

**ORCUTT UNION SCHOOL DISTRICT**

Special Meeting

of the Board of Trustees

Wednesday, June 14, 2023

District Office Board Room

500 Dyer St., Orcutt, CA 93455

**Open Session at 6:00 p.m.**

**I. OPEN SESSION 6:00 PM**

A. Call Meeting to Order

B. Pledge of Allegiance

C. Adoption of the June 14, 2023 Agenda

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

**II. PUBLIC COMMENT PERIOD**

The Board of Trustees welcomes comments about items appearing or not appearing on tonight's agenda. The audience members wishing to address the Board during the Public Comment segment of the agenda are reminded to fill out a *Public Comment Form*, which can be obtained from Julie Payne and submitted prior to the time the presiding officer calls for Public Comment. Requests to speak can also be emailed to Julie Payne at [jpayne@orcutt-schools.net](mailto:jpayne@orcutt-schools.net) and state that you want to make a public comment and indicate what agenda item you would like to speak about. An item not on the agenda must be addressed during the Public Comment segment of the agenda.

A maximum of thirty (30) minutes is set aside for Public Comment; speakers are allowed a maximum of three (3) minutes to address the Board on any item within the Board's jurisdiction in accordance with the Brown Act. The Board will limit any response to public comment to brief statements, referral to staff, or referral to a future board meeting.

**III. CONSENT AGENDA**

Items listed under the Consent Agenda are considered to be routine and are acted on by the Board of Trustees in one motion. There is no discussion of these items before the Board vote unless requested because the Board receives Board agenda backup information ahead of scheduled meetings. It is understood that the Administration recommends approval on all Consent Items. Each item on the Consent Calendar approved by the Board of Trustees shall be deemed to have been considered in full and adopted as recommended.

A. Classified Personnel Action Report

B. Certificated Personnel Action Report

C. Approval of June 7, 2023 Regular Board Meeting Minutes

D. Copier Lease Agreement with the Ray Morgan Company for the 2023-2024 School Year

E. Contract with EDPRESS for Website Hosting Services for the 2023-2024 School Year

It is recommended that the Board of Trustees approve the Consent Agenda Items A-E, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

**IV. ITEMS SCHEDULED FOR ACTION**

**A. BUSINESS SERVICES**

1. 2023-2024 Orcutt Union School District Budget Adoption

It is recommended that the Board of Trustees adopt the 2023-2024 Orcutt Union School District Budget, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

2. Resolution No. 23 Commit and Uncommit the General Fund Balance

It is recommended that the Board of Trustees adopt Resolution No. 23 Commit and Uncommit the General Fund Balance, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

3. Resolution No. 24 A Resolution of the Board of Trustees of the Orcutt Union School District Authorizing the Issuance of Orcutt Union School District Election of 2016 General Obligation Bonds, Series C, and Actions Related Thereto

It is recommended that the Board of Trustees adopt Resolution No. 24 Authorizing the Issuance of Orcutt Union School District Election 2016 General Obligation Bonds, Series C, and Actions Related Thereto, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

4. Grant Agreement with the Santa Barbara County Air Pollution Control District for the Purchase of an Electric School Bus

It is recommended that the Board of Trustees approve the Grant Agreement with the Santa Barbara County Air Pollution Control District for the Purchase of an Electric School Bus, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

5. Memorandum of Understanding between Orcutt Union School District and the Santa Barbara County Office of Education for District Property located at 3491 Point Sal Road, Casmalia

It is recommended that the Board of Trustees approve the Memorandum of Understanding between Orcutt Union School District and the Santa Barbara County Office of Education for District Property located 3491 Point Sal Road, Casmalia, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

**B. EDUCATIONAL SERVICES**

1. Adoption of the 2023-2024 Orcutt Union School District Local Control and Accountability Plan (LCAP)

It is recommended that the Board of Trustees adopt the Orcutt Union School District 2023-2024 Local Control and Accountability Plan (LCAP), as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

2. Adoption of the 2023-2024 Orcutt Academy Charter Local Control and Accountability Plan (LCAP)

It is recommended that the Board of Trustees adopt the Orcutt Academy Charter 2023-2024 Local Control and Accountability Plan (LCAP), as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

**C. HUMAN RESOURCES**

1. Resolution No. 25 2023-2024 District Waiver of Credential Authorization

It is recommended that the Board of Trustees adopt Resolution No. 25 2023-2024 District Waiver of Credential Authorization, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

2. Resolution No. 26 2023-2024 Charter Waiver of Credential Authorization

It is recommended that the Board of Trustees adopt Resolution No. 26 2023-2024 Charter Waiver of Credential Authorization, as submitted.

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

**V. PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS**

General public comment on any closed session item will be heard. Speakers are allowed a maximum of three (3) minutes to address the Board on any closed session items in accordance with the Brown Act. The Board will limit any response to public comments to brief statements, referral to staff, or referral to a future board meeting. The Board may limit comments to no more than 30 minutes pursuant to Board Policy.

- A. Motion to Adjourn to Closed Session

Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

**VI. ADJOURN TO CLOSED SESSION (If Needed)**

- A. Conference with Legal Counsel Regarding Existing Litigation pursuant to California Government Code section 54956.9(d)(1):
- B. Conference with Legal Counsel Regarding Anticipated Litigation.
  - 1. Significant exposure to litigation pursuant to California Government Code, section 54956.9(2) or (3)
- C. Conference with Labor Negotiator. Agency representative, Susan Salucci, Assistant Superintendent of Human Resources. Employee Organization: Orcutt Educators Association; California School Employees Association.
- D. Conference with Labor Negotiator. Agency representative: Dr. Holly Edds,

- Superintendent. Employee Organization: Unrepresented employees
- E. Conference with Labor Negotiator. Agency representative, Board President.  
Unrepresented employee: Superintendent
- F. Public Employee Discipline/Dismissal/Release/Complaint
- G. Public Employee Evaluation of Performance
- H. Student Discipline or Other Confidential Student Matters

**VII. RECONVENE TO PUBLIC SESSION (If Needed)**

- A. Motion to Reconvene to Public Session  
Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_
- B. Report of Action Taken in Closed Session

**VIII. BOARD/SUPERINTENDENT GOVERNANCE RETREAT**

**IX. GENERAL ANNOUNCEMENTS**

- A. Unless otherwise noticed, the next regular Board meeting is scheduled for Wednesday, August 9, 2023, beginning with Closed session at 6:05 p.m., Open Session at 6:30 p.m. in the District Office Board Room, 500 Dyer St., Orcutt, CA 93455

**X. ADJOURN**

- A. Motion to Adjourn the Meeting  
Moved \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, including language interpretation services please contact the Superintendent's Office at (805) 938-8907. Notification 48 hours prior to the meeting will enable the district to make reasonable arrangements to ensure accessibility to this meeting. All documents related to the open session agenda are available for review 72 hours prior to the meeting at the Orcutt Union School District Office, 500 Dyer Street, Orcutt, CA.



## Orcutt Union School District

### Classified Personnel Action Report

June 14, 2023

TO: Holly Edds, Ed.D.

FROM: Susan Salucci, Assistant Superintendent/Human Resources

RE: Recommendations for Board Approval

Name	Site/Dept.	Classification	Step/ Range	Hours	Rate of Pay	Effective	Action/Information
Bouwmeester, Heather	Child Nutrition	Child Nutrition Worker	8/1	3.0	\$16.50 per hr.	08/08/2023	New hire
Cerrillo, Amanda	Dunlap	Instructional Assistant	8/6	3.75	\$20.66 per hr.	06/30/2023	Resignation
Chavez, Daisy	Pine Grove	Instructional Assistant, 1	12/3	3.5	\$19.70 per hr.	06/30/2023	Resignation
Granada, Linsey	Alice Shaw	Instructional Assistant, 2	13/6	6.0	\$23.37 per hr.	08/08/2023	Rehire
Metzler, Chelsea	Pine Grove	Child Care Assistant	8/4	2.75	\$18.74 per hr.	05/22/2023	Resignation
Paige, Jen	Patterson	Office Manager	22/2	8.0	\$22.86 per hr.	06/30/2023	Resignation
Pandac, Philbert	Pupil Services	Behavior Intervention Specialist	1/VI	8.0	\$104,996 per yr.	07/01/2023	New hire
Paquet, Alexandria	Pine Grove	Instructional Assistant, 1	12/1	3.5	\$17.87 per hr.	06/30/2023	Resignation



# Orcutt Union School District

## Certificated Personnel Action Report

June 14, 2023

TO: Dr. Holly Edds, Superintendent

FROM: Susan Salucci, Assistant Superintendent / Human Resources

RE: Recommendations for Board Approval and Ratification

<b>NAME</b>	<b>SCHOOL</b>	<b>CLASS/STEP</b>	<b>SALARY</b>	<b>EFFECTIVE DATE</b>	<b>ACTION INFORMATION</b>
Garza, Linda	District	VI-20	\$115,595*	2023-24	Approval of Temporary Contract, 40%
Norling, Michaela	Joe Nightingale	VI-8	\$82,911*	1/8-3/28/24	Request Unpaid Leave of Absence
Reyes, Stephanie	Joe Nightingale	II-1	\$54,677 \$7,500	2023-24	Approval of Probationary Contract Signing Bonus, paid over 2 years

\*To be prorated

**Orcutt Union School District  
Board of Trustees  
Regular Meeting Minutes  
June 7, 2023**

**CALL TO ORDER**

A regular meeting of the Board of Trustees of the Orcutt Union School District was held on Wednesday, May 10, 2023, in the District Board Room, beginning with Shaun Henderson calling Public Session to order at 6:00 p.m. The Pledge of Allegiance was led by Joe Dana. It was moved by Liz Phillips seconded by Lisa Morinini to adopt the June 7, 2023 agenda. Members Present: Henderson, Morinini, Phillips, Waffle, and Steller. Administrators Present: Edds, Salucci, Dana, and Knight.

**CLOSED SESSION PUBLIC COMMENTS**

None

**ADJOURN TO CLOSED SESSION**

It was moved by Melanie Waffle seconded by Lisa Morinini and carried to adjourn to Closed Session at 6:01 p.m. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**RECONVENE TO PUBLIC SESSION**

It was moved by Liz Phillips seconded by Melanie Waffle and carried reconvene to Public Session at 6:49 p.m. Shaun Henderson reported that in Closed Session that the Board by a vote 4-1, denied a parent request for retention.

**SUPERINTENDENT'S REPORT**

The new OAHS ASB President, Kristine Acasio, updated the Board on various ASB activities including the end-of-year rally and the MORP Dance, she also stated that she is looking forward to working with the Board and Cabinet during the upcoming school year. The Board recognized the OAHS Softball Team and congratulated them on their successful season. The Board also recognized Dr. Laura Theis for her support and dedication to the District during the COVID-19 Pandemic.

**ITEMS FROM THE BOARD**

Mark Steller has enjoyed watching our PTA/PTSA shine during all of our school events this year. Melanie Waffle thanked everyone for the "behind the scenes" actions that took place to make our graduations successful. Liz Phillips enjoyed attending Pine Grove's Field Day and watching all the students take part in fun outdoor activities. Lisa Morinini has been delighted with the last few weeks as she's been able to attend Open House at various school sites and loved seeing students having fun. Shaun Henderson stated that at all the end-of-the-year events that he participated in he noticed a common theme, kids were having fun and showing what the District is all about.

**WRITTEN COMMUNICATION**

The Board received a Thank You Card from Megan Chen, recipient of the Board Scholarship.

**PUBLIC COMMENT**

Monique Segura, President of OEA, update the board on all OEA happenings and thank Mark Steller for hosting OEA's end of year celebration.

**CONSENT AGENDA ITEMS**

- A. Classified Personnel Action Report
- B. Certificated Personnel Action Report
- C. Approval of May 10, 2023 Regular Board Meeting Minutes
- D. Approval of Warrants
- E. Board Policy 3555 Nutrition Program Compliance, for the second reading
- F. Board Policy 4030 Nondiscrimination in Employment, for the second reading
- G. Board Policy 5030 Student Wellness, for the second reading
- H. Santa Barbara County Special Education Local Planning Area (SBSELPA) 2023-2024 Local Plan Revision
- I. MOU Between OUSD and Santa Maria Valley Physical Therapy for Athletic

Training Services for the 2023-2024 School Year

J. NewDawn Security Agreement for Student Safety

It was moved by Liz Phillips seconded by Melanie Waffle and carried to approve consent agenda items A – J, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**ACTION ITEMS**

**Acceptance of Donations:**

- A. **From: Los Alamos Valley Men’s Club:** a donation of \$1500, to help offset Los Alamos graduation related expenses for the 2023 and 2024 School Year.
- B. **From: Christopher Ruiz-Inner Strength Martial Arts Academy:** a donation of \$630, to Alice Shaw to help provide yearbooks to sixth grade students.

It was moved by Liz Phillips seconded by Melanie Waffle and carried to approve that the donations be accepted and letters of appreciation be sent to the donors. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**Out-of-State Travel for Orcutt Academy High School Cybersecurity Teacher**

It is moved by Liz Phillips seconded by Melanie Waffle and carried to approve Out-of-State Travel for OAHS Cybersecurity Teacher, Heather Penk, to attend the CYPEB OR EdCon 23 National Conference in Mesa, Arizona, June 20-22, 2023, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**Information Only:**

Staff presented a draft of the 2023-2024 Orcutt Union School District Budget, which will be submitted for approval at the June 14, 2023, Special Board Meeting.

**Public Hearing:**

2023-2024 Orcutt Union School District Budget. No Comment.

**Resolution No. 21 2023-2024 Fund Balance GASB 54**

It was moved by Melanie Waffle seconded by Liz Phillips and carried to adopt Resolution No. 21, 2023-2024 Fund Balance GASB 54, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller

**Resolution No.22 Orcutt Union School District Education Protection Account (EPA)**

**Requirements**

It was moved by Liz Phillips seconded by Mark Steller and carried to adopt Resolution No. 22, Orcutt Union School District EPA Requirements, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**Information Only:**

Staff presented a draft of the 2023-2024 Orcutt Union School District Local Control and Accountability Plan (LCAP), which will be submitted for approval at the June 14, 2023, Special Board Meeting.

**Public Hearing:**

2023-2024 Orcutt Union School District Local Control and Accountability Plan (LCAP). No Comment.

**Information Only:**

Staff presented a draft of the 2023-2024 Orcutt Academy Charter Local Control and Accountability Plan (LCAP), which will be submitted for approval at the June 14, 2023, Special Board Meeting.

**Public Hearing:**

2023-2024 Orcutt Academy Charter Local Control and Accountability Plan (LCAP). No Comment.

**Public Hearing:**

Initial Collective Bargaining Proposal with California School Employee Association (CSEA) Orcutt Chapter #255 for a 2023-2024. No comment.

**Adopt the District’s Initial Collective Bargaining Proposal with California Employee Association (CSEA) Orcutt Chapter #255 for the 2023-2024 School Year**

It moved by Liz Phillips seconded by Lisa Morinini and carried to adopt the District’s Collective Bargaining Proposal with California School Employee Association Orcutt Chapter #255 for the 2023-2024 school year, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.



**Accept 2023-2024 Initial Collective Bargaining Proposal from California Schools Employee Association Orcutt Chapter #255**

It was moved by Melanie Waffle seconded by Mark Steller and carried to accept the initial proposal for negotiations for the 2023- 2024 school year from California School Employee Association Orcutt Chapter #255, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**Appoint and Approve Membership of Cecilia Perez to SBCSELPA Community Advisory Committee**

It was moved by Mark Steller seconded by Liz Phillips and carried to appoint and approve the membership of Cecilia Perez to the SBCSELPA Community Advisory Committee, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**Orcutt Union School District and Baylor University Agreement for Field Instruction and Clinical Practice Experience**

It was moved by Melanie Waffle seconded by Liz Phillips and carried to approve the Baylor University Agreement for Field Instruction and Clinical Practice Experience for students pursuing a career as Speech-Language Pathologist, as submitted. Ayes: Henderson, Morinini, Phillips, Waffle, and Steller.

**GENERAL ANNOUNCEMENTS**

Unless otherwise noticed, the next regular board meeting is scheduled for Wednesday, August 9, 2023, with Closed Session starting at 6:05 p.m., Public Session at approximately 6:30 p.m. in the District Office Board Room, 500 Dyer St., Orcutt, CA 93455.

**ADJOURN**

It was moved by Liz Phillips seconded by Lisa Morinini and carried to adjourn the meeting at 7:49 p.m. Ayes: Henderson, Morinini, Phillips, Waffle and Steller.

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Holly Edds, Ed.D. Board Secretary

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Lisa Morinini, Clerk, Board of Trustees



## BUSINESS SERVICES MEMORANDUM

**TO:** Board of Trustees  
Holly Edds, Ed.D.

**FROM:** Sandra Knight  
Assistant Superintendent, Business Services

**BOARD MEETING DATE:** June 14, 2023

**BOARD AGENDA ITEM:** Copier Lease Agreement with Ray Morgan Company LLC for the 2023-2024 School Year

**BACKGROUND:** We have been using Ray Morgan Company for our copier leases for over ten years. We currently have 46 leased copiers with Ray Morgan, with the lease on 34 of the copiers expiring on June 30, 2023. The various types of copiers range in size and functionality depending on site or department needs.

The current annual cost of the lease for the 34 copiers is \$65,772.00. We will be renewing the lease for 30 copiers at a cost of \$60,150.00, and purchasing four of the copiers for \$2,900. Due to the low usage on these copiers and their projected useful life, it makes more sense to purchase these units. The projected maintenance savings, based on current average monthly volume, will be approximately \$1,000 to \$1,200 per month.

The lease will fall under the Piggyback Shasta Union High School District A77 Contract.

The current software, UniFLOW, used for all of our copiers is outdated and in need of upgrades. We currently pay \$10,200 a year for this service. The new updated version will be \$9,000.

**RECOMMENDATION:** Staff recommends that the Board of Trustees approve the Copier Lease Agreement with Ray Morgan Company under the terms and conditions of Contract A77, awarded by Shasta Union High School District pursuant to the provisions of Public Contract Code Section 20118.

**FUNDING:** General Fund, Charter Fund, and Child Nutrition Fund.

5-30-2023

Orcutt Union School District  
500 Dyer Street  
Orcutt, CA 93455

Dear Mary Kay,

Thank you for the opportunity to propose new equipment to the district. Please review the following information and let me know if you have any questions.

**Current Scenario:** the district has 35 Canon MFP's currently coming to term in June.

Current 60 month lease: \$ 5,481.30 / mo.  
Includes:

- (14) IR 6555's at \$ 209.50 / mo. (B&W images at .0079)
- (5) IR 4535's at \$ 137.56 / mo. (B&W images at .009)
- (7) IR C3530 at \$ 56.24 / mo. (B&W images at .0098, color at .0579)
- (1) IR 4551 at \$ 177.09 / mo. (B&W images at .0088)
- (2) IR C5535 at \$ 181.93 / mo. (B&W images at .01, color at .0553)
- (1) IR C5550 at \$ 243.92 / mo. (B&W images at .0068, color at .051)
- (2) IR C256if at \$ 48.03 / mo. (B&W images at .015, color at .088)
- (1) IR C256if at \$ 77.70 / mo. (B&W images at .015, color at .088)
- (1) IR 525if at \$ 40.90 / mo. (B&W images at .015)
- (1) IC MF1127 at \$ 47.00

**Proposal:**

60 month lease: \$ 5,012.50 / mo.  
Includes:

- (13) IR 6855's at \$ 211.76 / mo. (B&W images at .0052)
- (1) IR 6855 at \$ 223.28 / mo. (B&W images at .0052)
- (6) IR 4935's at \$ 126.89 / mo. (B&W images at .009)
- (7) IR C3930's at \$ 161.59 / mo. (B&W images at .0056, color at .0625)
- (1) IR C259if at \$ 55.04 / mo. (B&W images at .015, color at .08)
- (1) IR C3835 at \$ 137.69 / mo. (B&W images at .0056 and color at .0625)
- (1) IR C5850 at \$ 206.49 / mo. (B&W images at .0056 and color at .051)

- IR C256if (payroll?) \$ 400.00 (leave on maintenance contract)
- IR 525if (D.O.) \$ 400.00 (leave on maintenance contract)
- IR 256if (Julie) \$ 400.00 (leave on maintenance contract)
- IR C5535 (D.O.) \$ 1,700.00 (leave on maintenance contract)
- MF 1127 (place back on maintenance contract, Holly's office)

**Maintenance/ lease Savings:** based on current average monthly volume, I estimated at \$ 1,000.00 to \$ 1,200.00 per month!

**UniFlow Options:**

**uniFLOW Online Express (free subscription; we charge labor for install):**

1. Pin Code or Badge Login – requires optional badge reader
2. Send to MySelf (Email)
3. Fax Server Integration via XMedius (requires XMedius Cloud Service Agreement)
4. Scan to Google Drive
5. Basic Reporting (print driver user name must match uniFLOW Online username)
6. Secure Print (via forced hold option on Canon Print driver)

**uniFLOW Online Print and Scan Subscription (paid subscription per device per month plus labor for install):**

7. All features of uniFLOW Online Express
8. Printer Deployment via Smart Client by location
9. Follow Me Printing from Any Where with Internet Access
10. Print from and Scan to Other Cloud Services (One Drive, Box, DropBox, etc.)
11. Mobile Printing
12. Email to Print
13. Advanced Features such as Budgeting, Cost Centers, etc.

**uniFlow Online Costs:**

uniFLOW Online Express:

Professional Services (35 hours at \$ 200.00 / hr.)	\$ 7,000.00
Post Support Professional services (10 hours at \$ 200.00 / hr)	\$ 2,000.00

uniFLOW Online Print & Scan Subscription:

Professional Services (35 hours at \$ 200.00 / hr.)	\$ 7,000.00
Post Support Professional Services (10 hours at \$ 200.00 / hr)	\$ 2,000.00
Monthly Subscription Costs per machine	\$ 14.50 / mo.

**uniFLOW On Premise: current solution**

Software Assurance Points (240 at \$ 17.50)	\$ 4,200.00
Professional Services (20 hours at \$ 200.00 / hr.)	\$ 4,000.00
Post Professional Services (10 hours at \$ 200.00 / hr.)	\$ 2,000.00

Sincerely,

David W. Scott  
Major Account Representative  
The Ray Morgan Company  
(805) 549-2484  
(805) 801-0087 - C

**Master Enabling Agreement  
SUHSD R6-2020**

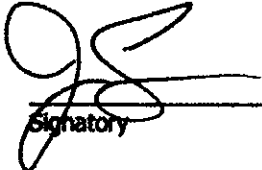
THIS AGREEMENT, made and entered into this June 10th, 2020, in the City of Redding, California, county of Shasta by and between the Shasta Union High School District, and Ray Morgan Company LLC a Ubeo Company, hereafter called Contractor. The length of this agreement is for a period of five (5) years, starting on June 10<sup>th</sup>, 2020 and terming on June 10th, 2025.

Shasta Union High School District may, at its option, whole or in part, extend or renew the agreement for an additional five (5) one-year periods after June 10<sup>th</sup> 2025.

This contract signed by the awarded contractor and with submitted pricing from the contractor will serve as a contract between Shasta Union High School District and the contractor.

Shasta Union High School District Board, on June 10th, 2020 selected and approved Ray Morgan Company LLC a Ubeo Company, public bid response to SUHSD R6 -2020 Office Equipment and services RFP. All products, pricing and services offered by the Contractor in the RFP submission shall be made available to the following: all public California educational organizations to include the California Community Colleges (CCC), K-12 Schools Districts, all local government entities at the city and county levels, non-profit groups, religious organizations, and government funded medical providers.

Shasta Union High School District

  
\_\_\_\_\_  
Signatory

Title: Superintendent

Date: 6/10/20

  
\_\_\_\_\_  
Signatory

Title: PRESIDENT

Date: 6/9/20



## BUSINESS SERVICES MEMORANDUM

**TO:** Board of Trustees  
Holly Edds, Ed.D.

**FROM:** Sandra Knight  
Assistant Superintendent, Business Services

**BOARD MEETING DATE:** June 14, 2023

**BOARD AGENDA ITEM:** Contract with EDPress for Website Design, Development and Hosting Services

**BACKGROUND:** The District Website services are being provided by EdPress. This will be the third year of a three year price fixed agreement to provide services at the same yearly rate.

The cost of this service is \$17,880 yearly. This price is based on nine PreK-8 sub sites and one High School. Renewal rate shall remain the same for up to three renewals (four years in total). After that time, the annual renewal shall comport with EDPress's published rates at that time.

**RECOMMENDATION:** Staff recommends that the Board of Trustees approve the yearly contract with EDPress for the District website design, development, and hosting services as presented.

**FUNDING:** General Fund (Fund 01) & Charter Fund (Fund 09)

**EDPress is pleased to present Orcutt Union School District with the following proposal for all-included Website Design, Hosting, Support, and Maintenance.**

## Website Development and Support Package

### EDPress Website Included Features:

- Mobile-First Design.** The site will be mobile friendly and accommodate iPhone, Android, and tablets responsively.
- Progressive Web App.** Users may download a progressive web app to their phone for enhanced features.
- Distance Learning Integration.** We integrate with all major distance learning platforms.
- Hassle-Free Migration.** We will move all required content and documents from your existing platform.
- Dedicated Private Cloud Hosting.** Your site will be fast, secure, and powerful.
- Single Sign On (SSO) Integration.** Staff will be able to use their existing district user accounts.
- Social Media Integration.** Feeds will be embedded cleanly on every page.
- Google Analytics®.** Understand who is visiting your sites and what they are looking for.
- School Menu Integration.** Allow families and staff to access today's breakfast and lunch menus in one touch.
- Systemwide Emergency Alerts.** A notification area is available and pushes through on every page in your system.
- Districtwide Announcements.** Important notices can be posted across every school site.
- Automatic Post Expiration.** Never have an old event listed again.
- ADA Compliance.** Images and design are accessible.
- Royalty-Free EDPress Image Library.** Access our library of diverse, quality vetted images.
- Video Backgrounds.** High quality footage provided for a video background loop.

The following optional features are available at no extra cost.

- MailChimp® Integration.** Capture leads and communicate more effectively (requires MailChimp subscription).
- Google Calendar® Integration.** Quick-add District, School Site, and PTA calendars to a visitor's personal calendar.
- Learning Resource Finder.** A filterable directory of learning resources at your fingertips.
- Community Resource Finder.** Food banks, community centers and more can be listed.
- RSS News Feeds.** Useful for push notifications and increasing engagement.
- Enrollment Lead Funnel.** Enrollment reminder campaigns for potential new students.
- Faculty & Staff Directory.** A directory listing where users can find contact information.

### EDPress Content Management System & Server:

- Managed Server.** High Performance, Dedicated Cloud Hosting.
- CMS Updates.** WordPress core and contributed plugins will be maintained and updated. No license fee to client.
- Secure Certificate (TLS 1.2).** Latest secure certificate ensures encrypted connection.
- Single Sign On.** GSuite/LDAP/Active Directory/ADFS Authentication through SAML or better.
- Cloud Storage.** 50GB data Included.



## EDPress Unlimited Website Updates:

We'll keep your website fresh, functional, and consistently formatted. Your staff sends requests our way and we take care of them for you – at NO EXTRA COST.

**Unlimited Content Updates.** Includes but not limited to the following:

- Board Meeting Agendas & Minutes
- School Site Announcements
- Staff Directory Updates
- Human Resources Updates
- Student Support Information
- School Accountability Report Cards
- Site Plans for Student Achievement
- Citizens' Bond Oversight Committee
- District News and Announcements
- Basic Design Updates and Changes
- Images, Videos, & Documents
- Social Media
- Live Streaming

## EDPress Unlimited Website Support

Our friendly team of dedicated experts is available 24/7 to take care of any requests or questions you or your staff may have – again, at NO ADDITIONAL COST.

- **Unlimited Training** – One-on-one, groups, online and in person.
- **Strategic Consulting** – We will meet with leadership to explore ways to enhance your digital footprint.
- **Marketing Support** – We will champion consistent branding and styles.
- **Media Sourcing** – Access our existing media library, or ask for our help in finding appropriate media.
- **Third-Party App Integration** – If a new tool or resource becomes available, we will help you integrate it.
- **Analytics & Data Monitoring** – In depth traffic analysis and reporting is available to you.
- **Technical Support** – Lost passwords? Forgotten usernames? No problem – we help your staff.
- **General Troubleshooting** – If you encounter a problem, we will be there to sort it out.



Customer: Orcutt Union School District

Proposal Date: 4/19/2023

Proposal Valid for 60 days

## Service Order Information

This EDpress Order (the "Order") is entered into by and between Mile3 Web Development, Inc., dba EDpress ("EDpress") and Orcutt Union School District ("Customer") and sets forth the terms of Customer's use of the products and services set forth below ("Pricing Summary"). This Order, together with the Master Terms and Conditions for Services (the "Master Terms") located at <https://www.edpress.com/contract-agreement> and incorporated herein by this reference, form the entire agreement between the parties in respect of the products and services set forth below. Each of the individuals executing this Order represent and warrant that he or she is authorized to execute this Order on behalf of Customer or EDpress, as applicable. Unless otherwise specified herein, any capitalized terms used in this Order shall have the meaning defined in the Master Terms. The "Effective Date" of this Order is the date on which both parties have signed this Order as reflected in the signature lines below. In consideration of the promises set forth herein, and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereby agree as follows:

## Terms and Fees

Year 3: July 01, 2023 - June 30, 2024:

**\$1,490/month** (\$17,880/yr) This price is based on: 9 - PreK-8 subsites and 1 High School/Adult Education Sub-Site.

Renewal rate shall remain the same for up to three renewals (four years in total). After that time, the annual renewal shall comport with EDpress published rates at the time. **If additional schools/subsites are required additional charges may be incurred.**



Customer: Orcutt Union School District

Proposal Date: 4/19/2023

Proposal Valid for 60 days

## Payment Terms

1. All fees for the initial year of this Order shall be due as follows:
  - a. Setup fees shall be invoiced on the Effective Date of this Order and shall be due and payable upon receipt of invoice;
  - b. Fees for any other Services, and for reimbursable expenses, shall be invoiced in accordance with the Master Terms or this Order and shall be due and payable upon receipt of invoice.
2. Unless otherwise specified in the Special Provisions above, this Service Order shall be renewed automatically for successive periods of (1) year (each a "Renewal Term") after the expiration of the Initial Term and any subsequent Renewal Term, unless Client provides EDPRESS, or EDPRESS provides Client, with a written notice to the contrary thirty (30) days prior to the end of the Initial Term or Renewal Term, as applicable.
3. Unless otherwise specified, all dollars (\$) are United States currency.
4. Sales/VAT Tax: If applicable, a copy of Customer's Sales/VAT Tax Direct Pay Certificate or its Sales/VAT Tax Exemption Certificate must be returned with this Order Form. Otherwise, EDPRESS will invoice Customer for applicable sales, use and other transactional taxes due in connection with the Services or the fees due therefore.
5. Except as otherwise specified in this Order, fees are subject to increase in accordance with the applicable provisions of the Master Terms.

By signing below, EDPRESS and Customer each agree to the terms and conditions of this Service Order and the Master Terms.

**Orcutt Union School District:**

-----  
 Signature Name

-----  
 Title Date

**EDPRESS:**

-----  
 Signature Name

-----  
 Title Date

\_\_\_ As the Customer Contact, by initialing here, I agree on behalf of Customer that I have read the Statement of Work ('SOW') and understand the expected deliverables for EDPRESS as well as for Customer's project team. I understand that the project timeline is a good faith estimate which is dependent on, among other factors, Customer's ability to meet respective Customer tasks and deadlines.

Please provide the following information:

**Billing Contact**

Who should we send invoices to?

-----  
Name

-----  
Title

-----  
Address

-----  
City

-----  
State

-----  
ZIP

-----  
Email

-----  
Phone

**Project Contact**

Who should we report to?

-----  
Name

-----  
Title

-----  
Email

-----  
Phone

**Executive Contact (Chief Business Officer/Business Manager/CFO, etc.)**

Who will execute the contract?

-----  
Name

-----  
Title

-----  
Email

-----  
Phone

Executive Contact is usually separate from the Project Contact and is typically the Chief Business Officer/Business Manager/CFO, etc.



## BUSINESS SERVICES MEMORANDUM

TO: Board of Trustees  
Holly Edds, Ed.D.

FROM: Sandra Knight  
Assistant Superintendent, Business Services

BOARD MEETING DATE: June 14, 2023

BOARD AGENDA ITEM: 2023-2024 District Budget

BACKGROUND: Education Code Section 42127 requires public school districts to adopt a budget for the next fiscal year on or before July 1 of each calendar year. The proposed 2023-2024 budget has been made available for public review at the District Office.

RECOMMENDATION: Staff recommends that the Board of Trustees adopt the proposed 2023-2024 budget as presented.

FUNDING: All Funds



## BUSINESS SERVICES MEMORANDUM

TO: Board of Trustees  
Holly Edds, Ed.D.

FROM: Sandra Knight  
Assistant Superintendent, Business Services

BOARD MEETING DATE: June 14, 2023

BOARD AGENDA ITEM: Resolution No. 23 To Commit and Uncommit the General Fund Balance

BACKGROUND: Board Policy 3100 allows the Board of Trustees to classify fund balances within five categories: 1.) Nonspendable, 2.) Restricted, 3.) Committed, 4.) Assigned, and 5.) Unassigned. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by the Board of Trustees. The committed fund balance cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (for example, resolution) it employed to previously commit those amounts. The attached Resolution recommends \$13,497,213.97 be designated as committed funds in the 2023-2024 General Fund ending balance and at the same time uncommits all previous committed funds from budget adoption.

RECOMMENDATION: Staff recommends that the Board of Trustees adopt Resolution No. 23, Commitment of the General Fund Balance as presented.

FUNDING: N/A

**ORCUTT UNION SCHOOL DISTRICT**

**Resolution No. 23**

IN THE MATTER OF: COMMIT/UNCOMMIT GENERAL FUND BALANCE, 2023-24 BUDGET ADOPTION

The following RESOLUTION was duly passed by the Board of Trustees of the Orcutt Union School District, at a regular meeting held on the 14th of June 2023, by the following roll call vote:

Shaun Henderson	_____
Lisa Morinini	_____
Liz Phillips	_____
Mark Steller	_____
Melanie Waffle	_____

Signed and approved by me after its passage:

\_\_\_\_\_  
Shaun Henderson, President

Attest:

\_\_\_\_\_  
Lisa Morinini, Clerk

-----

**WHEREAS**, school district governing boards are responsible for maintaining the fiscal solvency of the schools they govern;

**WHEREAS**, the Governing Board of the Orcutt Union School District has adopted budget criteria and standards as outlined in Board Policy 3100;

**WHEREAS**, the Governing Board of the Orcutt Union School District wishes to establish a committed fund balance in the general fund in conformance with the standards and criteria established by the state board of education pursuant to Education Code section 33127;

**WHEREAS**, the California Department of Education urges school districts to commit to maintaining a prudent level of financial resources to protect against the need to reduce services because of temporary revenue shortfalls or unpredicted expenditures;

**WHEREAS**, the California Department of Education and the Government Finance Officers Association recommend that school districts maintain committed, assigned, and unassigned reserves of at least two months of operating expenditures or approximately 17 percent reserve to mitigate revenue shortfalls and unanticipated expenditures;

**WHEREAS**, the Governing Board of the Orcutt Union School District wishes to commit funds in the general fund for emergency facility repairs, major textbook adoptions, unexpected costs, management of cash flow, mitigation of volatility in funding or expenditures, unexpected costs for special education students with highly specialized needs, a natural disaster that reduces student attendance and associated state funding, deferred maintenance, or a lawsuit that results in a costly judgment or settlement against the district;

**WHEREAS**, maintaining positive cash flow will diminish the need for borrowing and its associated costs;

**WHEREAS**, California's tax system relies heavily on income taxes paid by individuals and businesses, which are volatile revenue sources;

**WHEREAS**, certain district expenditures such as pension costs can be difficult to predict precisely and are anticipated to increase in costs;

**WHEREAS**, healthy reserves can address these cost increases rather than immediately reducing spending, staffing, and other areas of the budget;

**WHEREAS**, the district can experience unexpected costs for special education students with highly specialized needs, emergency facility repairs, natural disasters that reduce school attendance, and associated school funding for lawsuits that result in costly settlements or judgments against the district;

**WHEREAS**, the district is in need of replacing textbooks and related curriculum, computers, school buses and equipment and facility components that have reached the end of their useful lives such as flooring, or heating and cooling systems;

**WHEREAS**, the district may need to finance the construction of school buildings and other capital projects and cannot rely completely on bond measures or state funding;

**WHEREAS**, in the event that the school district needs to borrow money, healthy reserves will provide the district with a higher rating from the credit rating agencies and lower interest rates;

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

- 1) It is hereby determined that the amount of \$13,497,213.97 is hereby committed from the 2023-2024 General Fund ending balance for the following purposes:
  - i) Technology Update - \$ 1,000,000
  - ii) Textbook Adoption - \$1,000,000
  - iii) Declining Enrollment/Economic Downturn- \$7,997,213.97
  - iv) TK Expansion Planning - \$1,500,000
  - v) Strategic Plan - \$2,000,000
- 2) The governing board of the school district, reserves the right to modify these committed funds in the future as the need arises through a similar resolution.

WHEREAS, on March 8, 2023, the Governing Board took action to commit a total of \$11,110,911 for Technology Update (\$1,000,000), Textbook Adoption (\$1,000,000), Declining Enrollment/Economic Downturn (\$5,610,911), TK Expansion Planning (\$1,500,000) and Strategic Plan (\$2,000,000);

WHEREAS, all previous amounts committed at Second Interim are uncommitted and recommitted in the 2023-24 Adopted Budget as Reserve for Technology Updates, Textbook Adoption, Declining Enrollment/Economic Downturn, TK Expansion Planning and Strategic Plan.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS: It is hereby determined that the amount of \$11,110,911 is hereby uncommitted from the 2022-23 General Fund ending balance and committed as noted above in section 1.





## BUSINESS SERVICES MEMORANDUM

TO: Board of Trustees  
Holly Edds, Ed.D

FROM: Sandra Knight  
Assistant Superintendent, Educational Services

BOARD MEETING DATE: June 14, 2023

BOARD AGENDA ITEM: Resolution No. 24 A Resolution of the Board of Trustees of the Orcutt Union School District Authorizing the Issuance of Orcutt Union School District Election of 2016 General Obligation Bonds, Series C, and Actions Related Thereto

BACKGROUND: An election was held in the Orcutt Union School District (the “District”) on November 6, 2018 for the issuance and sale of general obligation bonds of the District for various purposes in the maximum amount of \$60,000,000 (“Measure G”). The District has previously issued two series of bonds under Measure G, as well as one series of bond anticipation notes (the “2021 Notes”). The District now desires to issue its third series of bonds under Measure G in an amount not-to-exceed \$7,000,000 (the “Bonds”). The Bonds are being authorized for sale for the purpose of providing funds to pay the 2021 Notes and to pay the costs of issuing the Bonds.

- (a) Resolution. The Resolution authorizes the issuance of the Bonds, in one or more series of federally taxable or federally tax-exempt bonds, specifies the basic terms, parameters and form of the Bonds, and approves the form of Notice Inviting Proposals for Purchase of Bonds, the form of Notice of Intention to Sell, the form of Preliminary Official Statement, the form of Escrow Agreement, and the form of Continuing Disclosure Certificate, all as described below. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Bonds to be issued (\$7,000,000). The Resolution authorizes the issuance of current interest bonds only; capital appreciation bonds are not authorized. Section 3 authorizes the bonds to be sold at a competitive sale, and authorizes Piper Sandler & Co., the District’s Municipal Advisor, to solicit bids from prospective bidders, and award the sale of the Bonds on the basis of the lowest true interest cost.

- (b) Forms of Notice Inviting Proposals for Purchase of Bonds and Notice of Intention to Sell. The Resolution includes as Exhibits B and C the forms of Notice Inviting Proposals for Purchase of Bonds and Notice of Intention Sell. The Resolution authorizes the District's Municipal Advisor to distribute the Notice Inviting Proposals for Purchase of Bonds to prospective bidders and to cause the Notice of Intention to Sell to be published in the Bond Buyer, a national municipal securities newspaper, to satisfy applicable legal requirements. The Notice Inviting Proposals for Purchase of Bonds sets forth certain conditions of closing the transaction, including certain of the documentation to be provided at the closing by various parties.
- (c) Form of Preliminary Official Statement. The Preliminary Official Statement (the "POS") is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to, among other things, (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the *ad valorem* property tax levy), (v) information with respect to the District's tax base (upon which such *ad valorem* property taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of material litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.
- (d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to procure from a bond issuer a covenant that such public agency will annually file "material financial information and operating data with respect to the District" through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (which is the federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligation issuance). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed in connection with prior bond issuances. The purpose of the law is to provide investors in the Bonds with current information regarding the District.
- (e) Escrow Agreement. Pursuant to the Escrow Agreement for the 2021 Notes, by and between the District and U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Agent"), the net proceeds from the sale of the Bonds will be deposited into an escrow fund held by the Escrow Agent and will be used to pay the 2021 Notes as they become due

and payable. Following the deposit of proceeds of the Bonds in such escrow fund, the 2021 Notes will be defeased and the obligation of the District to make payments thereon will terminate.

RECOMMENDATION: Staff recommends that the Board of Trustees adopt Resolution No. 24 Authorizing the Issuance of Orcutt Union School District Election of 2016 General Obligation Bonds, Series C, and actions related thereto.

FUNDING: There is no fiscal impact to the General Fund resulting from the issuance of the Bonds.

**RESOLUTION NO. 24**

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE ORCUTT UNION SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF ORCUTT UNION SCHOOL DISTRICT ELECTION OF 2016 GENERAL OBLIGATION BONDS, SERIES C, AND ACTIONS RELATED THERETO**

**WHEREAS**, a duly called election was held in the Orcutt Union School District (the “District”), Santa Barbara County (the “County”), State of California, on November 8, 2016 (the “Election”) and thereafter canvassed pursuant to law;

**WHEREAS**, at the Election there was submitted to and approved by the requisite fifty-five percent vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of \$60,000,000 and payable from the levy of an *ad valorem* property tax against the taxable property in the District (the “Authorization”);

**WHEREAS**, on June 28, 2018, the District issued the first series of bonds pursuant to the Authorization, designated as “Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series A,” in the aggregate principal amount of \$15,210,000;

**WHEREAS**, on June 25, 2020 the District issued the second series of bonds pursuant to the Authorization, designated as “Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series B,” in the aggregate principal amount of \$20,500,000;

**WHEREAS**, pursuant to California Education Code (the “Education Code”) Section 15150, the governing board of a school district may, by resolution, upon such terms and conditions as it shall prescribe, issue notes, on a negotiated or competitive-bid basis, maturing within a period not-to-exceed five years from the date of initial issuance thereof, in anticipation of the sale of general obligation bonds authorized at the time the notes are issued;

**WHEREAS**, on April 6, 2021, the District caused the issuance of a series of such notes, in anticipation of the sale of additional bonds under the Authorization, in the aggregate initial principal amount of \$6,485,000 (the “2021 Notes”);

**WHEREAS**, at this time, the Board of Trustees of the District (the “Board”) has determined that it is necessary and desirable to issue the third series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$7,000,000, and to be designated as “Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series C” with additional Series designations as needed (collectively, the “Bonds”) in order to pay the 2021 Notes as the same shall become due and payable, and for such additional purposes as are set forth in the Authorization;

**WHEREAS**, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Government Code”), the Bonds are authorized to be issued by the District;

**WHEREAS**, this Board desires to authorize the issuance of the Bonds in one or more Series of Taxable Bonds or Tax-Exempt Bonds, and further as Current Interest Bonds (as such terms are defined herein);

**WHEREAS**, the District has not filed with nor received from the County Office of Education having jurisdiction over the District a qualified or negative certification in its most recent interim financial report pursuant to Education Code Section 42131;

**WHEREAS**, pursuant to Section 265 of the Code (as defined herein), under certain circumstances, certain obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code may be designated by the issuer thereof as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institution’s interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code;

**WHEREAS**, this Board wishes to provide for eligible Bonds issued as Tax-Exempt Bonds to be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code;

**WHEREAS**, pursuant to Government Code Section 5852.1, the Board has obtained from the Municipal Advisor (as defined herein) and disclosed herein, in a meeting open to the public, prior to authorization of the execution and delivery of the Bonds, good faith estimates of (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments to be evidenced by the Bonds calculated to the final payment date evidenced by the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds;

**WHEREAS**, this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and

**WHEREAS**, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Bonds, is within all limits prescribed by law;

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF THE ORCUTT UNION SCHOOL DISTRICT AS FOLLOWS:**

**SECTION 1. Authorization for Issuance of the Bonds.** To pay the 2021 Notes, raise money for the purposes authorized by the voters of the District at the Election, and to pay all necessary legal, financial, and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and orders such Bonds sold at a competitive sale in one or more Series of Taxable Bonds or Tax-Exempt Bonds, with appropriate Series designation if more than one Series is issued, and as Current Interest Bonds. The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by an Authorized Officer (as defined herein), shall bear interest at a rate not-to-exceed that authorized at the Election, shall be payable upon such terms and provisions as shall be set forth in the Bonds, shall mature on the dates and in the amounts set forth in the Official Statement (defined herein), and shall be in an aggregate principal amount not-to-exceed \$7,000,000.

**SECTION 2. Paying Agent.** This Board hereby appoints the Paying Agent, as defined herein, to serve as the paying agent, bond registrar, transfer agent and authentication agent for the

Bonds on behalf of the District. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Education Code Section 15232.

**SECTION 3. Approval of the Notice Inviting Proposals for Purchase of Bonds and Notice of Intention to Sell.** The competitive sale of the Bonds shall be undertaken pursuant to the Notice Inviting Proposals for Purchase of Bonds (the “Notice Inviting Proposals”) and the Notice of Intention to Sell (the “Notice of Intention”), set forth in Exhibits B and C hereto, respectively. The Superintendent of the District or the Assistant Superintendent of Business Services, or such officers or employees of the District as the Superintendent or Assistant Superintendent of Business Services may designate (collectively, the “Authorized Officers”), each alone, are hereby authorized to execute the Notice of Intention attached hereto as Exhibit C and to cause the Notice of Intention to be published in The Bond Buyer once at least fifteen (15) days prior to the date set to receive bids.

The terms and conditions of the offering and the sale of the Bonds shall be as specified in the Notice Inviting Proposals. The Board shall award the sale of the Bonds by acceptance of the bids with the lowest true interest cost (the “TIC”) with respect to the Bonds, so long as the principal amount of the Bonds does not exceed \$7,000,000 and the TIC does not exceed 6%.

Piper Sandler & Co., the municipal advisor to the District (the “Municipal Advisor”), is hereby authorized and directed to cause to be furnished to prospective bidders a reasonable number of copies of the Notice Inviting Proposals and a reasonable number of copies of the Preliminary Official Statement.

The Board hereby approves the competitive sale of the Bonds and determines that a competitive sale contributes to the District’s goal of achieving the lowest overall cost of funds. The Board estimates that the costs associated with the issuance and purchase of the Bonds and any such costs which the successful bidder agrees or bidders agree to pay pursuant to the Notice Inviting Proposals (excluding the fees of the Bond Insurer, if any), will equal approximately 4.4% of the principal amount of the Bonds.

The Municipal Advisor and Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), are hereby authorized and directed to open the bids at the time and place specified in the Notice Inviting Proposals and to present the same to the Authorized Officers. The Municipal Advisor and Bond Counsel are hereby authorized and directed to receive and record the receipt of all bids made pursuant to the Notice Inviting Proposals; to cause said bids to be examined for compliance with the Notice Inviting Proposals; and to cause computations to be made as to which bidder has bid the lowest true interest cost with respect to the Bonds, as provided in the Notice Inviting Proposals, along with a report as to the foregoing and any other matters deemed pertinent to the award of the Bonds and the proceedings for the issuance thereof.

**SECTION 4. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Official Statement):

- (a) “**Beneficial Owner**” means, when used with reference to book-entry Bonds registered pursuant to Section 5 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

(b) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal of and interest on the Bonds.

(c) **“Bond Payment Date”** means, unless otherwise provided by the Official Statement, February 1 and August 1 of each year, commencing February 1, 2024 with respect to interest on the Bonds, and the stated maturity dates of Bonds with respect to payments of Principal of the Bonds.

(d) **“Bond Register”** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(e) **“Code”** means the Internal Revenue Code of 1986, as amended. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(f) **“Continuing Disclosure Certificate”** means that certain contractual undertaking of the District pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, and relating to the Bonds, dated as of the date of issuance thereof, as amended from time to time in accordance with the provisions thereof.

(g) **“Current Interest Bonds”** means the Bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Official Statement.

(h) **“Dated Date”** means the date of initial issuance and delivery of the Bonds, or such other date as shall appear in the Official Statement.

(i) **“Depository”** means the entity acting as securities depository for the Bonds pursuant to Section 5(c) hereof.

(j) **“DTC”** 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 the initial Depository for the Bonds.

(k) **“Escrow Agent”** means U.S. Bank Trust Company, National Association, in its capacity as escrow agent for the 2021 Notes.

(l) **“Escrow Agreement”** means that certain escrow agreement, by and between the District and the Escrow Agent, governing the deposit and application of proceeds of the Bonds to pay the 2021 Notes.

(m) **“Escrow Fund”** means the escrow fund established under the Escrow Agreement in order to defease the 2021 Notes.

(n) **“Holder”** or **“Owner”** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 5 hereof.

(o) **“Information Services”** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

(p) **“Long Current Interest Bonds”** means Bonds that mature later than 30 years from the date of issuance thereof.

(q) **“Moody’s”** means Moody’s Investors Service, Inc. a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.

(r) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5(c) hereof.

(s) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 16 hereof.

(t) **“Outstanding”** means, when used with reference to the Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(i) Bonds canceled at or prior to such date;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 7 hereof; or

(iii) Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 18 of this Resolution.

(u) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(v) **“Paying Agent”** means, initially, U.S. Bank Trust Company, National Association, or any other Paying Agent as shall be named in the Official Statement, and afterwards any successor thereto, acting as the authenticating agent, bond registrar, transfer agent and paying agent for the Bonds.

(w) **“Permitted Investments”** means (i) any lawful investments permitted by Government Code Sections 16429.1 and 53601, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating meeting the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Local Agency Investments Fund of the



California State Treasurer, (v) the County investment pool described above, and (vi) United States Treasury Securities, State and Local Government Series.

(x) “**Principal**” or “**Principal Amount**” means, with respect to any Bond, the initial principal amount thereof.

(y) “**Record Date**” means the close of business on the 15th day of the month preceding each Bond Payment Date.

(z) “**S&P**” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.

(aa) “**Series**” means any Bonds executed, authenticated and delivered pursuant to the provisions hereof identified as a separate series of Bonds.

(bb) “**Taxable Bonds**” means any Bonds the interest on which is not excludable from gross income for federal income tax purposes.

(cc) “**Tax-Exempt Bonds**” means any Bonds the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

(dd) “**Term Bonds**” means those Bonds for which mandatory redemption dates have been established in the Official Statement.

(ee) “**Transfer Amount**” means, with respect to any Outstanding Bond, the Principal Amount.

(ff) “**Treasurer**” means the Treasurer-Tax Collector of the County, or other comparable officer of the County.

## **SECTION 5. Terms of the Bonds.**

(a) Denomination, Interest, Dated Dates and Terms. The Bonds shall be issued as fully registered Current Interest Bonds registered as to both Principal and interest, in denominations of \$5,000 Principal Amount or any integral multiple thereof. The Bonds shall bear interest at a rate or rates not in excess of that authorized at the Election. The Bonds will initially be registered in the name of “Cede & Co.,” the Nominee of DTC.

Each Bond shall be dated as of the Dated Date, and shall bear interest at the rates set forth in the Official Statement, from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16<sup>th</sup> day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Dated Date. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of twelve, 30-day months.

Notwithstanding any other provision herein, the ratio of total debt service to Principal for each Series of Bonds shall not exceed four-to-one.

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to optional or mandatory sinking fund redemption prior to maturity as provided in the Official Statement.

(ii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

The Official Statement may provide that (i) in the event that any portion of a Term Bond is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect to such Bond shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect of the portion of such Bond optionally redeemed, and (ii) within a maturity, Bonds shall be selected for redemption on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Redemption Notice. When optional redemption is authorized pursuant to Section 5(b)(i) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds (or portions thereof). Such Redemption Notice shall specify: 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, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, 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 portion of the Principal Amount of such Bond to be redeemed, and the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent shall take the following actions with respect to each such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository.

(c) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

(d) Provide the Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

In lieu of providing notice via the means described in (a), (b) or (c) above, Redemption Notices may be provided via equally prompt electronic means as shall be acceptable to the Owners, the Depository or the Information Services.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

With respect to any notice of optional redemption of Bonds (or portions thereof) pursuant to Section 5(b)(i) hereof, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased pursuant to Section 18 hereof, such notice shall state that such redemption shall be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the Principal of, premium, if any, and interest on such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

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

(v) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 18 hereof, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 5(b) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 18 hereof so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be so redeemed.

(vi) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 5 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in authorized denominations. The ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 5(c)(i)(4).

With respect to book-entry Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any Redemption Notice, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Principal of, premium, if any, or interest on the book-entry Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute Owner of such book-entry Bond for the purpose of payment of Principal of, premium and interest on and to such Bond, for the purpose of giving Redemption Notices and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his or her respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of Principal of, premium, if any, and

interest on the Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the District shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Outstanding book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 5(c).

3. Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Bonds are held in book entry form and registered in the name of the Nominee, all payments by the District or the Paying Agent with respect to Principal of, premium, if any, or interest on the Bonds and all notices with respect to such Bonds, including Redemption Notices, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise required or instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 5(c)(i)(4)(A)(2) ("Substitute Depository"); provided

that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 5(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 5(c)(i)(4)(A)(3), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the Principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in Principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Bonds.

**SECTION 6. Execution of the Bonds.** The Bonds shall be signed by the President of the Board, or other member of the Board authorized to sign on behalf of the President, by their manual or facsimile signature and countersigned by the manual or facsimile signature of the Clerk of or Secretary to the Board, or the designee thereof, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**SECTION 7. Paying Agent; Transfer and Exchange.** So long as any of the Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 8 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal of, premium, if any, and interest on any Bond shall be made only to or upon the order of such Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by

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

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

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

**SECTION 8. Payment.** Payment of interest on any Bond shall be made on any Bond Payment Date to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The Principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The Principal of, interest on, and redemption premiums, if any, on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are obligations of the District payable solely from the levy of *ad valorem* property taxes upon all property within the District subject to taxation, which taxes shall be without limit as to rate or amount. The Bonds do not constitute an obligation of the County except as provided in this Resolution, and no part of any fund of the County is pledged or obligated to the payment of the Bonds.

**SECTION 9. Form of Bonds.** The Bonds shall be in substantially the form as set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein. Pending the preparation of definitive Bonds, the Bonds may be executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. If the Paying Agent delivers temporary Bonds, it shall execute and deliver definitive Bonds in an equal aggregate principal amount of authorized denominations, when available, and thereupon the temporary Bonds shall be surrendered to the Paying Agent. Until so exchanged, the temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds.

**SECTION 10. Delivery of Bonds.** The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true



transcript of proceedings with reference to the issuance of the Bonds, to the original purchaser upon payment of the purchase price therefor.

**SECTION 11. Deposit of Proceeds of Bonds.** (a) The purchase price received from the sale of the Bonds, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the “Orcutt Union School District Election of 2016 General Obligation Bonds, Series C Building Fund” (the “Building Fund”) of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued and provided further that such proceeds shall be applied solely to the purposes authorized by the voters of the District at the Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. At the election of the District, (i) to the extent the Bonds are issued in more than one Series, there shall be created a separate Building Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Building Fund shall be deemed to include any Building Fund created for a Series of Bonds, or (ii) the Building Fund may be established as a subaccount of, or otherwise combined with, a fund held by the County for the purpose of holding proceeds of bonds issued pursuant to the Authorization.

The purchase price received to the extent of any accrued interest and any net original issue premium, shall be kept separate and apart in the fund hereby authorized to be created to be known as the “Orcutt Union School District Election of 2016 General Obligation Bonds, Series C Debt Service Fund” (the “Debt Service Fund”) for the Bonds and used for payment of Principal of and interest on the Bonds, and for no other purpose. At the election of the District, (i) to the extent the Bonds are issued in more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Debt Service Fund shall be deemed to include any Debt Service Fund created for a Series of Bonds, or (ii) the Debt Service Fund may be established as a subaccount of, or otherwise combined with, a fund held by the County for the purpose of holding proceeds of *ad valorem* property tax levies made to pay bonds issued pursuant to the Authorization.

Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds on deposit in the Building Fund not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of Principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds in the Debt Service Fund, any such excess amounts shall be transferred to the general fund of the District as permitted by law.

Notwithstanding the foregoing, a portion of the purchase price of the Bonds may be deposited directly with the Escrow Agent for deposit into the Escrow Fund and held and invested pursuant thereto exclusively for the payment of the 2021 Notes as the same shall become due and payable

The costs of issuance of the Bonds, as well as the original purchaser’s compensation, are hereby authorized to be paid either from premium withheld by the purchaser upon the sale of the Bonds, or from the Principal Amount of the Bonds received from the original purchaser. To the extent costs of issuance are paid from such Principal Amount, the District may direct that a portion thereof, in an amount not to exceed 2.0% of such Principal Amount, in lieu of being deposited into the Building Fund, be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose. Any

excess moneys in the cost of issuance account remaining after payment of all costs of issuance shall be transferred to the County for deposit into the Building Fund or Debt Service Fund, as appropriate.

(b) Moneys in the Debt Service Fund and the Building Fund shall be invested in Permitted Investments, in accordance with applicable law and the investment policy of the County. The District hereby authorizes investments made pursuant to this Resolution with maturities in excess of five years. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. Moneys on deposit in the Escrow Fund may be invested as provided therein.

(c) Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Principal of and interest on the Bonds when due.

**SECTION 12. Rebate Fund.** The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the “Orcutt Union School District Election of 2016 General Obligation Bonds, Series C Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District in connection with the Tax-Exempt Bonds (the “Tax Certificate”).

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and

with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

**SECTION 13. Security for the Bonds.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the Principal of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District, and which fund is hereby designated for the payment of the principal of and interest on the Bonds when and as the same shall fall due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this

Section 13. Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Pursuant to Government Code Sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection of *ad valorem* property taxes for the payment of each Series of Bonds and all amounts on deposit in the corresponding Debt Service Fund to the payment of such Series of Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in such Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of such Series of Bonds to provide security for the payment of such Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the Principal of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such Principal and interest. DTC will thereupon make payments of Principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of such Principal and interest to the Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District, pursuant to Education Code Section 15234.

**SECTION 14. Arbitrage Covenant.** The District covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed thereunder or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

**SECTION 15. Conditions Precedent.** The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

**SECTION 16. Official Statement.** The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Municipal Advisor, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officers shall approve, to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement “final” pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the purchaser of the Bonds a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Municipal Advisor is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds, and the Municipal Advisor is directed to deliver copies of any final Official Statement to the purchasers of the Bonds.

Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

**SECTION 17. Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the Principal or interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of such Principal or interest, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 18. Defeasance.** All or any portion of the Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all such Bonds Outstanding and designated for defeasance (including all Principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all such Bonds Outstanding and designated for defeasance (including all Principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, "Government Obligations" shall mean:

Direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner

of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's or S&P.

**SECTION 19. Nonliability of County.** Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from *ad valorem* property taxes lawfully levied to pay the Principal of or interest on the Bonds, which taxes shall be unlimited as to rate or amount.

**SECTION 20. Indemnification of County.** The District shall defend, indemnify and hold harmless the County, its officials, officers, agents and employees ("Indemnified Parties") against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject based in whole or in part upon any acts or omission related to the Bonds, except with regard to the County's responsibilities under Section 22 hereof. The District shall also reimburse the Indemnified Parties for any legal or other costs and expenses incurred in connection with investigating or defending any such claims or liabilities, except with regard to the County's responsibilities under Section 22 hereof.

**SECTION 21. Reimbursement of County Costs.** The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the issuance of the Bonds.

**SECTION 22. Request to County to Levy Tax.** The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all Principal of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay all such Principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The Board hereby finds and determines that such *ad valorem* property taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the District at the Election.

**SECTION 23. Other Actions.** (a) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby appoints Piper Sandler & Co. as the Municipal Advisor and Stradling Yocca Carlson & Rauth, a Professional Corporation as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds.

(c) Based on a good faith estimate received from the Municipal Advisor, the District finds that (i) the True Interest Cost of the Bonds (as defined in Government Code Section 5852.1) is expected to be approximately 4.62%, (ii) the total Finance Charge of the Bonds (as defined in Government Code Section 5852.1) is expected to be \$302,450, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the Finance Charge of the Bonds, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$6,552,974, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1), calculated to the final maturity of the Bonds, will be \$16,143,263. The information presented in this Section 23(c) is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any provision of this Resolution.

(d) Notwithstanding any other provisions contained herein, the provisions of this Resolution as they relate to the Bonds may be amended by the Official Statement.

(e) To the extent the issuance of Bonds includes Long Current Interest Bonds, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of such Long Current Interest Bonds.

(f) The District hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Government Code Section 16.5 using DocuSign or other comparable digital signature programs.

(g) The Board hereby appoints U.S. Bank Trust Company, National Association, as Escrow Agent for the 2021 Notes. The form of Escrow Agreement, substantially in the form on file with the Clerk of or Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and requested to execute such Escrow Agreement; with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof.

**SECTION 24. Resolution to Treasurer.** The Clerk of or Secretary to this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer and the Auditor-Controller of the County immediately following its adoption.

**SECTION 25. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated as of the Dated Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of the Continuing Disclosure Certificate appended to the form of the Preliminary Official Statement on file with the Secretary to the Board as of the date hereof, and the Authorized Officers, each alone, are hereby authorized to execute and deliver such Continuing Disclosure Certificate with such changes therein and modifications thereto as shall be approved by the Authorized Officer executing the same, such approval to be conclusively evidenced by such execution and delivery. Any Bond Holder 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 Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

**SECTION 26. Designation as Qualified Tax-Exempt Obligations.** Based on the following representations, the Bonds are hereby designated as “qualified tax-exempt obligations”

within the meaning of Section 265(b)(3) of the Code: (i) the Bonds are not private activity bonds within the meaning of Section 141 of the Code; (ii) the District, together with all of its subordinate entities, has not issued any obligations (other than those obligations described in clause (iv) below) in the calendar year in which the Bonds are issued the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code; (iii) the District reasonably anticipates that it, together with its subordinate entities, will issue during the remainder of the calendar year in which the Bonds are issued obligations (other than those obligations described in clause (iv) below) the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code which, when aggregated with all obligations described in clause (ii) above, will not exceed an aggregate principal amount of \$10,000,000; and (iv) notwithstanding clauses (ii) and (iii) above, the District and its subordinate entities may have issued in the calendar year in which the Bonds are issued and may continue to issue during the remainder of the calendar year in which the Bonds are issued private activity bonds other than qualified 501(c)(3) bonds as defined in Section 145 of the Code.

**SECTION 27. Action Regarding Qualified Tax-Exempt Obligation.** Appropriate officials of the District are hereby authorized and directed to take such other actions as may be necessary to designate the Bonds as “qualified tax-exempt obligations,” including, if either deemed necessary or appropriate, placing a legend to such effect on the form of the Bonds as deemed necessary or appropriate.

**SECTION 28. Effective Date.** This Resolution shall take effect immediately upon its passage.

**SECTION 29. Further Actions Authorized.** It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.



**SECTION 30. Recitals.** All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

PASSED, ADOPTED AND APPROVED this 14th day of June, 2023, by the following vote:

AYES: MEMBERS \_\_\_\_\_

NOES: MEMBERS \_\_\_\_\_

ABSTAIN: MEMBERS \_\_\_\_\_

ABSENT: MEMBERS \_\_\_\_\_

\_\_\_\_\_  
President of the Board of Trustees,  
Orcutt Union School District

ATTEST:

\_\_\_\_\_  
Secretary to the Board of Trustees,  
Orcutt Union School District

SECRETARY'S CERTIFICATE

I, Holly Edds, Ed.D., Superintendent and Secretary to the Board of Trustees of the Orcutt Union School District, Santa Barbara County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly and legally held at the regular meeting place thereof on June 14, 2023, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes.

Said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: June 14, 2023

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Superintendent and Secretary to the Board of Trustees of  
the Orcutt Union School District

**EXHIBIT A**  
**FORM OF BONDS**

**UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

**REGISTERED  
NO.**

**REGISTERED  
\$**

**ORCUTT UNION SCHOOL DISTRICT  
(SANTA BARBARA COUNTY, CALIFORNIA)  
ELECTION OF 2016 GENERAL OBLIGATION BONDS, SERIES C  
(BANK QUALIFIED)**

<u>INTEREST RATE:</u> _____ % per annum	<u>MATURITY DATE:</u> August 1, 20__	<u>DATED AS OF:</u> _____, 2023	<u>CUSIP</u>
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Orcutt Union School District (the “District”) in Santa Barbara County, California (the “County”), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the “Bond Payment Dates”), commencing February 1, 2024. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2024, in which event it shall bear interest from the Dated Date. Interest shall be computed on the basis of a 360-day year of twelve, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank Trust Company, National Association (the “Paying Agent”). Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the

Registered Owner of this bond (or one or more predecessor bonds) as shown on the bond register maintained by the Paying Agent, and to the bank and account number on file with the Paying Agent, as of the close of business on the 15th day of the month next preceding that Bond Payment Date (the “Record Date”).

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 8, 2016 (the “Election”), upon the question of issuing bonds in the amount of \$60,000,000 and the resolution of the Board of Trustees of the District adopted on June 14, 2023 (the “Bond Resolution”). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with Education Code Sections 15250 and 15252. Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

The bonds of this issue comprise \$\_\_\_\_\_ principal amount of Current Interest Bonds, of which this bond is a part (collectively, the “Bonds”).

This bond is exchangeable and transferable for Bonds of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

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

The Bonds maturing on or before August 1, 20\_\_ are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 20\_\_ are subject to optional redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 20\_\_, at a redemption

price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Bonds maturing on August 1, 20\_\_ (the “\_\_ Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such \_\_ Term Bonds to be so redeemed, the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	<u>Principal Amount</u>
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<sup>(1)</sup> Maturity.

The principal amount to be redeemed in each year shown above shall be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such \_\_ Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

**IN WITNESS WHEREOF**, the Orcutt Union School District, Santa Barbara County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Trustees of the District, and to be countersigned by the manual or facsimile signature of the Secretary to the Board of Trustees of the District, all as of the date stated above.

**ORCUTT UNION SCHOOL DISTRICT**

By: \_\_\_\_\_  
(Facsimile Signature)  
President of the Board of Trustees

**COUNTERSIGNED:**

\_\_\_\_\_  
(Facsimile Signature)  
Secretary to the Board of Trustees

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2023.

By: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Paying Agent

\_\_\_\_\_  
Authorized Officer

**QUALIFIED TAX-EXEMPT OBLIGATION**

This Bond has been determined to be a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, by resolution of the District.

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): \_\_\_\_\_ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: \_\_\_\_\_

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
(Facsimile Signature)  
Secretary to the Board of Trustees

(Form of Legal Opinion)

**EXHIBIT B**

**NOTICE INVITING PROPOSALS FOR PURCHASE OF BONDS**

\$7,000,000\*

ORCUTT UNION SCHOOL DISTRICT  
(SANTA BARBARA COUNTY, CALIFORNIA)  
ELECTION OF 2016 GENERAL OBLIGATION BONDS, SERIES C  
(BANK QUALIFIED)

**NOTICE IS HEREBY GIVEN** that sealed unconditioned proposals will be received to and including the hour of [9:00 a.m.], Pacific Time, on \_\_\_\_\_, 2023, at the offices of Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (the “Municipal Advisor”), in the manner described below, for the purchase of all, but not less than all, of \$7,000,000\* principal amount of Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series C (the “Bonds”). Proposals must be submitted electronically via i-Deal LLC’s (“i-Deal”) Parity Electronic Bid Submission System (“PARITY”), a division of Thomson Information Services, Inc., in the manner described below, for the purchase of all, but not less than all, of \$7,000,000\* principal amount of the Bonds. In the event that the sale has not been awarded by the designated time, bids will be received at a subsequent time and date to be determined by the Orcutt Union School District (the “District”) and publicized via the Bond Buyer or the Bond Buyer Wire or Thomson Municipal Market Monitor (www.tm3.com).

**I. Issue:**

The Bonds will be dated the date of delivery, will be in the denomination of \$5,000 principal amount each, or integral multiples thereof, and will bear interest from the date of delivery of the Bonds to the maturity of each of the Bonds at the rate such that the true interest cost (the “TIC”) shall not exceed \_\_\_%, with interest payable semiannually on February 1 and August 1 of each year during the term of each of the Bonds, commencing February 1, 2024. The Bonds will mature on August 1 in each of the years set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount*</u>	<u>Maturity Date</u>	<u>Principal Amount*</u>
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\* Preliminary, subject to change.



## **II. Option to Elect Term Bonds:**

The purchaser may elect to combine any number of consecutive maturities of Bonds for which an identical interest rate has been specified to comprise term bonds by indicating such an election in their bid. The election to create term bonds in such manner will require the creation of a mandatory sinking fund so that the sinking fund redemption payments shall equal the corresponding serial bond maturity amounts.

## **III. Adjustment of Principal Amounts:**

The estimated principal amount of each maturity of the Bonds set forth above reflect certain assumptions of the District and the Municipal Advisor with respect to the likely interest rates of the winning bid or bids. Following the determination of the successful bidder or bidders, the Municipal Advisor, on behalf of the District, reserves the right to alter the final maturity date, increase or decrease the principal amount of each maturity of the Bonds in \$5,000 increments of principal amount, or eliminate maturities in their entirety. Such adjustment shall be made within 26 hours of the bid opening and in the sole discretion of the District, upon recommendation of the Municipal Advisor. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid or bids may not be withdrawn, and the successful bidder will not be permitted to change the interest rate(s) in its bid for the Bonds. The percentage compensation to be paid to the successful bidder will not change if the maturity schedule is adjusted.

## **IV. Interest Rates:**

All bids for the purchase of the Bonds must state the rate of interest to be paid for each maturity of Bonds offered and bid price for such Bonds. All Bonds of the same maturity must bear the same rate of interest and no Bond may bear more than one rate. The maximum interest rate bid for each maturity may not exceed \_\_\_\_\_ percent ( \_\_ %), the TIC may not exceed \_\_\_\_\_ percent ( \_\_ %), and the ratio of total debt service to principal amount of the Bonds may not exceed four-to-one. Bidders may specify any number of different rates to be borne on the Bonds; provided that, all interest rates must be in multiples of 1/8 or 1/20 of one percent and a zero rate of interest cannot be specified. Interest will be computed on the basis of a 360-day year consisting of twelve, 30-day months.

## **V. Redemption:**

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

## **VI. Notice of Redemption:**

Notice of redemption of any Bond will be mailed to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration records maintained by U.S. Bank Trust Company, National Association, as paying agent for the Bonds (the "Paying Agent"); such mailing to be not more than 45 nor less than 20 days prior to the date set for redemption. Neither failure to receive

such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of Bonds.

**VII. Costs of Issuance:**

The winning bidder will not be required to pay any costs of issuance associated with the Bonds, except as described in Sections XVII, XXIV, and XXX. The costs of issuance of the Bonds, including the winning bidder's compensation, will be paid by the District solely from the aggregate proceeds of the Bonds eligible to be deposited into the Building Fund (as such term is defined in the Preliminary Official Statement) held by Santa Barbara County on behalf of the District. The District reserves the right to instruct the winning bidder of the Bonds to retain from the proceeds generated from the sale of the Bonds an amount equal to the winning bidder's compensation. The District further reserves the right to instruct the winning bidder to wire a portion of the purchase price, in an amount not to exceed 2.0% of the principal amount of the Bonds, to U.S. Bank Trust Company, National Association, in its capacity as costs of issuance custodian for the Bonds.

By the submission of its bid pursuant to the provisions hereof, each bidder will be deemed to have represented that its underwriting discount with respect to the Bonds shall not exceed \_\_\_% of the principal amount of the Bonds.

**VIII. Premium/Discount Bonds:**

The District has elected to deposit any premium generated from the sale of the Bonds into the Debt Service Fund for the Bonds (as such term is defined in the Preliminary Official Statement) established therefor, to be used to pay interest on the Bonds. Premium deposited into the Debt Service Fund may not be used to pay principal of the Bonds.

Bidders may not bid a purchase price (calculated as principal plus premium minus the bidder's compensation) of more than \_\_\_% or less than \_\_\_% of the aggregate principal amount of the Bonds.

**IX. Registration of Bonds as to Principal and Interest and Place of Payment:**

The Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of \$5,000 principal amount and integral multiples thereof. Purchasers will not receive physical certificates representing their interest in the Bonds purchased. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC which in turn will remit such amounts to the beneficial owners of the Bonds through DTC's Participants, as described in the Preliminary Official Statement.

**X. Authority:**

The Bonds will be issued pursuant to the Constitution and laws of the State of California and pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and a resolution adopted by the Board of Trustees of the District. The issuance of the Bonds was authorized by the requisite fifty-five percent vote of the qualified electors of the District voting at an election held on November 8, 2016.

**XI. Security:**

Both the principal of and interest on the Bonds are payable solely from an *ad valorem* property tax levied against all of the property within the District subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

**XII. Form of Bid:**

All bids must be submitted electronically via PARITY, pursuant to the procedures described below, and all such bids shall be deemed to constitute a Bid for Purchase of the Bonds and shall be deemed to incorporate by reference all of the terms and conditions of this Notice Inviting Proposals for Purchase of Bonds. The submission of a bid electronically via PARITY shall constitute and be deemed the bidder's signature on the Bid for Purchase of the Bonds.

**XIII. Procedures Regarding Electronic Bidding:**

Bids must be submitted electronically via PARITY in accordance with this Notice Inviting Proposals for Purchase of Bonds, until [9:00 a.m.], Pacific Time, on \_\_\_\_\_, 2023, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice Inviting Proposals for Purchase of Bonds, the terms of this Notice Inviting Proposals for Purchase of Bonds shall control. For further information about PARITY, potential bidders may contact the District's Municipal Advisor, Timothy Carty of Piper Sandler & Co. at (310) 297-6011 or [timothy.carty@psc.com](mailto:timothy.carty@psc.com), or PARITY at i-Deal at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. Once the bids are communicated electronically via PARITY to the District as described herein, each bid will constitute a Bid for Purchase of the Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice Inviting Proposals for Purchase of Bonds. If a bid submitted electronically via PARITY is accepted by the District, the terms of the Bid for Purchase of the Bonds and the Notice Inviting Proposals for Purchase of Bonds and the information that is electronically transmitted through PARITY (including information about the purchase price of the Bonds, the coupon interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) shall form a contract and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the District, and the District shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the District or information provided by the bidder.

3. The District may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via PARITY's internet site ([www.tm3.com](http://www.tm3.com)) no later than 1:00 P.M. (Pacific Time) on the last business day prior to the date of sale. In such case, a substitute bidding arrangement will be described in an amended Notice Inviting Proposals for Purchase of Bonds.

4. For purposes of submitting all Bids for Purchase of the Bonds, the time as maintained on PARITY shall constitute the official time. No bid received after the deadline shall be considered. In any case, each bid must be in accordance with the terms and conditions set forth in this official Notice Inviting Proposals for Purchase of Bonds.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with this Notice Inviting Proposals for Purchase of Bonds. Neither the District nor i-Deal shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the District nor i-Deal shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The District is using PARITY as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the District harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

**XIV. Estimate of True Interest Cost:**

Bidders are requested (but not required) to supply an estimate of the total TIC to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Board of Trustees of the District.

**XV. [Good Faith Deposit/No Good Faith Deposit]:**

The successful bidder [will] [will not] be required to provide a good faith deposit (the "Deposit") in the form of a wire transfer made payable to

Orcutt Union School District  
in the amount of  
\$ \_\_\_\_\_

prior to the official award. [The wire transfer must be transmitted in immediately available funds and sent to the account of the District at the Santa Barbara County Treasurer-Tax Collector at the wire address to be provided by the Municipal Advisor, with the following reference: Orcutt Union School District Election of 2016 GO Bonds, Series C Good Faith Deposit. The Municipal Advisor will request the apparent winning bidder to immediately wire the Deposit (as provided in Section XXIII herein) and provide the Federal wire reference number of such Deposit to the Municipal Advisor within 90 minutes of such request by the Municipal Advisor. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit in the form of a wire transfer, together with its Federal wire reference number, as provided above.

No interest on the Deposit will accrue to any bidder. The Deposit (without accruing interest) of the winning bidder will be applied to the purchase price of the Bonds. In the event the winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the District. Any investment income earned on the Deposit will be paid to the successful bidder in the event the District is unable to deliver the Bonds. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.]

**XVI. Qualification for Sale; Blue Sky:**

The purchaser will assume responsibility for taking any action necessary to qualify the Bonds for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the Bonds, and shall indemnify, defend and hold harmless the District and their respective officers and officials from any loss or damage resulting from any failure to comply with any such law.

Compliance with Blue Sky Laws shall be the sole responsibility of the purchaser, and the purchaser shall pay all fees and disbursements related to the qualification of the bonds for sale under the securities or Blue Sky laws of various jurisdictions. The District will furnish such information and take such action not inconsistent with law as the purchaser may request and the District shall deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the purchaser, provided, however, that the District shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. The purchaser will not offer to sell, or solicit any offer to buy, the Bonds in any jurisdiction where it is unlawful for such purchaser to make such offer, solicitation or sale, and the purchaser shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions.

**XVII. CUSIP Numbers and Other Fees:**

The Municipal Advisor will apply for CUSIP numbers and the CUSIP numbers will be printed on the Bonds. The cost of the printing thereof and service bureau assignment will be the District's responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds. The successful bidder shall be required to pay all fees required by CUSIP Service Bureau, The Depository Trust Company, Bond Market Association, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Bonds (see, "—California Debt and Investment Advisory Commission" below).

**XVIII. Legal Opinion:**

The Bonds are sold with the understanding that the purchaser will be furnished with the approving opinion of Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. A copy of the opinion will be attached to the Bonds. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under State of California law, the exclusion of the interest income on the Bonds from federal income taxes, and the exemption of the interest income on the Bonds from State of California income taxes. Fees of Bond Counsel will be paid by the District from the costs of issuance.

**XIX. Tax-Exempt Status:**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in the Preliminary Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the Preliminary Official Statement for additional information, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022. Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the purchaser, the purchaser will be relieved of its responsibility to pick up and pay for the Bonds, and in that event its Deposit will be returned.

## **XX. Establishment of Issue Price of the Bonds:**

(a) The winning bidder shall 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 setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel, including, but not limited to, modifications in the event that the Competitive Sale Requirements (defined below) are not satisfied. All actions to be taken by the District under this Notice Inviting Proposals for Purchase of Bonds (this “Notice Inviting Proposals”) to establish the issue price of the Bonds may be taken on behalf of the District by the Municipal Advisor and any notice or report to be provided to the District may be provided to the Municipal Advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “Competitive Sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

1. the District shall disseminate this Notice Inviting Proposals to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest TIC), as set forth in this Notice Inviting Proposals.

Any bid submitted pursuant to this Notice Inviting Proposals shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the winning bidder. The District may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The District shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the District determines to apply the hold-the-offering-price rule to any maturity of the Bonds. **Bidders should prepare their bids on the assumption that some or**

**all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply 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 (5<sup>th</sup>) business day after the sale date; or
2. the date on which the underwriters have 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.

The winning bidder shall promptly advise the District when the underwriters have sold 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, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

(e) If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) 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, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that 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, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or 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.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, 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 (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is

notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice Inviting Proposals. Further, for purposes of this Notice Inviting Proposals:

- (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 that the Bonds are awarded by the District to the winning bidder.

**XXI. Award:**

If the Bonds are awarded on the date of sale, the Bonds will be awarded to the responsible bidder submitting the best responsive bid, considering the coupon interest rate or rates and the purchase price specified in the bid. The best bid will be the bid that conforms with the provisions of this Notice Inviting Proposals for Purchase of Bonds and represents the lowest TIC to the District for the Bonds, taking into



consideration the interest rate specified, and premium thereon, if any. The TIC is the discount rate that, when compounded semiannually and used to discount all debt service payments on the Bonds back to the date of delivery of such Bonds, results in an amount equal to the purchase price bid for said Bonds. In the event that two or more bidders offer bids for the Bonds at the same lowest TIC, the District will determine by lottery which bidder will be awarded the Bonds. For the purpose of calculating the TIC, the mandatory sinking fund payments, if any, shall be treated as serial maturities in such years. The determination of the bid representing the lowest TIC will be made without regard to any adjustments made or contemplated to be made after the award by the Municipal Advisor on behalf of the District, as described herein under “Adjustment of Principal Amounts,” even if such adjustments have the effect of raising the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment. The District reserves the right to waive any irregularity or informality in any bid that does not change the ranking of the bids received.

**XXII. Prompt Award:**

The Superintendent of the District, the Assistant Superintendent of Business Services of the District, or their designee, will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of bid proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

**XXIII. Delivery:**

Delivery of the Bonds will be made to the purchaser through DTC upon payment of the purchase price in federal funds payable to or for the account of the District according to such wire or other delivery instructions as shall be provided by the District or the Municipal Advisor. The Closing will take place at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, 44 Montgomery Street, Suite 4200, San Francisco, California 94104, or at the purchaser’s request and expense, at any other place mutually agreeable to both the District and the purchaser, on \_\_\_\_\_, 2023.

**XXIV. California Debt and Investment Advisory Commission:**

The successful bidder will be required, pursuant to State of California law, to pay any fees to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the successful bidder after the closing of the Bonds.

**XXV. No Litigation and Non-Arbitrage:**

The District will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the Bonds. The District will also deliver an arbitration certificate covering its reasonable expectations concerning the Bonds and the use of proceeds thereof.

**XXVI. Official Statement:**

The District will make available a Preliminary Official Statement relating to the Bonds, a copy of which, along with related documents, will be furnished upon request made to Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attn: Timothy Carty, timothy.carty@psc.com, the District’s Municipal Advisor, or telephoned to said Municipal Advisor at (310) 297-6011. Such Preliminary Official Statement, together with any supplements thereto, shall be

in a form “deemed final” by the District for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final version thereof (the “Official Statement”).

The District has deemed final the Preliminary Official Statement for purposes of Rule 15c2-12(b)(1).

Each bidder must read the entire Preliminary Official Statement prior to bidding on the Bonds, to obtain information essential to the making of an informed decision to bid. This Notice Inviting Proposals for Purchase of Bonds contains certain information for general reference only, and is not a complete summary of the issue. The internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Copies of the Official Statement will be made available to the purchaser without charge, up to an amount of 10 copies, within seven business days of the date of sale and additional copies will be made available upon request at the purchaser’s expense.

The District will deliver, at the closing, a certificate executed by an authorized officer of the District, acting in their official capacity, to the effect that the Official Statement does not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

The District undertakes that for a certain period of up to twenty-five (25) days following the end of the “underwriting period” as defined in Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 (the “Rule”), it will (i) apprise the winning bidder if any event shall occur, or information comes to the attention of the District that, in the reasonable judgment of the District, is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) if requested by the winning bidder, prepare a supplement to the final Official Statement with respect to such event or information. The District will presume, unless notified in writing by the winning bidder, that the end of the underwriting period will occur on the date of the delivery of the Bonds. By making a bid on the Bonds, the winning bidder agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the District, and to file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system (as provided by the Rule) within one business day after receipt thereof from the District or its designee, but in any event, no later than the date of closing and (ii) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and the MSRB governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

## **XXVII. Continuing Disclosure:**

In order to assist bidders in complying with the Rule, the District will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and notices of the occurrence of

events listed therein. A description of this undertaking and a form of the Continuing Disclosure Certificate are included in the Preliminary Official Statement.

**XXVIII. Rating:**

Moody's Investors Service, Inc. has assigned to the Bonds the rating shown on the cover page of the Preliminary Official Statement or, if not so indicated, will be available upon request from the Municipal Advisor. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from such agency as follows: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich, New York, New York 10007. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

**XXIX. Right to Cancel, Postpone, or Reschedule Sale:**

The District reserves the right to cancel, postpone or reschedule the sale of the Bonds upon notice given through the Bloomberg News Service, Thomson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* not later than 1:00 p.m. (Pacific Time) on the day prior to the date bids are to be received. If the sale is postponed, bids will be received at the place set forth above, at the date and time as the District shall determine. Notice of the new sale date and time, if any, will be given through Bloomberg News Service, Thomson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* no later than twenty-three (23) hours prior to the new time bids are to be received. As an accommodation to bidders, telephone or fax notice of the postponement of the sale date and of the new sale date will be given to any bidder requesting such notice from the Municipal Advisor. Failure of any bidders to receive such notice shall not affect the legality of the sale.

**XXX. Municipal Bond Insurance; Bidder's Option:**

The District has applied to certain bond insurance companies for a commitment to issue a municipal bond insurance policy insuring the scheduled payment of principal of and interest on the Bonds when due. Information concerning the availability of municipal bond insurance may be obtained by contacting the Municipal Advisor, Piper Sandler & Co., as described below. In the event the District obtains a commitment for municipal bond insurance, each bidder has the option to elect whether such insurance policy will be issued and whether such insurance policy will be issued with respect to all or a portion of the Bonds. If the winning bidder elects to obtain a policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the bidder, and the District will have no responsibility for payment of such premium and costs.

**XXXI. Additional Information:**

Copies of the Notice Inviting Proposals for Purchase of Bonds and the Preliminary Official Statement relating to the Bonds will be furnished to any bidder upon request made to Piper Sandler & Co., Attn: Timothy Carty, phone: (310) 297-6011, [timothy.carty@psc.com](mailto:timothy.carty@psc.com), the Municipal Advisor to the District.

Dated: \_\_\_\_\_, 2023

ORCUTT UNION SCHOOL DISTRICT

By: \_\_\_\_\_  
Sandra Knight  
Assistant Superintendent of Business Services

EXHIBIT A

§ \_\_\_\_\_  
ORCUTT UNION SCHOOL DISTRICT  
(Santa Barbara County, California)  
Election of 2016 General Obligation Bonds, Series C  
(Bank Qualified)

CERTIFICATE OF THE PURCHASER

The undersigned, on behalf of \_\_\_\_\_, hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by \_\_\_\_\_ are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by \_\_\_\_\_ in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by \_\_\_\_\_ to purchase the Bonds.

(b) \_\_\_\_\_ was not given the opportunity to review other bids prior to submitting its bid.<sup>1</sup>

(c) The bid submitted by \_\_\_\_\_ constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *District* means Orcutt Union School District.

(b) *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.

(c) *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.

(d) *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 \_\_\_\_\_, 2023.

(e) *Underwriter* means (i) 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 (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

---

<sup>1</sup> Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

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 \_\_\_\_\_'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 District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, 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 District from time to time relating to the Bonds.

\_\_\_\_\_, as Underwriter

By: \_\_\_\_\_

—

Name: \_\_\_\_\_

—

Dated: \_\_\_\_\_, 2023

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*

B-B-1



**EXHIBIT C**

**NOTICE OF INTENTION TO SELL**

\$7,000,000\*  
ORCUTT UNION SCHOOL DISTRICT  
(Santa Barbara County, California)  
Election of 2016 General Obligation Bonds, Series C  
(Bank Qualified)

**NOTICE IS HEREBY GIVEN** that the Orcutt Union School District (the “District”), in Santa Barbara County, California, intends to offer for public sale on \_\_\_\_\_, 2023, at the hour of [9:00 a.m.] Pacific Time, at the office of Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 not to exceed \$7,000,000\* principal amount of general obligation bonds of the District, designated “Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series C (Bank Qualified)” (the “Bonds”). Within 26 hours, the Superintendent or Assistant Superintendent of Business Services of the District will consider the bids received and, if acceptable bids are received, which comply with the provisions of the Notice Inviting Proposals for Purchase of the Bonds described below, award the sale of the Bonds on the basis of the true interest cost. In the event that no bids are awarded by the designated time, proposals will be received at a subsequent time and date to be determined by the District and publicized via PARITY, the Bond Buyer Wire, or Thomson Municipal Market Monitor (www.tm3.com).

**NOTICE IS HEREBY FURTHER GIVEN** that the Bonds will be offered for public sale subject to the terms and conditions of the Notice Inviting Proposals for Purchase of the Bonds, dated \_\_\_\_\_, 2023 (the “Notice Inviting Proposals for Purchase of Bonds”). Copies of the Preliminary Official Statement and Notice Inviting Proposals for Purchase of Bonds will be furnished upon request made to Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attn: Timothy Carty, phone: (310) 297-6011, e-mail: timothy.carty@psc.com, the Municipal Advisor to the District for the Bonds.

Dated: \_\_\_\_\_, 2023

ORCUTT UNION SCHOOL DISTRICT

By: \_\_\_\_\_  
Sandra Knight  
Assistant Superintendent of Business Services

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\* Preliminary, subject to change.

**NEW ISSUE—FULL BOOK-ENTRY**

**RATING: Standard & Poor's: “\_\_\_”**  
**See “MISCELLANEOUS – Rating” herein**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.*

**\$7,000,000\***  
**ORCUTT UNION SCHOOL DISTRICT**  
**(Santa Barbara County, California)**  
**Election of 2016 General Obligation Bonds, Series C**  
**(Bank Qualified)**

Dated: \_\_\_\_\_, 2023

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the 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.

**Dated: Date of Delivery**

**Due: August 1, as shown on inside cover**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined shall have the meanings assigned thereto herein.*

The Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series C (Bank Qualified) (the “Bonds”), in the aggregate principal amount of \$7,000,000\*, were authorized at an election of the registered voters of the Orcutt Union School District (the “District”) held on November 8, 2016, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$60,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to pay the District’s 2021 General Obligation Bond Anticipation Notes, and to pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Santa Barbara County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

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 The Depository Trust Company, New York, New York (collectively referred to herein as “DTC”). Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of initial delivery and issuance of the Bonds (the “Date of Delivery”), and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as paying agent for the Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

**The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates, as further described herein.\* See “THE BONDS – Redemption” herein.**

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**MATURITY SCHEDULE\***

(see inside front cover)

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*Pursuant to the terms of a public sale on \_\_\_\_\_, 2023, the Bonds were awarded to the Underwriter at a True-Interest Cost of \_\_\_\_\_%. The Bonds are being offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2023.\**

**MATURITY SCHEDULE**

**\$7,000,000\***  
**ORCUTT UNION SCHOOL DISTRICT**  
**(Santa Barbara County, California)**  
**Election of 2016 General Obligation Bonds, Series C**  
**(Bank Qualified)**

**Base CUSIP<sup>(1)</sup>: 685729**

<b>\$ _____ Serial Bonds</b>				
<b>Maturity (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>(1)</sup> Suffix</b>

**\$ \_\_\_\_\_ - \_\_\_\_% Term Bonds due August 1, 20\_\_; Yield: \_\_\_\_%; CUSIP<sup>(1)</sup> Suffix: \_\_\_\_\_**

\* Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside of the District which are believed to be reliable, but such information 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.

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

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

The District maintains a website and certain social media accounts. However, the information presented there is not part of this Official Statement, is not incorporated herein by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

**ORCUTT UNION SCHOOL DISTRICT**

**Board of Trustees**

Shaun Henderson, *President, Trustee Area No. 5*  
Lisa Morinini, *Clerk, Trustee Area No. 2*  
Liz Phillips, *Trustee, Trustee Area No. 1*  
Mark Steller, *Trustee, Trustee Area No. 3*  
Melanie Waffle, *Trustee, Trustee Area No. 4*

**District Administration**

Holly Edds, Ed.D., *Superintendent*  
Sandra Knight, *Assistant Superintendent, Business Services*

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**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
*San Francisco, California*

**Municipal Advisor**

Piper Sandler & Co.  
*El Segundo, California*

**Paying Agent, Registrar, and Transfer Agent**

U.S. Bank Trust Company, National Association  
*Los Angeles, California*

**Escrow Agent for 2021 Notes**

U.S. Bank Trust Company, National Association  
*Los Angeles, California*

**Verification Agent for 2021 Notes**

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

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**\$7,000,000\***  
**ORCUTT UNION SCHOOL DISTRICT**  
**(Santa Barbara County, California)**  
**Election of 2016 General Obligation Bonds, Series C**  
**(Bank Qualified)**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Orcutt Union School District (Santa Barbara County, California) Election of 2016 General Obligation Bonds, Series C (Bank Qualified), in the principal amount of \$7,000,000\* (the “Bonds”).

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

**The District**

The Orcutt Union School District (the “District”) is located in northern Santa Barbara County (the “County”), on the central coast of the State of California (the “State”) between Los Angeles and San Francisco. Originally established in 1884, the District now covers an area of approximately 222.3 square miles. The District serves students from unincorporated portions of the County in the suburbs of the City of Santa Maria, including the unincorporated communities of Orcutt, Casmalia and Los Alamos. The District operates five elementary schools serving kindergarten through sixth grade, one elementary school serving kindergarten through eighth grade, two junior high schools serving grades seven and eight, and one affiliated charter school serving kindergarten through grade twelve. For fiscal year 2022-23, the District had an average daily attendance (“ADA”) of \_\_\_\_\_ and an enrollment of \_\_\_\_\_, and taxable property within the District had a total assessed valuation of \$6,259,498,626. For fiscal year 2023-24, the District has budgeted an ADA of \_\_\_\_\_ and an enrollment of \_\_\_\_\_. The ADA and enrollment figures shown above do not include students attending the District-sponsored charter school. See “ORCUTT UNION SCHOOL DISTRICT – Charter School” herein for additional information about the charter school.

The District is governed by a five-member Board of Trustees (the “Board”), each member of which is elected by trustee area to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board, who is responsible for day-to-day District operations, as well as the supervision of the District’s other key personnel. Holly Edds, Ed.D., is currently the District’s Superintendent.

See “ORCUTT UNION SCHOOL DISTRICT” and “DISTRICT FINANCIAL INFORMATION” herein for information regarding the District generally and “TAX BASE FOR REPAYMENT OF BONDS” herein for information regarding the District’s assessed valuation. The audited financial statements of the District for fiscal year ending June 30, 2022 are attached hereto as APPENDIX B, and should be read in their entirety.

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\* Preliminary, subject to change.

## **Purpose of the Bonds**

The Bonds are being issued to pay the District’s 2021 General Obligation Bond Anticipation Notes (the “2021 Notes”), and to pay the costs of issuing the Bonds. See also “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

## **Authority for Issuance of the Bonds**

The Bonds are being issued pursuant to certain provisions of the State Government Code and other applicable law, and pursuant to a resolution adopted by the Board on June 14, 2023 (the “Resolution”). See “THE BONDS – Authority for Issuance” herein.

## **Sources of Payment for the Bonds**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

## **Description of the Bonds**

***Form and Registration.*** The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. See “THE BONDS – General Provisions” and “— Book-Entry Only System” herein. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See “THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds” herein.

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bond Owners” or “Holders” of the Bonds (other than under the caption “TAX MATTERS” herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

***Denominations.*** Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount, or any integral multiple thereof.

***Redemption.\**** Certain of the Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as further described herein. See “THE BONDS – Redemption” herein.

***Payments.*** The Bonds will be dated as of the date of initial delivery (the “Date of Delivery”) and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year (each a “Bond Payment Date”),

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\* Preliminary, subject to change.

commencing February 1, 2024. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent for the Bonds (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

### **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”) under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California (the “State”) personal income tax. See “TAX MATTERS” herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2023 (the “Closing Date”).\*

### **Bank Qualified**

The District will designate the Bonds as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code (as defined herein). See “LEGAL MATTERS – Bank Qualified” herein.

### **Continuing Disclosure**

The District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events in compliance with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “Rule”). These covenants have been made in order to assist the Underwriter (defined herein) in complying with the Rule. The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in APPENDIX C attached hereto.

### **Bond Owner’s Risks**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more

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\* Preliminary, subject to change.

complete information regarding the taxation of property within the District, see “TAX BASE FOR REPAYMENT OF BONDS,” “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19,” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein.

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

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Piper Sandler & Co., El Segundo, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, and Piper Sandler & Co. will receive compensation from the District contingent upon the sale and delivery of the Bonds. In addition to acting as Paying Agent, U.S. Bank Trust Company, National Association will act as Escrow Agent (as defined herein) for the 2021 Notes. Causey Demgen & Moore P.C., Denver, Colorado will act as Verification agent (as defined herein) for the 2021 Notes.

### **Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend,” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Orcutt Union School District, 500 Dyer Street, Orcutt, California 93455, telephone: (805) 938-8900. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall 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.

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 entirety by reference to each such documents, statutes and constitutional provisions.

Certain of the information set forth herein, other than that provided by the District, 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.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

## THE BONDS

### Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Act”), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the State Constitution (“Article XIII A”) and pursuant to the Resolution. The District received authorization at an election held on November 8, 2016 by the requisite 55% of the votes cast by eligible voters within the District to issue \$60,000,000 aggregate principal amount of general obligation bonds (the “2016 Authorization”). On June 28, 2018, the District issued its Election of 2016 General Obligation Bonds, Series A in the aggregate principal amount of \$15,210,000 (the “2016 Series A Bonds”). On June 25, 2020, the District issued its Election of 2016 General Obligation Bonds, Series B in the aggregate principal amount of \$20,500,000 (the “2016 Series B Bonds”). The Bonds are the third issuance of bonds pursuant to the 2016 Authorization, and following the issuance thereof, \$17,290,000\* of the 2016 Authorization will remain unissued. See “ORCUTT UNION SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for additional information about the District’s outstanding general obligation bonds.

### Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representation that such reserve will be established by

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\* Preliminary, subject to change.

the County or that such a reserve, if previously established by the County, will be maintained in the future. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its DTC Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property values, disruption in financial markets that may reduce the availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, fire, wildfire, flood, drought, climate change, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution," "TAX BASE FOR REPAYMENT OF BONDS" and "DISTRICT FINANCIAL INFORMATION" herein.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.



## General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing February 1, 2024. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2024, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. Principal of the Bonds is payable on August 1, in the years and amounts set forth on the inside front cover page hereof.

**Payments.** Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the Owner of such Bond as of the 15<sup>th</sup> day of the month immediately preceding such Bond Payment Date (the “Record Date”), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender at the designated office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

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## Annual Debt Service

The following table shows the annual debt service requirements for the Bonds, assuming no optional redemptions are made:

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment<sup>(1)</sup></u>	<u>Total Annual Debt Service</u>
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Total

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<sup>(1)</sup> Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2024.

See also “ORCUTT UNION SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for a summary of the debt service requirements of all of the District’s outstanding general obligation bonds.

## Redemption

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

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\* Preliminary, subject to change.

**Mandatory Redemption.\*** The Bonds maturing on August 1, 20\_\_ (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Term Bonds to be so redeemed, the dates therefor and the final payment date are as indicated in the following table:

<u>Year Ending</u> <u>August 1</u>	<u>Principal</u> <u>To Be Redeemed</u>
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<sup>(1)</sup> Maturity.

In the event that a portion of the Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

**Selection of Bonds for Redemption.** Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent will determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in a principal amount of \$5,000 or any integral multiple thereof.

**Redemption Notice.** When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds (or portions thereof). Such Redemption Notice will 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.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight

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\* Preliminary, subject to change.

delivery service, to one of the Information Services; and (d) such Redemption Notice will be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”); or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

“Securities Depository” means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such transfer.

***Payment of Redeemed Bonds.*** When a notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “— Defeasance” herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

***Effect of Redemption Notice.*** If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “— Defeasance” herein, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

***Conditional Notice of Redemption.*** With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “— Defeasance” herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District), on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will

be subject to redemption on such date and the Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally given.

***Bonds No Longer Outstanding.*** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

### **Book-Entry Only System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of principal of, interest on, or premium, if any, with respect to the Bonds, (b) certificates 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, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). However, the information presented on such website is not incorporated herein by any reference to such website.

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 and 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 or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as 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 DTC 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. 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 notices be provided directly to them.

Redemption notices shall 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.

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

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

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

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

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

**So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bond Owners" or "Holders" of the Bonds (other than under the captions "TAX MATTERS" herein and in "APPENDIX A" attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

#### **Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds**

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

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

The principal of the Bonds and any premium and interest upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof, as applicable) upon presentation and surrender at the designated trust office of the Paying Agent, together with a request for exchange signed by

the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register 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. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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

### **Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay and discharge all such Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the



obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

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

The Bonds are being issued to pay the 2021 Notes and to pay the costs of issuing the Bonds.

**Escrow Fund.** The proceeds of the sale of the Bonds, net costs of issuance (including underwriting discount), will be deposited with U.S. Bank Trust Company, National Association, acting as escrow agent (the "Escrow Agent"), to the credit of a certain escrow fund (the "Escrow Fund") held pursuant to an escrow agreement (the "Escrow Agreement"), by and between the District and the Escrow Agent. Monies deposited in the Escrow Fund will be held uninvested as cash and will be used by the Escrow Agent to pay the principal of and interest on the 2021 Notes at maturity, on October 1, 2023. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds.

The sufficiency of the amounts on deposit in the Escrow Fund to pay the maturing principal of and interest on the 2021 Notes will be verified by Causey Demgen & Moore P.C., as verification agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Municipal Advisor and the Verification Agent, the 2021 Notes will be defeased as of the Closing Date, and the obligation of the District to make debt service payments in respect thereof will terminate.

**Debt Service Fund.** Any premium or accrued interest received by the District from the sale of the Bonds will be deposited in the fund held by the County and known as the "Orcutt Union School District Election of 2016 General Obligation Bonds, Series C Debt Service Fund" (the "Debt Service Fund"). The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will also be deposited into the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Debt Service Fund or otherwise held in trust for the payment of the redemption price of the Bonds, said moneys will be transferred to the general fund of the District as provided and permitted by law.

**Expected Investment of Bond Proceeds.** Moneys in the Debt Service Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX E – SANTA BARBARA COