in its name by its officer thereunto duly authorized, all as of the day and year first above written.

NATIONAL SCHOOL DISTRICT

By ____________________________________
Superintendent

COUNTY OF SAN DIEGO, OFFICE OF THE TREASURER-TAX COLLECTOR OF THE COUNTY OF SAN DIEGO, CALIFORNIA, as Paying Agent

By ____________________________________
Treasurer-Tax Collector or Designee

APPROVED AS TO FORM:

By ____________________________________
Chief Deputy County Counsel

EXHIBIT A PAYING AGENT FEE SCHEDULE

Service Type	Fee	Frequency
Fee for each bond series	$1,500	At closing and annually
Fee for each additional subseries	$500	At closing and annually

Note: The District is responsible for any extraordinary costs associated with paying agent activities as provided in Section 2.02. The District will be notified of any extraordinary costs.

$_______
NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

BOND PURCHASE AGREEMENT

_______, 2022

Governing Board
National School District
1500 'N' Ave,
National City, California 91950

Ladies and Gentlemen:

Raymond James & Associates, Inc., as underwriter (the "Underwriter"), acting on its own behalf and not as fiduciary or agent for the hereinafter defined District, offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the National School District (the "District"), which, upon acceptance hereof by the District, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to the Underwriter at its office prior to 11:59 p.m., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the $_______ in aggregate principal amount of the National School District (San Diego County, California) General Obligation Bonds, Election of 2016, Series B (the "Bonds"). The purchase price of the Bonds shall be $_____ (representing the principal amount of the Bonds, plus original issue premium of $_____, less Underwriter's discount of $_____, and less premium for the Bond Insurance Policy (defined below) of $_____ which the District requests that the Underwriter wire directly to the Bond Insurer (defined below)).

In as much as this purchase and sale represents a negotiated transaction, the District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and is not acting as an agent or as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity, (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to (a) the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (b) any other fiduciary or contractual obligation except for the obligations expressly set forth in this Purchase Agreement,

(iv) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement, and (v) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB.

2. **The Bonds**. The Bonds are issued under the provisions of a resolution adopted by the Governing Board of the District on April 27, 2022 (the "Bond Resolution") and certain provisions of the California Government Code, being Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing at Section 53506 (the "Bond Law"). The Bonds are issued for the purpose of financing voter-approved capital facility improvements, as more particularly described in the Bond Resolution.

The Bonds shall be dated their date of delivery and bear interest at the rates, and shall mature in the years shown on Appendix A hereto, which is incorporated herein by this reference. The Bonds maturing on _____, 2022 are issued on a federally taxable basis (the "Federally Taxable Maturity"). The Bonds shall be issued and shall otherwise be as described in and shall be issued and secured pursuant to, the provisions of the Bond Resolution and the Bond Law. In addition, the Bonds shall be insured by _______ (the "Bond Insurer") pursuant to a bond insurance policy delivered upon the issuance of the Bonds (the "Bond Insurance Policy").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Bond Resolution. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form initially, registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"). The County of San Diego acting through the Office of the Treasurer-Tax Collector, as agent for the County of San Diego, is serving as initial paying agent for the Bonds (the "Paying Agent").

3. **Redemption**. The Bonds are subject to redemption prior to maturity pursuant to the terms of the Bond Resolution, with the additional terms as set forth in Appendix A hereto.

4. **Use of Documents**. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, an Official Statement (defined below), the Bond Resolution, and all information contained herein and therein and all of the documents, certificates, or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

5. **Public Offering of the Bonds**. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement and Exhibit A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter reserves the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market; and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

6. **Review of Official Statement**. The District has caused to be drafted and previously delivered a Preliminary Official Statement with respect to the Bonds, dated ______, 2022 (the "Preliminary Official Statement," including the cover page, the inside cover and the appendices thereto). The District represents that the Preliminary Official Statement was "deemed final" as of the date thereof, for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule 15c2-12"), except for either revisions or additions to the offering price(s), interest rate(s), yield(s), Underwriter's discount, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12. The District hereby ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement.

The Underwriter agrees that prior to the time the final Official Statement (as defined herein) relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed to by the District and the Underwriter. The District confirms that it does not object to distribution of the Preliminary Official Statement or the Official Statement in electronic form. A copy of the Preliminary Official Statement sent to a potential purchaser shall be sent by first-class mail or electronically (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

References herein to the Preliminary Official Statement and the final Official Statement include the cover page, the inside cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

7. **Closing**. At 8:30 a.m., California Time, on _______, 2022 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (such payment and delivery herein called the "Closing," and the date thereof the "Closing Date"), the District will deliver to the Underwriter, through the facilities of DTC in Jersey City, New Jersey, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Jones Hall, A Professional Law Corporation, in San Francisco, California ("Bond Counsel"), the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof set forth in Section 1 in immediately available funds by check, draft or wire transfer to or upon the order of the District.

8. **Representations, Warranties and Agreements of the District**. The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The District is and will be on the Closing Date an elementary school district duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Bond Law, to adopt the Bond Resolution and to enter into this Purchase Agreement and the Continuing Disclosure Certificate (as defined in paragraph (i) below).

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement and the

Continuing Disclosure Certificate, to adopt the Bond Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement, the Continuing Disclosure Certificate and the Bond Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Bond Resolution, the Continuing Disclosure Certificate and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement and the Continuing Disclosure Certificate constitute valid and legally binding obligations of the District enforceable in accordance with their respective terms; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement and the Official Statement.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Agreement and the Continuing Disclosure Certificate or the consummation of the other transactions effected or contemplated herein or hereby except for such actions which may qualify the Bonds for offer and sale under Blue Sky or other securities laws and regulations of states and jurisdiction of the United States as the Underwriter may reasonably request, or which have not been obtained or taken; provided however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds (except with respect to the Federally Taxable Maturity), and the District shall not knowingly take or omit to take any action that, under existing law, may affect the exclusion from gross income for federal tax purposes (except with respect to the Federally Taxable Maturity), or the exemption from any applicable State tax of the interest on the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the Bond Resolution, the Continuing Disclosure Certificate and the Bonds, and the compliance with the provisions hereof and thereof, do not conflict with or constitute on the part of the District a violation of or material default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District, or in any way challenging the respective powers of the several offices or of the title of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of *ad valorem* property taxes available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Continuing Disclosure Certificate or the Bond Resolution or contesting the powers of the District or the Bond Resolution or this Purchase Agreement or contesting in any way the completeness or accuracy of the Preliminary Official Statement; or (iii) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Purchase Agreement or the Bond Resolution, (b) declare this Purchase Agreement or the Bond Resolution to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor any person on behalf of the District, will have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Certificates. Except as specifically provided, any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) Continuing Disclosure. The District shall undertake the Continuing Disclosure Certificate with respect to the Bonds in substantially the form attached as Appendix E of the Preliminary Official Statement (the "Continuing Disclosure Certificate") and Rule 15c2-12, to provide certain annual financial information and notices of the occurrence of certain events described therein. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The Preliminary Official Statement describes, and the final Official Statement will describe, any instances in the previous five years in which the District failed to comply in all material respects with its prior undertakings pursuant to Rule 15c2-12.

(j) Preliminary Official Statement and Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein. If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 10 of this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(k) Financial Information. The financial statements of, and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official

Statement and reflect all adjustments necessary to that affect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement. Since the date of the Preliminary Official Statement, there has been no adverse change of a material nature to such financial position. The District is not a party to any litigation or other proceedings pending, or to its best knowledge, threatened, which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

(l) No Financial Advisory Relationship. The District has had no financial advisory relationship with the Underwriter with respect to the Bonds, nor with any investment firm controlling, controlled by or under common control with the Underwriter.

(m) Not Acting as Fiduciary. Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Underwriter, for its own account.

(n) Interim Report. The District has not received a qualified or negative certification on its most recent interim report pursuant to Section 42130 *et seq.* of the Education Code.

9. **Underwriter Representations, Warranties and Agreements**. The Underwriter represents, warrants to and agrees with the District that, as of the date hereof and as of the Closing Date, that it is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it.

10. **Covenants of the District**. The District covenants and agrees with the Underwriter that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with, and at the expense of, the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the 7th business day following the date this Purchase Agreement is signed and in any event in sufficient time to accompany customer confirmation requesting payment, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the "Official Statement"), (i) in "designated electronic format" as defined in Rule G-32 of the Municipal Securities Rulemaking Board, and (ii) in printed format in such reasonable quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities

Rulemaking Board. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(c) Subsequent Events; Amendments to Official Statement. If, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds (determined pursuant to Section 16), an event occurs which would cause the information contained in the final Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and, if in the opinion of the District or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriter (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that they will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the District will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(d) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County of San Diego (the "County") or otherwise necessary in order to arrange for the continued levy and collection of taxes in the District for the payment of the Bonds. In particular, the District hereby agrees to provide to the County Auditor and the County Treasurer and Tax Collector the full debt service schedule for the Bonds, in accordance with the policies and procedures of the County.

(e) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Bond Resolution.

11. **Establishment of Issue Price**. References to Bonds in this Section 11 do not include the Federally Taxable Maturity.

(a) Actions to Establish Price. The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the

Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. As applicable, all actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) 10% Test. Except for the maturities (if any) identified in Appendix A for which the Hold-The-Offering-Price Rule described in (c) below shall apply, the District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds.

(c) Hold-The-Offering-Price Rule. The Underwriter confirms that is has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Appendix A, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) Selling Group or Retail Distribution Agreements. The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) Sales to the Public; Definitions. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

12. **Conditions to Closing**. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants of the District contained herein and the performance by the District, of its obligations hereunder, both as of the date hereof and as of the date of Closing and in reliance upon the representations, warranties and comments to be contained in the documents and instruments to be delivered at closing. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds are and shall be conditioned upon the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject at the option of the Underwriter, to the following further conditions, including the delivery by the District of such documents and instruments as are enumerated herein, in form and substance satisfactory to the Underwriter::

(a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Agreement, the Continuing Disclosure Certificate and the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Bond Law which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Bond Resolution, this Purchase Agreement, the Continuing Disclosure Certificate or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 8(f) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Termination. The Underwriter shall have the right to cancel its obligations under this Purchase Agreement to accept delivery of and to pay for the Bonds by notifying the District in writing of its election to do so if the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, have been materially adversely affected, in the judgment of the Underwriter, by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or of the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States or of the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) press release, official statement or other form of notice issued or made:

(i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service or other governmental agency, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation or State income taxation of the interest received on obligations of the general character of the Bonds, or of the interest on the Bonds as described in the Official Statement, or other actions or events shall have transpired that may have the purpose or effect, directly or indirectly, of changing federal income tax consequences or state income tax consequences of any of the transactions contemplated herein; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices on any national security exchange, whether by virtue of a determination of that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction or a material disruption in securities settlement payment or clearance services affecting the Bonds shall have occurred;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force including those relating to the extension of credit by or the charge to the net capital requirements of underwriters;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) a decision by a court of the United States of America shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds is or would be in violation of any provision of the federal

securities laws at the Closing Date, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended;

(7) the withdrawal, suspension or downgrading or negative change in credit status, or notice of potential withdrawal, suspension or downgrading or negative change in credit status, of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(8) any event occurring, or information becoming known which makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(9) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(10) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(11) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds;

(12) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission;

(13) there shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs, management or financial condition of the District;

(14) the suspension by the Securities and Exchange Commission (the "SEC") of trading in the outstanding securities of the District;

(15) any proceeding shall have been commenced or threatened in writing by the SEC against the District; or

(16) other disruptive events, occurrences or conditions in the securities or debt markets.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive two copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion and Reliance Letter. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District and in substantially the form attached as Appendix D to the Official Statement, and a reliance letter from Bond Counsel, addressed to the Underwriter, to the effect that the Underwriter may rely upon such approving opinion, provided, however, said approving opinion shall be modified to exclude the Federally Taxable Maturity from the opinion regarding the federally tax-exempt status of said maturity;

(2) Supplemental Opinion. A supplemental opinion of Bond Counsel addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, dated as of the Closing Date, substantially to the following effect:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS", "APPLICATION OF PROCEEDS OF BONDS," "TAX MATTERS" and "CONTINUING DISCLOSURE", to the extent they purport to summarize certain provisions of the Bonds, the Bond Resolution, the Continuing Disclosure Certificate, and the form and content of Bond Counsel's approving opinion regarding the treatment of interest on the Bonds under California or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, or information relating to DTC or its book-entry only system or the Bond Insurer or Bond Insurance included therein;

(ii) this Purchase Contract and the Continuing Disclosure Certificate have each been duly authorized, executed and delivered by the District, and assuming due authorization, execution and delivery by all the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as such enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State of California; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Bond Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(3) Disclosure Counsel Letter. A letter of Jones Hall, A Professional Law Corporation, Disclosure Counsel, dated the Closing Date and addressed to the District and the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement and the final Official Statement, but on the basis of their participation in conferences with representatives of the District, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date and the date hereof, and the final Official Statement as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial or statistical data contained in the Preliminary Official Statement or the final Official Statement, or with respect to DTC and the book-entry system or the Bond Insurer or Bond Insurance);

(4) Certificates of the District. A certificate or certificates signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement and the Continuing Disclosure Certificate, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Bond Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Preliminary Official Statement and the final Official Statement and on such basis certifies that the Preliminary Official Statement did not as of its date, and the final Official Statement does not as of its date and as of the Closing Date, contain any untrue statement of a material fact, nor omit to state to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Bond Resolution, (vi) no further consent is required for inclusion of the audit included as an appendix to the Official Statement, (vii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District or the due adoption of the Bond Resolution;

and (viii) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading.

(5) Arbitrage. A nonarbitrage (tax) certificate of the District in form satisfactory to Bond Counsel;

(6) Bond Resolution. A certificate, together with a fully executed copy of the Bond Resolution, of the Clerk of the District Governing Board to the effect that:

(i) such copy is a true and correct copy of the Bond Resolution; and

(ii) the Bond Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(7) Rule 15c2-12 Certificate. A certificate of the appropriate official of the District evidencing such official's determinations respecting the Preliminary Official Statement in accordance with Rule 15c2-12;

(8) Continuing Disclosure Certificate. The Continuing Disclosure Certificate, duly executed by the District;

(9) Paying Agent Certificate. A written certificate of the Paying Agent, executed by a duly authorized representative of the Paying Agent, dated the date of the Closing, to the effect that the Paying Agent has full power to enter into, accept and perform its duties under the Bond Resolution.

(10) Municipal Bond Insurance Policy. The Bond Insurance Policy issued by the Bond Insurer, together with:

(i) a certificate of the Bond Insurer dated the date of Closing, in form and substance acceptable to the Underwriter regarding, among other matters, the due authorization, execution and validity of the Bond Insurance Policy, and

(ii) an opinion of counsel to the Bond Insurer, dated the date of Closing and addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter.

(11) Ratings. Evidence that the Bonds have been assigned the ratings as set forth on the cover page of the Official Statement and that such ratings have not been withdrawn or downgraded.

(12) Tax Rate and Bonding Capacity Certificates. A certificate signed by a District official setting forth a projection evidencing that tax rates are projected not to exceed $30 per $100,000 of assessed value during

the term of the Bonds, and a certificate signed by a County official confirming that the District is in compliance with applicable bonding capacity limitations (1.25%);

(13) Underwriter Certificates. The Underwriter will be required to deliver a representation at the time of the closing of the Bonds, in form and substance satisfactory to the District and Bond Counsel that the yield on the Federally Taxable Maturity is within the range of general obligation taxable bonds with a similar credit and similar maturity trading on the date of the sale of the Federally Taxable Maturity;

(14) Underwriter's Counsel Opinion. An opinion of _______, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter; and

(15) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, (iii) the truth and accuracy, as of the time of Closing, of the Official Statement and (iv) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California Time, on the Closing Date, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect.

If the District is unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given, to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

12. **Conditions to Obligations of the District**. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of the opinion and certificates being delivered at the Closing by persons and entities other than the District.

13. **Costs and Expenses**. The District shall pay or cause to be paid the expenses incident to the performance of the obligations of the District hereunder from bond proceeds in the amount of $_______, which shall be deposited directly with a costs of issuance custodian identified by the District to the Underwriter, including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of

all documentation relating to the issuance of the Bonds and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any legal counsel, accountants, financial advisors, rating agencies, paying agents, or other experts or consultants retained by the District, including Bond Counsel and Disclosure Counsel, and (c) the cost of printing of the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing of the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter. In the event that the District's expenses incident to the issuance of the Bonds exceed proceeds available for such purpose, the District shall pay such amount from any other lawfully available source.

The Underwriter shall pay, and the District shall be under no obligation to pay, all expenses incurred by it in connection with the public offering and distribution of the Bonds (other than the reimbursements provided for in the preceding paragraph), including but not limited to California Debt Advisory and Investment Commission fees, and fees of Underwriter's counsel,.

In addition, the Underwriter shall pay the premium for the Bond Insurance Policy directly to the Bond Insurer on the Closing Date, as provided in Section 1 hereof.

The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

14. **Notices**. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent (or Superintendent's designee), at the address set forth on page 1 hereof, or if to the Underwriter as follows:

Raymond James & Associates, Inc.
209 Avenida Del Mar, Suite 207
San Clemente, CA 92672
Attention: Randy Merritt

15. **Parties in Interest; Survival of Representations and Warranties**. This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Agreement.

16. **Determination of End of the Underwriting Period**. For purposes of this Purchase Agreement, the "end of the underwriting period" for the Bonds is used as defined in Rule 15c2-12 and shall occur on the later of (a) the day of the Closing or (b) when the Underwriter no longer retains an unsold balance of the Bonds. Unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District, the District may assume that the "end of the underwriting period" is the Closing Date.

17. **Severability**. In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

18. **No assignment**. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

19. **Entire Agreement**. This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

20. **Execution in Counterparts**. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Left Blank; Signatures on Following Page]

21. **Applicable Law**. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC., *as Underwriter*

By:________________________________
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

NATIONAL SCHOOL DISTRICT

By:________________________________
Superintendent

Date: _____, 2022
Time of Execution:_____________(Pacific time)

[Signature Page of Bond Purchase Agreement]

APPENDIX A

Maturity Schedule

NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

Maturity Date	Principal Amount	Interest Rate	Yield	Price	Applicable Issue Price Rule
Federally Taxable					
Tax-Exempt					

T: Term Bonds.
C: Priced to first par call on August 1, 20__.
HTP: Hold the price rule of issue price.

Redemption

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

$_______
NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Raymond James & Associates, Inc. ("RJ"), hereby certifies based upon information available to it as set forth below with respect to the sale and issuance of the above-captioned obligations excluding the _____ 2022 maturity which is issued on a federally taxable basis (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) RJ offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A hereto (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, RJ has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) ***Issuer*** means National School District.

(e) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) ***Sale Date*** means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2022.

(h) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents RJ's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificates of Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, RJ is not engaged in the practice of law. Accordingly, RJ makes no representation as to the legal sufficiency of the factual matters set forth herein. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: [Closing Date]

RAYMOND JAMES & ASSOCIATES, INC.,
as Underwriter

By: ________________________________
Managing Director

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(*Attached*)

PRELIMINARY OFFICIAL STATEMENT DATED MAY 11, 2022

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

NEW ISSUE - FULL BOOK-ENTRY

INSURED RATING: S&P: "___"
UNDERLYING RATING: S&P: "___"
See "RATINGS" herein.

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

$10,000,000*
NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

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

Authority and Purpose. The captioned General Obligation Bonds, Election of 2016, Series B (the "Bonds") are being issued by the National School District (the "District") of San Diego County (the "County"), State of California (the "State") pursuant to certain provisions of the California Government Code and a resolution of the Governing Board of the District adopted on April 27, 2022. The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $30,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2016 Authorization"). The Bonds are the second series of bonds to be issued under the 2016 Authorization. See "THE FINANCING PLAN" and "THE BONDS – Authority for Issuance" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding that are similarly secured by *ad valorem* tax levies. See "SECURITY FOR THE BONDS."

Payments. The Bonds are dated the date of delivery. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing August 1, 2022. Payments of principal of and interest on the Bonds will be paid by the County acting through the Office of the Treasurer-Tax Collector, San Diego, California, as Paying Agent, to The Depository Trust Company ("DTC") for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ________ ("___" or the "Bond Insurer"). See "BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

[INSURER LOGO]

MATURITY SCHEDULE
(See inside cover)

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

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about June 15, 2022.*

RAYMOND JAMES®

The date of this Official Statement is _________, 2022.

**Preliminary, subject to change.*

MATURITY SCHEDULE*

NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

Base CUSIP†: ________

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP(†)

**Preliminary; subject to change.*
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NATIONAL SCHOOL DISTRICT
SAN DIEGO COUNTY, CALIFORNIA

GOVERNING BOARD

Maria Betancourt-Castaneda, *President*
Maria Dalla, *Member*
Michelle Gates, *Member*
Rocina Lizarraga, *Member*
Alma Sarmiento, *Member*

DISTRICT ADMINISTRATION

Leighangela Brady, *Superintendent*
Arik Avanesyans, *Assistant Superintendent of Business*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

County of San Diego through the Office of the County Treasurer-Tax Collector
San Diego, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

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

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

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

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

Involvement of Underwriter. The Underwriter has provided the following statement 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 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.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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

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

Bond Insurance. Assured Guaranty Municipal Corp ("___" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond 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 Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and in APPENDIX H.

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

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

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OFFICIAL STATEMENT

$10,000,000*
NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned General Obligation Bonds, Election of 2016, Series B (the **"Bonds"**) by the National School District (the "**District**") of San Diego County (the **"County"**), State of California (the **"State"**).

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

The District. The District was formed in 1871 and is located in the County. The boundaries of the District encompass an area of approximately 7.0 square miles located approximately 5 miles south of San Diego. The District operates ten elementary schools for kindergarten through grade six, and two of those offer transitional kindergarten instruction. The enrollment in the District for 2021-22 school year is 4,445 students. The District's total assessed value in fiscal year 2021-22 is over $4.5 billion. There is one independent charter school sponsored by the District. See also APPENDIX C hereto for demographic and other statistical information regarding the City of National City and the County.

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the full impacts that the COVID-19 pandemic may have on its enrollment, average daily attendance, operations and finances, property values in the District, and economic activity in the District, the County, the State and the nation, among others. For more disclosure regarding the COVID-19 pandemic, see "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Global Pandemic" herein. See also references to COVID-19 in the sections herein entitled "PROPERTY TAXATION", and in APPENDIX A under the heading "DISTRICT GENERAL INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

**Preliminary; subject to change.*

Purpose. The net proceeds of the Bonds will be used to finance school construction and improvements authorized pursuant to a bond measure approved by the voters of the District at an election held in the District on November 8, 2016 (the **"Bond Election"**). See "THE FINANCING PLAN" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by the requisite 55% of the voters of the District voting at the Bond Election and will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the **"Bond Law"**), and a resolution adopted by the Governing Board of the District on April 27, 2022 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple of $5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS" and "APPENDIX F – Book-Entry Only System."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS." The Bonds will be the first issuance by the District of general obligation bonds.

The impact that the current COVID-19 outbreak might have on the assessed valuation of property located in the District is uncertain at this time. See "PROPERTY TAXATION – Assessed Valuations" and "SECURITY FOR THE BONDS --Disclosure Regarding COVID-19."

Municipal Bond Insurance. Concurrently with the issuance of the Bonds, ________ (**"___"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as Appendix H to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. See "TAX MATTERS" herein.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Superintendent's

Office at National School District, 1500 ‘N’ Ave National City, California 91950; telephone (619) 336-7500. The District may impose a charge for copying, mailing and handling.

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

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

[END OF INTRODUCTION]

THE FINANCING PLAN

The proceeds of the Bonds will be used to finance projects approved by the voters at the Bond Election, at which voters authorized the issuance of up to $30 million in general obligation bonds for facilities projects (the **"2016 Authorization**"), including related costs of issuance. The abbreviated form of the ballot measure (limited to 75 words or less) presented to voters is as follows:

> "To repair and rebuild aging classrooms and facilities throughout the District; meet handicapped access requirements; increase student access to computers /technology; repair roofs; and improve campus security and student loading zones for increased safety; shall National School District be authorized to issue $30 million of bonds with interest rates below legal limits, annual audits, independent citizens' oversight, no money for administrative salaries and all funds spent locally and not taken by the State and used elsewhere?"

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with the full text of Ballot Measure, which, among other items, included a project list, identifying to District voters the specific projects eligible for funding from proceeds of bonds approved at the Bond Election. The District issued a first series of bonds pursuant to the authority of the Bond Election on November 16, 2020 in the principal amount of $3,000,000. The Bonds described herein will be the second series of bonds issued pursuant to the authority of the Bond Election. See "DEBT SERVICE SCHEDULES – The Bonds" herein for the debt service due with respect to the Bonds.

SOURCES AND USES OF FUNDS

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

<u>Sources of Funds</u>
Principal Amount of Bonds
Net Original Issue Premium
Total Sources

<u>Uses of Funds</u>
Deposit to Building Fund
Deposit to Debt Service Fund
Costs of Issuance[(2)]
Total Uses

(1) Estimated costs of issuance include, but are not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Financial Advisor, Paying Agent, bond insurance premium, and the rating agency.

THE BONDS

Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution.

Description of the Bonds

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

The Bonds shall be issued in denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2022 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15^{th}) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2022, in which event it will bear interest from the Closing Date identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Paying Agent

The County of San Diego through the Office of the County Treasurer-Tax Collector, San Diego, California will act as the registrar, transfer agent, and paying agent for the Bonds (the "**Paying Agent**"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

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

Optional Redemption

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

For the purpose of selection for optional redemption, the Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed.

Mandatory Sinking Fund Redemption

The Bonds maturing on August 1, 20__ and August 1, 20__ (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each years in accordance with the respective schedule set forth below for such Term Bonds. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium. If any Term Bonds are redeemed under the foregoing optional redemption provisions, the total amount of all future sinking payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books. Notice of any redemption of Bonds shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

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

Partial Redemption of Bonds

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

Right to Rescind Notice of Redemption

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

Book-Entry Only System

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

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Dallas, Texas for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Bond Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

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

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

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

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

(i) lawful money of the United States of America in an amount equal to the Principal Amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the County and the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

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

As used in the foregoing defeasance provision, the term **"Federal Securities"** means (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; (d) pre-refunded municipal bonds rated in the highest rating category by any Rating Agency; and (e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vi) obligations of the Federal Home Loan Bank (FHLB).

APPLICATION OF PROCEEDS OF BONDS

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County for credit of the fund created and established by the County in the Bond Resolution and known as the "National School District, General Obligation Bonds, Election of 2016, Series B Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

As described herein under the heading "SECURITY FOR THE BONDS - Debt Service Fund," the County will establish a debt service fund for the Bonds to be designated the "National School District, General Obligation Bonds, Election of 2016, Series B Debt Service Fund" (the **"Debt Service Fund"**). Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds.

Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Bonds when due. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

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

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DEBT SERVICE SCHEDULES

The Bonds. The following table shows the debt service schedule with respect to the Bonds, assuming no optional redemptions.

NATIONAL SCHOOL DISTRICT
Series B Bonds Debt Service Schedule

Date (August 1)	Principal	Interest	Total
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
Total			

Combined General Obligation Bond Annual Debt Service. The District has other series' of general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District. The following table shows the combined annual debt service schedule with respect to general obligation bonds (including the Bonds) secured by *ad valorem* taxes, assuming no optional redemptions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – General Obligation Debt" for additional information.

WEST SIDE UNION SCHOOL DISTRICT
Combined Outstanding General Obligation Bond Debt Service

Bond Year Ending August 1	Election of 2014, Series A Bonds	Election of 2014, Series B Bonds	Election of 2016, Series A Bonds	The Bonds	Total Debt Service
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
Total					

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

Other Bonds Payable from* Ad Valorem *Property Taxes. There is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Typical Tax Rates" and "- Direct and Overlapping Debt" below.

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

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

Statutory Lien on* Ad Valorem *Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

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

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, and other economic conditions caused by epidemics or pandemics, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See also below under the heading "- Disclosure Relating to COVID-19".

Debt Service Fund

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

Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid by the District, shall be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred to the District's general fund upon the order of the County, as provided in Section 15234 of the Education Code.

Not a County Obligation

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

Disclosure Relating to COVID-19

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"COVID-19"**), which was first detected in China and spread throughout the world, including the United States, was declared a pandemic by the World Health Organization, a national emergency by President Trump and a state of emergency by the Governor of the State (the "**Governor**") in March 2016. Since said declarations, tremendous volatility in the financial markets occurred, and nations have taken actions to curb the spread including stay at home orders and other actions which have unknown long-term impacts including on worldwide and local economies. As of this date, several vaccines have been provided approval, most on an emergency basis, by federal health authorities and are widely available.

Federal Response. President Trump's declaration of a national emergency on March 13, 2016 made available more than $50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President Trump on March 18, 2016, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2016, the United States Congress passed a $2 trillion relief package, being the largest stimulus bill in history, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**). The package provided direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, $367 billion for loans to small businesses, a $500 billion fund to assist distressed large businesses, including approximately $30 billion for emergency grants to educational institutions and local educational agencies. This funding allocation included approximately $13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 pandemic.

On April 9, 2016, the Federal Reserve took actions aimed at providing up to $2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration's (**"SBA"**) Paycheck Protection Program (**"PPP"**), purchasing up to $600 billion in loans through the Main Street Lending Program and offering up to $500 billion in lending to states and municipalities.

On April 24, 2016, an additional $484 billion federal aid package was signed, providing additional funding for the PPP, the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

On December 27, 2016, President Trump signed the Coronavirus Response and Relief Supplemental Appropriations Act (the **"CRRSA Act"**), an additional $900 billion federal relief package intended to follow and expand on provisions of the CARES Act. The measure includes another round of direct stimulus payments to individuals and families, extended unemployment benefits, expanded the PPP, and provided approximately $82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

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

State Response. At the State level, on March 15, 2016, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250. On March 16, 2016, the State legislature passed $1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic. On March 19, 2016, the Governor issued a state-wide blanket shelter-in-place order, ordering all California residents to stay home except for certain essential purposes. The restrictions initially began to be rolled back in May 2016 in accordance with State and local guidelines. Thereafter, on August 28, 2016, the Governor released a system entitled "Blueprint for a Safer California" (the **"State Blueprint"**) aimed at reducing the spread of COVID-19. The State Blueprint placed the State's 58 counties into four color-coded tiers generally based on test positivity and adjusted case rate in the county. Each tier imposed restrictions on certain activities to reduce the spread. The tier system was ultimately terminated on June 15, 2021, following significant reductions in positivity and hospitalizations due to the availability of effective COVID-19 vaccines.

On February 23, 2021, the Governor signed legislation providing $7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid. It includes sending a $600 rebate to low-income, disabled and undocumented persons when 2016 taxes are filed, $2 billion in grants to help small business, $35 million for food and diaper banks and $400 million in subsidies for childcare providers. It also reverses cuts made last summer to public universities and State courts when the State had projected a record-breaking budget deficit.

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

Impact of COVID-19 Pandemic on Education. The State's and other local (if any) shelter-in-place orders suspended in-person classroom instruction throughout schools in the State from March 2016 through the end of the 2019-20 academic year. School districts in the State generally commenced the 2016-21 academic year in accordance with the Governor's order of July 17, 2016 (Pandemic Plan for Learning and Safe Schools) and the State's Blueprint which resulted in significant amounts of distance learning as opposed to in-person instruction during the 2016-21 academic year. The 2021-22 academic year generally commenced with in-person learning with an independent study option.

On March 13, 2016, the Governor issued Executive Order N-26-20 which established a streamlined process for school closures in response to COVID-19, providing for continued State funding to support distance learning or independent study, subsidized school meals to low-income students, and continuing payment for school district employees, among other measures. In addition, Senate Bill 117 (March 17, 2016) was approved and addressed attendance issues and instructional hour requirements, among other items, and effectively held school districts harmless from funding losses that could result from these issues under the State's education funding formulas. See APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally." In addition, federal funding to school districts was made available to most school districts under the CARES Act, the CRRSA Act and the ARP Act.

On December 30, 2016, the Governor announced the Safe Schools for All Plan (**"SSFA Plan"**), a plan aimed at incentivizing schools to offer in-person learning. Some portions of the SSFA Plan went into effect immediately, however on March 4, 2021 the legislature passed and on March 5, 2021 the Governor signed Senate and Assembly Bill 86, reaching an agreement on a school reopening plan, with the stated intent that schools offer in-person instruction to the greatest extent possible during the 2016-21 fiscal year. The plan provided schools with financial incentives totaling $2 billion to offer in-person instruction beginning on April 1 to students with extra needs or requiring special attention and, for students in some grades, depending on what tier their county was in under the State Blueprint. Funding was allocated based on LCFF funding.

For districts not offering in-person instruction by April 1, funds decreased by one percent for each instructional day that schools were not open through May 15 (not including scheduled vacation days) and after May 15, eligibility ceased. Funds obtained were primarily to be spent on purposes consistent with providing in-person instruction, including COVID-19 testing, cleaning, personal protective equipment, facility needs, staffing costs, and social and mental health supports provided in conjunction with in-person instruction. Districts were required to continue to offer distance learning options.

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

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

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

General Obligation Bonds Secured by* Ad Valorem *Property Tax Revenues. Notwithstanding the impacts the COVID-19 pandemic may have on the economy in the State, the County and the District or on the District's general purpose revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, levied in the District and are not payable from the general fund of the District. The District cannot predict the impacts that the COVID-19 pandemic might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Property Taxes" and "PROPERTY TAXATION –Tax Levies and Delinquencies; Teeter Plan" herein.

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict changes in law or orders of State officials that might occur in the future, including with regard to actions that might be taken in an attempt to mitigate the ongoing impacts of the COVID-19 pandemic.

Taxation of State-Assessed Utility Property

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

Assessed Valuation

Assessed Valuation History. The table below shows a recent history of the District's assessed valuation.

NATIONAL SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2012-13 through Fiscal Year 2021-22

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2012-13	$2,722,784,084	$5,195,618	$214,705,539	$2,942,685,241	--%
2013-14	2,807,730,266	5,224,473	257,438,747	3,070,393,486	4.3
2014-15	2,928,371,231	5,224,473	217,421,344	3,151,017,048	2.6
2015-16	2,992,821,999	4,088,740	230,213,214	3,227,123,953	2.4
2016-17	3,153,883,375	4,088,640	189,440,436	3,347,412,451	3.7
2017-18	3,443,315,958	4,088,640	201,538,864	3,648,943,462	9.0
2018-19	3,617,489,865	4,429,496	222,290,642	3,844,210,003	5.4
2019-20	3,877,723,358	4,429,496	226,633,968	4,108,786,822	6.9
2016-21	4,143,873,274	4,429,496	239,974,431	4,388,277,201	6.8
2021-22	4,336,745,365	4,429,496	201,551,093	4,542,725,954	3.5

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters such as earthquakes, fires, floods and drought. Seismic activity is also a risk in the region where the District is located.

The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation in late 2016 and early 2017 which resulted in related severe flooding and mudslides in certain regions. As of April 14, 2022, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly severe and extreme drought conditions, with the County in the moderately and severe drought categories. During 2021, Governor Newsom proclaimed a drought state of emergency for all counties in the State, culminating with his October 19, 2021 proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can impose and enforce their own drought conservation rules.

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

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

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

Assessed Value by Jurisdiction. The following table shows a breakdown of assessed valuation by jurisdiction for the District for fiscal year 2021-22.

NATIONAL SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2021-22

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Chula Vista	$ 145,687,030	3.21%	$33,593,920,198	0.43%
City of National City	4,256,610,209	93.70	$4,752,648,535	89.56%
City of San Diego	12,581,230	0.28	$287,599,090,461	0.00%
Unincorporated San Diego County	127,847,485	2.81	$84,614,337,653	0.15%
Total District	$4,542,725,954	100.00%		
San Diego County	$4,542,725,954	100.00%	$606,172,894,796	0.75%

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

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

NATIONAL SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2021-22

Non-Residential:	**2021-22 Assessed Valuation (1)**	**% of Total**	**No. of Parcels**	**% of Total**
Commercial/Office	$1,048,860,815	24.19%	685	6.96%
Vacant Commercial	42,027,719	0.97	140	1.42
Industrial	454,910,149	10.49	310	3.15
Vacant Industrial	23,528,893	0.54	97	0.99
Recreational	52,881,881	1.22	17	0.17
Government/Social/Institutional	56,086,135	1.29	90	0.91
Miscellaneous	4,230,292	0.10	18	0.18
Subtotal Non-Residential	$1,682,525,884	38.80%	1,357	13.78%
Residential:				
Single Family Residence	$1,366,912,618	31.52%	5,500	55.86%
Condominium	203,225,178	4.69	1,009	10.25
Mobile Home	14,592,103	0.34	149	1.51
Mobile Home Park	32,619,333	0.75	8	0.08
2-4 Residential Units	407,810,792	9.40	1,321	13.42
5+ Residential Units/Apartments	597,020,011	13.77	244	2.48
Miscellaneous Residential	237,657	0.01	32	0.33
Vacant Residential	31,801,789	0.73	226	2.30
Subtotal Residential	$2,654,219,481	61.20%	8,489	86.22%
Total	$4,336,745,365	100.00%	9,846	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Per Parcel Assessed Valuation of Single-Family Homes. The table below shows the per parcel assessed valuation of single-family homes in the District for fiscal year 2021-22.

NATIONAL SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2021-22

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	5,500	$1,366,912,618	$248,530	$225,500

2021-22 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	18	0.327%	0.327%	$321,339	0.024%	0.024%
$25,000 -$49,999	175	3.182	3.509	7,233,509	0.529	0.553
$50,000 - $74,999	514	9.345	12.855	32,066,069	2.346	2.899
$75,000 - $99,999	318	5.782	18.636	27,439,587	2.007	4.906
$100,000 - $124,999	296	5.382	24.018	33,355,983	2.440	7.346
$125,000 - $149,999	341	6.200	30.218	46,959,114	3.435	10.782
$150,000 - $174,999	355	6.455	36.673	57,535,127	4.209	14.991
$175,000 - $199,999	393	7.145	43.818	73,894,610	5.406	20.397
$200,000 - $224,999	331	6.018	49.836	70,194,604	5.135	25.532
$225,000 - $249,999	336	6.109	55.945	79,487,347	5.815	31.347
$250,000 - $274,999	280	5.091	61.036	73,726,405	5.394	36.741
$275,000 - $299,999	228	4.145	65.182	65,548,429	4.795	41.536
$300,000 - $324,999	232	4.218	69.400	72,352,955	5.293	46.829
$325,000 - $349,999	194	3.527	72.927	65,374,903	4.783	51.612
$350,000 - $374,999	223	4.055	76.982	80,785,319	5.910	57.522
$375,000 - $399,999	224	4.073	81.055	86,738,598	6.346	63.868
$400,000 - $424,999	229	4.164	85.218	94,332,561	6.901	70.769
$425,000 - $449,999	188	3.418	88.636	82,026,868	6.001	76.770
$450,000 - $474,999	230	4.182	92.818	105,880,163	7.746	84.516
$475,000 - $499,999	137	2.491	95.309	66,582,531	4.871	89.387
$500,000 and greater	258	4.691	100.000	145,076,597	10.613	100.000
	5,500	100.000%		$1,366,912,618	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

Typical Tax Rates

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

NATIONAL SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
(Tax Rate Area 6-045(1))
Fiscal Years 2017-18 through 2021-22

	2017-18	2018-19	2019-20	2016-21	2021-22
General	$1.00000	$1.00000	$1.00000	$1.00000	$1.00000
City of National City	.02629	.02471	.02459	.00590	.00590
National School District	.00790	.00730	.00670	.02474	.04502
Sweetwater Union High School District	.05156	.05283	.05159	.04880	.04611
Southwestern Community College District	.04981	.04671	.04482	.02792	.04854
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
Total Tax Rate	$1.13906	$1.13505	$1.1312	$1.11086	$1.14907

(1) 2021-22 assessed valuation of TRA 6-045 is $1,991,535,382 which is 43.84% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Secured Tax Levies and Delinquencies - Teeter Plan

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

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

There can be no assurance that the County will continue to maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE BONDS – Disclosure Relating to the COVID-19." Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures might have on the County's Teeter Plan. See "PROPERTY TAXATION – Property Tax Collection Procedures" herein.

However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due, which further authorizes the County to levy an amount sufficient to provide for a reserve.

NATIONAL SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2016-17 through 2020-21

Year	Secured Tax Charge(1)	Amt. Delinquent June 30	% Delinquent June 30
2016-17	$4,775,937.62	(2)	(2)
2017-18	5,069,760.55	(2)	(2)
2018-19	5,221,524.99	(2)	(2)
2019-20	5,523,615.58	(2)	(2)
2020-21	5,535,899.52	(2)	(2)

Year	Secured Tax Charge(1)	Amt. Delinquent June 30	% Delinquent June 30
2016-17	$898,478.45	(2)	(2)
2017-18	890,579.07	(2)	(2)
2018-19	532,986.69	(2)	(2)
2019-20	560,884.13	(2)	(2)
2020-21	1,006,778.38	(2)	(2)

(1) 1% General Fund apportionment.
(2) San Diego County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
(3) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

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Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by local secured assessed valuation in fiscal year 2021-22. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

NATIONAL SCHOOL DISTRICT
Largest 2021-22 Local Secured Taxpayers

	Property Owner	Primary Land Use	2021-22 Assessed Valuation	% of Total (1)
1.	Pasha Automotive Services	Marine Terminal	$ 73,686,173	1.70%
2.	Fairfield Park Villas LP	Apartments	73,503,690	1.69
3.	PVHR LLC	Assisted Living Facility	57,184,270	1.32
4.	H.G. Fenton Property Co.	Warehouse	56,013,849	1.29
5.	Summercrest Apartment Associates LP	Apartments	46,621,651	1.08
6.	National City Investment LP	Office Building	45,836,633	1.06
7.	AAT Gateway Marketplace LLC	Shopping Center	44,412,028	1.02
8.	ROIC California LLC	Shopping Center	44,333,325	1.02
9.	Wal-Mart Real Estate Business Trust	Commercial	39,542,978	0.91
10.	MGPX I U S Properties LLC	Shopping Center	38,492,023	0.89
11.	MRT of National City CA SNF I & II LLC	Assisted Living Facility	36,196,560	0.83
12.	MPT of Paradise Valley LP	Hospital	34,986,050	0.81
13.	Morgan Tower Housing Associates LP	Apartments	34,476,000	0.79
14.	Dixieline Lumber Co.	Commercial	28,051,556	0.65
15.	Plaza Bonita LLC	Shopping Center	26,313,296	0.61
16.	Prime Healthcare Services Foundation Inc.	Hospital	25,935,385	0.60
17.	Iron Owner LLC	Warehouse	25,558,065	0.59
18.	Harborview Partners LLC	Apartments	24,000,061	0.55
19.	Pier 32 Marina Group LLC	Marina	22,986,992	0.53
20.	Broadway/Sweetwater Square LLC	Shopping Center	22,498,635	0.52
			$800,629,220	18.46%

(1) 2021-22 local secured assessed valuation: $4,336,745,365.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

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

NATIONAL SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of May 1, 2022

2021-22 Assessed Valuation: $4,542,725,954

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 5/1/22**
Metropolitan Water District	0.134%	$27,035
San Diego Community College District	0.002	26,894
Southwestern Community College District	6.891	53,587,816
Sweetwater Union High School District	8.184	30,794,849
National School District	**100.000**	**27,641,000**(1)
City of National City	89.563	2,230,119
Sweetwater Union High School District Community Facilities District No. 10	18.712%	624,771
TOTAL DIRECT & OVERLAPPING TAX AND ASSESSMENT DEBT		$114,932,484
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	0.749%	$1,837,597
San Diego County Pension Obligation Bonds	0.749	2,552,779
San Diego County Superintendent of Schools Certificates of Participation	0.749	58,272
Southwestern Community College District General Fund Obligations	6.891	25,841
Sweetwater Union High School District Certificates of Participation	8.184	2,384,818
City of Chula Vista Certificates of Participation and Pension Obligation Bonds	0.434	2,067,425
City of National City Certificates of Participation and Pension Obligation Bonds	89.563	79,458,148
City of San Diego General Fund Obligations	0.004	22,472
TOTAL OVERLAPPING GENERAL FUND DEBT		$88,407,352
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$36,313,647
COMBINED TOTAL DEBT		$239,653,483 (2)

Ratios to 2021-22 Assessed Valuation:
DIRECT DEBT ($27,641,000)…………………………………...0.61%
Total Direct Overlapping Tax and Assessment Debt..............2.53%
Combined Total Debt...5.28%

Ratios to Redevelopment Incremental Valuation ($2,523,433,100):
Total Overlapping Tax Increment Debt...................................1.44%

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

BOND INSURANCE

-TO COME-

TAX MATTERS

Tax Exemption

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

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

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

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

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

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

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or cause the Bonds to not be "qualified tax-exempt obligations," or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

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

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

Form of Opinion

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

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

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

The District is subject to lawsuits and claims that might or arise or have arisen in the regular course of administering the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under lawsuits and claims currently known to the District will not materially affect the financial position or operations of the District.

Disclaimer Regarding Cyber Risks

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

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Norton Rose Fulbright US LLP, Los Angeles, California as Underwriter's Counsel, and Isom Advisors, A Division of Urban Futures, Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2023 with the report for the 2021-22 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board (the **"MSRB"**). The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has other disclosure undertakings made pursuant to the Rule. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Long-Term Borrowing." A review of the District's filing requirements and related filings has been undertaken, and the following instances of material non-compliance have been identified: ______________________.

[The District has engaged Isom Advisors, a Division of Urban Futures, Inc. to serve as its dissemination agent with respect to its undertakings in connection with each of its undertakings including the Bonds.]

Neither the County nor any other entity other than the District shall have any obligation or incur any liability with respect to the performance of the District's duties regarding continuing disclosure. The County has not reviewed, nor is it responsible for, the content of this Official Statement.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its insured rating of "___" to the Bonds, based on the understanding that the Bond Insurer will deliver its Bond Insurance Policy with respect to the Bonds upon delivery. See "BOND INSURANCE" herein for information about the Bond Insurer, including with respect to its rating outlook, and the Bond Insurance Policy. In addition, S&P has assigned an underlying rating of "___" to the Bonds. Such ratings reflect only the view of S&P and an explanation of the significance of such ratings may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which is not material to making an investment decision in the Bonds and as such does not appear in this Official Statement). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $________ which is equal to the initial principal amount of the Bonds of $________, plus original issue premium of $________ less an Underwriter's discount of $________. The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased) and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

NATIONAL SCHOOL DISTRICT

By: ______________________________________
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

*The information in this and other sections concerning National School District (the "**District**") operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an* ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof by the District. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

DISTRICT GENERAL INFORMATION

General Information

The District was formed in 1871 and is located in the County. The boundaries of the District encompass an area of approximately 7.0 square miles located approximately 5 miles south of San Diego. The District operates ten elementary schools for kindergarten through grade six, and two of those offer transitional kindergarten instruction. The enrollment in the District for 2021-22 school year is 4,445 students. The District's total assessed value in fiscal year 2021-22 is over $4.5 billion.

The District is a sponsor to one independent charter school in the District, known as Integrity Charter School, which serves approximately 380 students.

See also Appendix C hereto for demographic and other statistical information regarding the City and the County.

Administration

Governing Board. The District is governed by a five-member Governing Board, with each member elected to a four-year term. Elections for positions are held every two years, alternating between two and three available positions. The Board of Trustees is charged with the responsibility for the general policy and direction of education in the District based on State of California and Federal Constitutions and laws, and State Board of Education rules and regulations. The Governing Board acts as a committee of the whole for all matters concerning the District. All actions taken by the Governing Trustees are done in an appropriately noticed public meeting

Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

BOARD OF TRUSTEES
National School District

Name	Office	Term Expires
Maria Betancourt-Castaneda	President	December 2022
Maria Dalla	Member	December 2022
Michelle Gates	Member	December 2024
Rocina Lizarraga	Member	December 2024
Alma Sarmiento	Member	December 2022

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Leighangela Brady is currently the Superintendent and Arik Avanesyans is the Assistant Superintendent of Business.

Recent Enrollment and ADA Trends

The following table shows recent enrollment history and ADA for the District.

ANNUAL ENROLLMENT AND ADA
Fiscal Years 2016-17 through 2021-22 (Projected)(1)
National School District

School Year	Enrollment(1)	Percent Change	ADA	Percent Change
2016-17	5,412	--%	5,174	--%
2017-18	5,372	(0.7)	5,155	(0.4)
2018-19	5,191	(3.4)	4,980	(3.4)
2019-20(2)	5,046	(2.8)	4,820	(3.2)
2020-21	4,768	(5.5)	4,820	0.0
2021-22(3)	4,446	(6.8)	4,820	0.0

(1) Excludes independent charter school enrollment.
(2). The COVID-19 pandemic caused in-person school closures commencing in March 2020. ADA was generally subject to a hold harmless provision of State law thereafter, and as such budgeted ADA does not correspond with actual ADA.
(3) Projected.
Source: National School District.

Employee Relations

In fiscal year 2021-22 the District has 287.0 full time equivalent (**"FTE"**) certificated employees, 190.6 FTE classified employees and 37.7 management/Supervisor/Confidential FTE employees. District employees are represented by employee bargaining units as follows:

BARGAINING UNIT CONTRACTS
National School District

Name of Bargaining Unit	Current Contract Expiration Date
National City Elementary Teachers Association	June 30, 20__
California School Employees Association	June 30, 20__

Source: National School District.

District's Response to COVID-19 Pandemic

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

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

School districts funded under the LCFF will likely experience impacts on operating revenues due to the State's financial position including as impacted by the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on education funding cannot be fully predicted. See herein under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" for information on the State's current and proposed budgets.

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

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

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

Joint Powers Agreement and Joint Ventures; Risk Management

The District participates in two joint ventures under joint powers agreements ("**JPAs**") with the Southern California Regional Liability Excess Fund and the Protected Insurance Program for Schools for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The JPAs arrange for and/or provide coverage or services for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage or service requested and shares surpluses and deficits proportionately to their participation in the JPAs. The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

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

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

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

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

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

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

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

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is currently determined pursuant to LCFF, and <u>not</u> as a Basic Aid district.

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see "APPENDIX B – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2021 – Note A - Significant Accounting Policies" herein.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2021 Audited Financial Statements were prepared Wilkinson Hadley King & Co. LLP, San Diego, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office at 1500 'N' Ave National City, California 91950; telephone (619) 336-7500. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The District's general fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following tables show the audited income and expense statements for the District for fiscal years 2016-17 through 2020-21.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2016-17 and 2020-21 (Audited)
National School District

	2016-17 Audited	2017-18 Audited	2018-19 Audited	2019-20 Audited	2020-21 Audited
Revenues					
LCFF	$51,728,742	$51,649,838	$55,975,437	$55,660,042	$53,497,071
Federal Sources	4,002,546	3,580,286	3,970,088	3,815,284	11,948,739
State Sources	5,249,042	4,861,195	7,281,667	6,224,708	9,110,966
Interest	--	--	--	208,235	108,490
Fair Market Value Adjustment	--	--	--	--	71,643
Local Sources	5,004,654	5,250,288	5,337,870	4,943,972	5,840,596
Total Revenue	65,984,984	65,341,607	72,565,062	70,852,241	$80,577,505
Expenditures					
Instruction	39,710,158	40,624,058	47,605,102	47,381,096	47,496,359
Instruction - Related Services	5,969,506	6,209,003	6,667,798	6,619,404	6,310,440
Pupil Services	3,523,370	3,603,171	4,768,519	5,189,571	4,623,748
Ancillary Services	--	--	--	--	--
Community Services	397,314	89,487	88,850	84,879	86,368
General Administration	4,542,209	4,548,360	4,825,788	5,207,657	4,899,498
Plant Services	6,643,250	6,872,378	7,318,260	7,012,079	6,786,163
Other Outgo	144,936	206,502	225,197	323,459	326,792
Capital Outlay	1,371,068	1,620,972	1,683,235	935,856	676,692
Debt Service:					
Principal	125,523	798,366	818,661	1,058,628	453,230
Interest	6,542	74,442	54,147	33,852	39,114
Total Expenditures	62,433,876	64,646,739	74,055,557	73,846,481	71,698,404
Excess (deficiency) of revenues over (under) expenditures	3,551,108	694,868	(1,490,495)	(2,994,240)	8,879,101
Other financing (uses) sources:					
Transfers In	--	--	--	747	--
Transfers Out	--	--	(799,835)	--	--
Proceeds from Capital Leases	--	--	--	1,151,203	--
Other sources	--	2,620,332	--	--	--
Total other financing (uses) sources	--	2,620,332	(799,835)	1,151,950	--
Net Change in fund balances	3,551,108	3,315,200	(2,290,330)	(1,842,290)	8,879,101
Fund balances, July 1	11,790,276	15,341,383	18,656,583	16,366,253	14,523,963
Fund balances, June 30	$15,341,384	$18,656,583	$16,366,253	$14,523,963	$23,403,064

Source: National School District, Audited Financial Statements.

District Budget and Interim Financial Reporting

District Budget Process. 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 board of trustees 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 San Diego County Superintendent of Schools (the "**County Superintendent**"), which is a separate office independent of the County.

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

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

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that 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 is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

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

District's Budget Approval/Disapproval and Certification History*.* In the past five years, each of the District's interim reports has been certified as positive, and each of its budgets has been approved by the County Superintendent. The District's second interim report for fiscal year 2021-22 was certified as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 1500 'N' Ave National City, California 91950; telephone (619) 336-7500. Financial reports are also available online at the District's web site: www.reedschools.org. The contents of the District's web site are not incorporated herein by reference.

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District's General Fund Fiscal Year 2021-22. The following table shows the income and expense statements for the District's general fund for fiscal year 2021-22 (adopted budget and second interim projections).

NATIONAL SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance(1)
Fiscal Year and 2021-22 (Adopted Budget and Second Interim Projections)

Revenues	**Adopted Budget 2021-22**	**Second Interim 2021-22**
LCFF Sources	$58,092,155	$58,092,155
Federal Revenues	10,928,980	10,999,132
Other State Revenues	4,999,218	9,222,240
Other Local Revenues	5,820,676	5,834,870
Total Revenues	79,841,029	84,148,397
Expenditures		
Certificated Salaries	30,881,208	30,977,906
Classified Salaries	11,275,908	11,293,908
Employee Benefits	20,533,055	20,572,827
Books and Supplies	4,323,724	4,365,148
Services and Other Operating Expenditures	15,089,429	15,693,183
Capital Outlay	273,046	399,765
Other Outgo (Excluding Indirect Costs)	768,583	768,583
Other Outgo – Transfers of Indirect Costs	(495,993)	(495,993)
Total Expenditures	82,648,960	83,575,327
Excess of Revenues Over/(Under) Expenditures	(2,807,931)	573,070
Other Financing Sources (Uses)		
Operating Transfers In	--	--
Operating Transfers Out	--	--
Other Sources	--	--
Total Other Financing Sources (Uses)	--	--
Net Change In Fund Balance	(2,807,931)	573,070
Fund Balance, July 1	23,403,064	23,403,064
Other restatements	--	--
Adjusted beginning balance	--	--
Fund Balance, June 30	$20,595,133	$23,976,134

(1) Columns may not add to totals due to rounding.
Source: National School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements. See also above discussion under the heading "DISTRICT FINANCIAL INFORMATION - District Budget and Interim Financial Reporting - District's Budget Approval/Disapproval and Certification History."

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by LCFF-funded districts with ADA over 2,500 under certain circumstances. State law provides that in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts, the school district budget shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10% of those funds. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements under certain circumstances.

The District cannot predict if or when the foregoing reserve cap will be triggered, or when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending. The State's budget for fiscal year 2021-22 projects that the reserve cap may be triggered beginning in fiscal year 2022-23. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Attendance - LCFF Funding

Funding Trends. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth education funding trends in the District for fiscal years 2016-17 through 2021-22 (projected), not including other sources such as federal and local sources.

ADA AND LCFF AID FUNDING TRENDS
Fiscal Years 2016-17 through 2021-22 (Projected)
National School District

Fiscal Year	ADA	Total LCFF Funding
2016-17	5,174	$65,984,984
2017-18	5,155	65,341,607
2018-19	4,980	72,565,062
2019-20	4,820	70,852,241
2020-21	4,820	80,577,505
2021-22(1)	4,820	58,092,155

(1) Second Interim Projection.
Source: California Department of Education; National School District.

Unduplicated Count. The District has a Target Student unduplicated count of approximately ___% in fiscal year 2021-22. The District does not receive funding under LCFF so the unduplicated count does not impact the District's finances.

Possible Impacts of COVID-19. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the COVID-19 emergency, cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Global Pandemic."

Revenue Sources

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

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding.

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

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - State Funding of Education" below.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

District Retirement Systems

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

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

STRS EMPLOYER CONTRIBUTIONS
National School District
Fiscal Years 2016-17 through 2021-22 (Projected)

Fiscal Year	Amount*
2016-17	$4,444,040
2017-18	4,291,411
2018-19	8,848,156
2019-20	8,116,505
2020-21	7,824,527
2021-22(1)	8,602,404

*Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.
(1) Projected at Second Interim.
Source: National School District.

Prior to fiscal year 2014-15, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. School districts were required to contribute by statute 8.25% of eligible salary expenditures and participants contributed 8% of their respective salaries. However, in September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming contribution rates at that time continued and other actuarial assumptions were realized. This shortfall resulted from the combination of investment losses and insufficient statutory contribution rates. To address this problem, in connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**). AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the **"2014 Liability"**) within 32 years by increasing member, K-14 school district and State contributions to STRS. Under AB 1469, K-14 school districts' contribution rates increased from fiscal year 2014-15 through 2020-21 as shown in the following table, along with projections for the employer rates for fiscal years 2021-22 through 2023-24.

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

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

(1) Reduced from 18.13% under AB 1469 to 17.10% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.
(2) Reduced from 19.10% under AB 1469 to 16.15% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.
(3) Projected.
Source: AB 1469; STRS

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

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

PERS EMPLOYER CONTRIBUTIONS
National School District

Fiscal Year	Amount
2016-17	$1,000,924
2017-18	1,247,283
2018-19	2,286,223
2019-20	1,912,954
2020-21	1,951,920
2021-22[1]	2,088,701

(1) Projected at Second Interim.
Source: National School District.

The PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $32.7 billion as of June 30, 2020 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next subsequent three years according to the following schedule.

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

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

Source: PERS.

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

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

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

Fiscal Year	Employer Contribution Rate[2]
2021-22	22.910%
2022-23	26.100
2023-24	27.100

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll. Rates have been reduced following adoption of the fiscal year 2020-21 State Budget and SB 90 and AB 84.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

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

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

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

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

Other Post-Employment Retirement Benefits

The Plan Generally. The District's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a dedicated trust.

Membership of the Retirement Plan consists of 94 retirees and beneficiaries currently receiving benefits and 490 active plan members as of the December 31, 2020 measurement date.

Benefits Provided. The district will contribute health and welfare benefits to eligible retirees, their spouses and dependents until the employee becomes eligible for other health and welfare benefits. See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2021 - Note P- Other Post Employment Benefits."

Contributions. The District makes contributions to the Plan on a pay-as-you-go basis at 100% of the premium for certificated employees and a pro-rated premium for classified employees. For the fiscal year ended June 30, 2021, the District made 100% of premium payments.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2021 is shown in the following table:

CHANGES IN NET OPEB LIABILITY
National School District
Fiscal Year 2020-21

	Total OPEB Liability
Balance at June 30, 2020	$14,006,031
Service Cost	1,094,647
Interest	431,640
Changes in assumptions	803,515
Experience differences	(221,811)
Benefit payments[(1)]	(641,576)
Net changes	1,466,415
Balance at June 30, 2021	$15,472,446

(1) Includes refunds of member contributions.
Source: District Audit Report.

OPEB Expense. For the fiscal year ended June 30, 2021, the District recognized an OPEB expense of $1,285,239.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note P of Appendix B to the Official Statement.

Existing Debt Obligations

In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bond indebtedness from the general fund, as summarized below. The District does not have other long term debt in the form of capital leases or other financing leases outstanding.

General Obligation Bonds. The District has issued general obligation bonds which are described in the following table. Such general obligation bonds are payable from *ad valorem* property taxes levied for that purpose on taxable properties within the District.

Summary of Outstanding General Obligation Bond Debt
National School District

Date of Issue (Issue)	Date of Issue	Interest Rates	Final Maturity Date	Original Par Amount	Outstanding April 1, 2022
2014 Election - Series A	05/15/15	3.00 - 5.00%	08/01/45	$18,000,000	
2014 Election - Series B	07/27/16	2.00 - 4.00%	08/01/46	8,100,000	
2016 Election - Series A	11/16/20	1.15%	08/01/26	3,000,000	
Total	--	--	--	$29,100,000	

**Expected to be refinanced in part with the proceeds of the Bonds. See "THE REFINANCING PLAN" in the front section of this Official Statement.*

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the San Diego County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies, which may impose limitations beyond those required by the Government Code. See APPENDIX G hereto for a copy of the County's Investment Policy and recent investment report.

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive most of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

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

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State.

Neither the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

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

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

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

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

Recent State Budgets

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

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's

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

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

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

The 2021-22 State Budget

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

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

For fiscal year 2020-21, the 2021-22 State Budget projects total general fund revenues and transfers of $188.8 billion and authorizes expenditures of $166.1 billion. The State is projected to end the 2020-21 fiscal year with total available reserves of $39.8 billion, including $25.1 billion in the traditional general fund reserve, $12.3 billion in the State's Budget Stabilization Account (**"BSA"**), $1.9 billion in the Public School System Stabilization Account (**"PSSSA"**) and $450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the 2021-22 State Budget projects total general fund revenues and transfers of $175.3 billion and authorizes expenditures of $196.4 billion. The State is projected to end the 2021-22 fiscal year with total available reserves of $25.2 billion, including $4 billion in the traditional general fund reserve, $15.8 billion in the BSA,

$4.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The balance in the PSSSA in fiscal year 2021-22 is projected to trigger school district reserve caps under Education Code Section 42127.01 beginning in fiscal year 2022-23.

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

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

- *Local Control Funding Formula* – The 2021-22 State Budget funds a compounded COLA of 4.05%, representing an adjustment of 2.31% allocable to fiscal year 2020-21 and a fiscal year 2021-22 adjustment of 1.7%. Additionally, to assist local educational agencies address ongoing fiscal pressures, the 2021-22 State Budget also includes $520 million in Proposition 98 funding to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in a 5.07% growth in LCFF funding over 2020-21 levels. In addition, to increase the number of adults providing direct services to students on school campuses, the 2021-22 State Budget includes an ongoing increase to the LCFF Concentration Grant of $1.1 billion, an increase from 50% to 65%. See "– State Funding of Education – Local Control Funding Formula" herein. Local educational agencies that are recipients of these funds will be required to demonstrate in their LCAPs how these funds are used to increase the number of certificated and classified staff on their campuses, including school counselors, nurses, teachers, paraprofessionals, custodial staff, and other student support providers.

- *Deferrals* – The State budget for fiscal year 2020-21 deferred approximately $1.9 billion in K-12 apportionments in fiscal year 2019-20, growing to more than $11 billion in fiscal year 2020-21. The 2021-22 State Budget eliminates in its entirety all K-12 deferrals in fiscal year 2021-22.

- *Universal Transitional Kindergarten* – The 2021-22 State Budget includes a series of provisions intended to incrementally establish a universal transitional kindergarten for four-year-old children. Full implementation is expected by fiscal year 2025-26. Local educational agencies will able to use fiscal year 2021-22 for planning and infrastructure development. The 2021-22 State Budget indicates that the costs to the State general fund of the plan are projected to be approximately $600 million in fiscal year 2022-23, growing to approximately $2.7 billion in fiscal year 2025-26. The 2021-22 State Budget includes $200 million in one-time Proposition 98 funding for planning and implementation grants for all local educational agencies, and $100 million in one-time Proposition 98 funding to train and increase the number of early childhood educators. To build on and enhance the quality of the existing transitional kindergarten program, the 2021-22 State Budget also proposes new ongoing Proposition 98 funding beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom, reducing adult-to-child ratios from 1:24 to 1:12.

- *Student Supports* – $3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. In addition, the 2021-22 State Budget provides $547.5 million in one-time Proposition 98 funding to assist high school students, particularly those that are eligible for free and/or reduced priced meals, English learners or foster youth, to graduate having completed certain classes required for admission to the California State University and University of California systems.

- *County Offices of Education*. In recognition of the disproportionate impact of the COVID-19 pandemic on youth in foster care, the 2021-22 State Budget provides $30 million in one-time Proposition 98 funding to county offices of education to work with local partners to coordinate and provide direct services to these students.

- *Expanded Learning Time* – $1.8 billion of Proposition 98 funding as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their number of low-income students, English language learners, and youth in foster care, with local educational agencies with the highest concentrations of these students receiving a higher funding rate. All local educational agencies will be required to offer expanded learning opportunities to the students generating the funding, with the local educational agencies receiving the higher funding rate required to offer expanded learning opportunities to all students. Students will have access to no-cost after school and summer programs, which when combined with regular instructional time, is expected to provide these students with the opportunity for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for six weeks each summer. Additionally, these programs will be required to maintain adult-to-student ratios of no less than 1:10 for transitional kindergarten and kindergarten students and 1:20 for students in first through sixth grades.

- *Educator Preparation, Retention and Training* – $2.9 billion to support a variety of initiatives intended to further expand the State's educator preparation and training infrastructure, including meeting the needs of early childhood educators.

- *Nutrition* – $54 million in additional Proposition 98 funding to reimburse all meals served to students, including those who would not normally qualify for reimbursement under the State's existing meal program. Beginning in fiscal year 2022-23, all public schools will be required to provide two free meals per day to any student who requests one, regardless of income eligibility. Further, all schools eligible for the federal universal meals provision program will be required to apply for it, and the State will cover any remaining unreimbursed costs up to the federal free per-meal rate, at an estimated annual cost of $650 million in Proposition 98 funding. Additionally, the 2021-22 State Budget provides $150 million in one-time Proposition 98 funding for school districts to upgrade kitchen infrastructure and equipment, and to provide training to food service employees.

- *Remote Learning* – The 2021-22 State Budget requires that all districts return to full-time in-person instruction for the 2021-22 school year. Consistent with all school years prior to fiscal year 2020-21, this mode of instruction will be the default for all students, and generally one of only two ways in which local educational agencies can earn State apportionment funding in fiscal year 2021-22. However, to give families a high-quality option for non-classroom based instruction, and to provide local educational agencies with an option to generate state funding by serving students outside the classroom in response to parent requests, the Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the state's existing independent study programs.

- *Special Education* – $1.7 billion to invest in and improve instruction and services for students with disabilities to provide, among other things, learning recovery support, an increase in the State-wide base funding rate for special education funding, a 4.05% COLA to State special education funding, and early intervention services for preschool-aged children.

- *Career Technical Education ("**CTE**")* – An increase of $150 million in ongoing Proposition 98 funding to augment opportunities for local educational agencies to participate in the CTE Incentive Grant Program. The 2021-22 State Budget also provides an increase of $86.4 million in one-time Proposition 98 funding for CTE regional occupational centers or programs operated by joint powers authorities to address costs associated with the COVID-19 pandemic.

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

The 2022-23 Proposed State Budget

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

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

Highlights of the 2022-23 Proposed State Budget are:

- To address COVID-19, a request for early action to allocate an additional $1.4 billion for the remainder of the 2021-22 fiscal year, and reflects $1.3 billion for 2022-23 to continue COVID-19 efforts in the 2022-23 fiscal year.

- To permanently expand the State's ability to protect public health and address social determinants of health, includes $300 million General Fund for the Department of Public Health and local health jurisdictions and also includes major ongoing investments to modernize public health data systems that have been critical during the COVID-19 pandemic.

- Total funding of $119 billion for K-12 education, with K-12 per-pupil funding of $15,261 Proposition 98 General Fund, its highest level ever, and $20,855 per pupil when accounting for all funding sources.

- $1 billion Proposition 98 General Fund to universal transitional Kindergarten to all four-year-olds, increasing access to at least 56,000 children and reducing student-to-adult ratios, with full implementation planned by 2025-26.

- $309 million total funds to focus the State preschool program to better serve dual language learners and students with disabilities.

- $3.4 billion Proposition 98 General Fund ongoing to support for after-school and summer program, with access to expanded-day, full-year instruction and enrichment for all elementary school students and an additional $937 million Proposition 98 General Fund to support integrating arts and music into enrichment programs.

- $500 million in additional tax relief over several years for the small business relief program through state conformity for qualified California recipients of federal relief grants in significantly impacted industries.

- $150 million one-time General Fund to support small businesses previously waitlisted in prior rounds of the State's Small Business COVID-19 Relief Grant Program.

- $3 billion General Fund over the next two years to reduce the Unemployment Insurance Trust Fund debt owed to the federal government.

- $1.7 billion to expand the State's health and human services workforce, including training strategies to increase the State's workforce of nurses, social workers, emergency medical technicians, behavioral health care providers, and community health care workers.

- $35 million General Fund o create regional workforce development and training hubs focused on climate change and $30 million General Fund over two years to train, develop, and certify forestry professional

- $1.2 billion over two years to continue investments in forest health and fire prevention, including a major new reforestation effort.

- $750 million General Fund to address immediate drought response needs, including $250 million set aside as a contingency.

- $9.1 billion ($4.9 billion General Fund and $4.2 billion Proposition 1A bond funds) to support the continued development of a first-in-the-nation, electrified high-speed rail system, regional transit and rail projects, bicycle and pedestrian projects, and climate adaptation projects, with a particular focus on aligning the State's transportation system with its climate goals.

- $6.1 billion (General Fund, Proposition 98 General Fund, federal funds, and Greenhouse Gas Reduction Fund) over five years, which builds on last year's unprecedented zero-emission package, for a total of $10 billion to advance California's climate and transportation goals.

- $2 billion General Fund over two years to provide incentives for long-duration-storage projects, renewable hydrogen, and industrial decarbonization, including in the food processing sector.

- $1.5 billion over two years to accelerate the development of affordable housing.

- $30 million to create the Office of Health Care Affordability, charged with increasing the transparency of pricing, developing specific cost targets for different sectors of the health care industry, and imposing financial consequences for entities failing to meet these targets.

- $2 billion General Fund over two years to continue the State's efforts to address homelessness by investing in behavioral health housing and encampment cleanup grants.

- $285 million General Fund over three years for grants to bolster local law enforcement response to organized retail theft crime, as well as to assist local prosecutors in holding perpetrators accountable and $18 million General Fund over three years for the Attorney General to prosecute organized retail theft crimes.

- $5 million ongoing General Fund for the Attorney General to continue leading anti-crime task forces throughout the State.

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

Disclaimer Regarding State Budgets

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

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

Availability of State Budgets

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

Uncertainty Regarding Future State Budgets

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* property tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978, (b) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on 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 (c) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA 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 XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID 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 XIIIC and XIIID (respectively, **"Article XIIIC"** and **"Article XIIID"**), 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 XIIIC 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 XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections , and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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

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

Proposition 98

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

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K 14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

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

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

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

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

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

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

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of State 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 XIIIB by reference to *per capita* personal income) and enrollment (the **"second test"**). Under Proposition 111, schools will receive the greater of (a) the first test, (b) the second test, or (c) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the **"third test"**). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (a) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (b) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (c) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. The extensions did not apply to the sales tax and excise taxes imposed by Proposition 30. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

California Senate Bill 222

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

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (**"Proposition 19"**), which amends Article XIIIA to (i) expand as of April 1, 2021 special rules that govern the transfer of a residential property's tax base value to a replacement residence for homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home anywhere within the State, (ii) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Future Initiatives

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

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APPENDIX B

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

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF NATIONAL CITY AND THE SAN DIEGO COUNTY

*The following information concerning the San Diego County (the "**County**") and the City of National City (the "**City**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State or any of its political subdivisions, other than the District, and neither the City, the State nor any of its political subdivisions, other than the District, is liable therefor.*

The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors. For more information on the impact of the COVID-19 pandemic, see "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic" herein. See also references to COVID-19 in the section entitled "PROPERTY TAXATION", and in APPENDIX A under the heading "DISTRICT GENERAL INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

General

The City. The City boundaries encompass 9.2 square miles within southern San Diego County, located 5 miles south of downtown San Diego, on San Diego Bay, and 10 miles north of Baja California, Mexico. The City is bordered by San Diego to the north and east, Chula Vista to the south, the unincorporated areas of Lincoln Acres and Bonita to the south and southeast, and San Diego Bay to the west. The City is a municipal corporation and a charter city, incorporated September 17, 1887, and duly organized and existing under the constitution and laws of the State. The City is the second-oldest city in the County.

The County. The County is the southernmost major metropolitan area in the State. The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the border with Mexico to Orange County, and inland 75 miles to Imperial County. The County is approximately the size of the State of Connecticut.

The County possesses a diverse economic base consisting of electronics manufacturing and shipbuilding, tourism, biotech and software development, and defense-related industries. The County is also growing as a center for culture and education. Over 30 recognized art organizations including the San Diego Opera, the Old Globe Theater productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in the County.

The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, and is amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

Population

The most recent estimate of the County's population at January 1, 2021 was 3,315,404 persons according to the State Department of Finance. The City has an estimated population of 62,749 persons at January 1, 2021. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

SAN DIEGO COUNTY
Population Estimates
Calendar Years 2017 through 2021
(As of January 1st)

	2017	**2018**	**2019**	**2020**	**2021**
Carlsbad	113,321	113,994	113,986	114,664	115,501
Chula Vista	266,427	268,588	271,362	273,384	274,449
Coronado	24,314	21,416	23,880	21,422	22,357
Del Mar	4,286	4,289	4,288	4,271	4,258
El Cajon	103,778	103,954	103,741	103,576	103,243
Encinitas	62,347	62,394	62,296	62,243	62,289
Escondido	150,798	151,068	151,311	151,803	151,688
Imperial Beach	27,528	27,599	27,869	27,978	27,774
La Mesa	59,965	60,057	59,833	59,621	59,578
Lemon Grove	26,609	26,575	26,515	26,432	26,345
National City	**61,802**	**62,673**	**62,701**	**62,496**	**62,749**
Oceanside	176,145	176,569	177,365	176,969	176,754
Poway	49,539	49,518	49,343	49,096	48,936
San Diego	1,400,582	1,416,956	1,421,675	1,421,462	1,411,034
San Marcos	94,081	95,032	96,865	97,281	96,302
Santee	56,245	56,450	57,308	57,430	56,800
Solana Beach	13,774	13,866	13,876	13,872	13,827
Vista	102,136	102,498	102,277	102,570	103,268
Balance Of County	509,689	507,622	506,828	504,709	498,252
Total	**3,303,366**	**3,321,118**	**3,333,319**	**3,331,279**	**3,315,404**

Source: State Department of Finance estimates.

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Employment and Industry

The District is included in the San Diego-Carlsbad Metropolitan Statistical Area ("**MSA**"), which includes all of San Diego County. The unemployment rate in the San Diego County was 4.0% in February 2022, down from a revised 4.7% in January 2022, and below the year-ago estimate of 7.9%. This compares with an unadjusted unemployment rate of 4.8% for California and 4.1% for the nation during the same period.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2017 through 2021.

SAN DIEGO-CARLSBAD MSA
(San Diego County)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2021 Benchmark)

	2017	2018	2019	2020	2021
Civilian Labor Force [(1)]	1,570,800	1,579,600	1,582,900	1,542,000	1,543,700
Employment	1,507,200	1,526,100	1,531,000	1,395,700	1,443,800
Unemployment	63,600	53,500	51,800	146,200	99,900
Unemployment Rate	4.0%	3.4%	3.3%	9.5%	6.5%
Wage and Salary Employment: [(2)]					
Agriculture	8,700	9,300	9,700	9,200	8,800
Mining and Logging	300	400	400	300	300
Construction	79,500	83,700	84,000	81,300	83,400
Manufacturing	109,400	112,300	115,700	113,800	114,100
Wholesale Trade	43,800	43,800	44,000	41,300	41,700
Retail Trade	148,900	147,900	145,600	133,200	137,800
Transportation, Warehousing, Utilities	32,000	33,300	34,300	33,300	36,800
Information	23,400	23,600	23,500	22,100	22,200
Finance and Insurance	46,300	46,700	46,400	46,200	46,500
Real Estate and Rental and Leasing	28,400	29,300	30,200	28,600	28,900
Professional and Business Services	239,100	249,000	255,800	248,300	264,900
Educational and Health Services	204,300	208,900	216,600	210,900	215,700
Leisure and Hospitality	195,600	199,600	201,700	144,800	161,600
Other Services	55,000	55,500	56,400	44,800	47,300
Federal Government	46,900	47,100	47,600	48,600	47,700
State Government	49,300	50,700	50,400	48,200	50,300
Local Government	150,100	150,300	150,600	140,200	139,400
Total, All Industries [(3)]	1,460,900	1,491,400	1,512,800	1,394,900	1,447,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table shows the major employers in the County as of March 2022, in alphabetical order without regard to the number of employees.

SAN DIEGO COUNTY
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
32nd St Naval Station	San Diego	Federal Government-National Security
Ceasar Entertainment	Valley Center	Restaurants
Employees'association-Sdg-E	San Diego	Gas Companies
General Dynamics NASSCO	San Diego	Ship Builders & Repairers (mfrs)
Illumina Inc	San Diego	Biotechnology Products & Services
Kaiser Permanente Vandever Med	San Diego	Physicians & Surgeons
MCCS MCRD SN DIEGO-MRNE CORPS	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Page One Seo	San Diego	Mental Health Services
Palomar Pomerado Health Rehab	Escondido	Rehabilitation Services
Rady Children's Hospital	San Diego	Hospitals
San Diego Community College	San Diego	Junior-Community College-Tech Institutes
San Diego County Sheriff	Santee	Police Departments
Scripps Mercy Hosp Sn Diego	San Diego	Hospitals
Scripps Research Institute	La Jolla	Laboratories-Research & Development
Seaworld San Diego	San Diego	Water Parks
Sharp Grossmont Hospital	La Mesa	Hospitals
Sharp Grossmont Rehab Ctr	La Mesa	Rehabilitation Services
Sharp Mary Birch Hosp	San Diego	Hospitals
Sharp Memorial Hospital	San Diego	Hospitals
Sony Electronics	San Diego	Electronic Equipment & Supplies-Retail
UC San Diego Health	San Diego	Health Care Management
Ucsd-Neural Computation	La Jolla	University-College Dept/Facility/Office
University of California	La Jolla	University-College Dept/Facility/Office
University-Calfornia Sn Diego	La Jolla	Schools-Universities & Colleges Academic

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

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Effective Buying Income

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

The following table summarizes the median household effective buying income for the *City*, the County, the State of California, and the United States for the years 2018 through 2022.

CITY OF NATIONAL CITY, SAN DIEGO COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES
Median Household Effective Buying Income
as of January 1, 2018 through 2022

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2018	City of National City	$840,638	$40,978
	San Diego County	96,442,532	61,649
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of National City	$890,275	$42,706
	San Diego County	102,896,146	65,279
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of National City	$936,195	$44,091
	San Diego County	108,796,519	68,543
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of National City	$965,989	$45,388
	San Diego County	111,133,834	70,396
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of National City	$1,098,138	$50,663
	San Diego County	127,272,831	80,233
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448

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

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

Total taxable sales during the first three quarters of calendar year 2021 in the City were reported to be $1,370,693,437, a 30.21% increase over the total taxable sales of $1,052,694,128 reported during the first three quarters of calendar year 2020.

CITY OF NATIONAL CITY
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	1,329	$1,378,584	1,887	$1,568,106
2017	1,359	1,385,353	1,907	1,583,376
2018	1,382	1,408,863	1,985	1,614,530
2019	1,416	1,419,335	2,046	1,649,049
2020	1,516	1,234,293	2,231	1,449,478

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2021 in the County were reported to be $1,370,693,437, a 30.24% increase over the total taxable sales of $1,052,424,028 reported during the first three quarters of calendar year 2020.

SAN DIEGO COUNTY
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	58,391	$38,576,363	95,435	$55,407,867
2017	59,798	39,814,505	97,412	56,993,548
2018	59,836	41,886,825	100,674	59,041,042
2019	59,447	42,748,210	101,901	61,106,480
2020	62,897	40,893,921	109,428	58,183,067

Source: State Department of Tax and Fee Administration.

Construction Activity

Provided below are the building permits and valuations for the City and County for calendar years 2016 through 2020.

CITY OF NATIONAL CITY
Total Building Permit Valuations
(Valuations in Thousands)

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$1,865.0	$1,528.9	$1,959.8	$4,616.9	$2,540.6
New Multi-family	50,000.0	13,651.8	41,737.0	894.7	21,897.8
Res. Alterations/Additions	3,365.9	3,208.6	7,236.7	17,675.0	352,353.2
Total Residential	55,230.9	18,389.3	50,933.5	23,186.6	376,791.6
New Commercial	5,380.6	7,019.5	6,228.9	518.7	498.2
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	363.0	571.1	1,788.0	493.9	375.0
Com. Alterations/Additions	10,105.3	13,333.6	14,672.3	21,885.7	16,034.9
Total Nonresidential	15,848.9	20,924.2	22,689.2	22,898.3	16,908.1
New Dwelling Units					
Single Family	9	7	9	15	10
Multiple Family	92	116	152	15	165
TOTAL	101	123	161	30	175

Source: Construction Industry Research Board, Building Permit Summary

SAN DIEGO COUNTY
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2016 through 2020

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$833,134.7	$1,378,079.4	$1,201,187.4	$1,022,156.9	$880,186.3
New Multi-family	1,256,903.4	912,036.6	992,359.0	668,849.0	1,131,395.7
Res. Alterations/Additions	382,198.9	342,709.7	480,327.0	393,649.1	636,336.6
Total Residential	2,472,236.9	2,632,825.7	2,673,873.4	2,084,655.0	2,647,918.6
New Commercial	560,233.2	770,075.8	510,108.1	861,274.4	614,392.2
New Industrial	18,721.2	68,351.7	25,882.0	40,892.2	39,461.0
New Other	317,405.1	443,191.1	239,647.3	223,176.2	348,381.2
Com. Alterations/Additions	981,463.0	1,089,684.1	1,126,206.0	1,234,198.2	971,565.6
Total Nonresidential	1,877,822.5	2,371,302.7	1,901,843.4	2,359,541.0	1,973,800.0
New Dwelling Units					
Single Family	2,420	3,960	3,438	3,045	3,160
Multiple Family	7,680	6,056	6,132	4,405	6,326
TOTAL	10,100	10,016	9,570	7,450	9,486

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

_______, 2022

Governing Board
National School District
1500 'N' Ave,
National City, California 91950

OPINION: $__________ National School District
(San Diego County, California)
General Obligation Bonds Election of 2016, Series B

Members of the Governing Board:

We have acted as bond counsel to the National School District (the "District") in connection with the issuance by the District of $___________ principal amount of National School District (San Diego County, California) General Obligation Bonds Election of 2016, Series B, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution adopted by the Governing Board of the District (the "Board") on April 27, 2022 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of San Diego is obligated to levy *ad valorem*

taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$__________________
NATIONAL SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds
Election of 2016, Series B

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the National School District (the "**District**") in connection with the issuance and delivery of the captioned bonds (the "**Bonds**"). The captioned Bonds are being issued pursuant to a resolution adopted by the Governing Board of the District on April 27, 2022 (the "**Resolution**"). The County of San Diego acting through the Office of the Treasurer-Tax Collector, as agent for San Diego County, is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

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

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

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently March 31).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

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

"*Paying Agent*" means the County of San Diego, through its agent, The County of San Diego acting through the Office of the Treasurer-Tax Collector, Dallas, Texas, or any successor thereto.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

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

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

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year, as follows:

(i) total assessed valuation of taxable properties in the District;

(ii) total assessed valuation of taxable properties of the top twenty taxpayers in the District;

(iii) property tax collection delinquencies for the District, but only if *ad valorem* taxes for general obligation bonds are not collected on the County's Teeter Plan and such information is available from the County at the time of filing the Annual Report; and

(iv) the District's most recently adopted budget available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of 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.

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

Section 5. <u>Reporting of Significant Events</u>.

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

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

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

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

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

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

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

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

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of

U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

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

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

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

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

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

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

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

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

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

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

Date: ________, 2022

NATIONAL SCHOOL DISTRICT

By: ________________________________

Name: ______________________________

Title: _______________________________

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

APPENDIX G

SAN DIEGO COUNTY INVESTMENT POLICY AND REPORT

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY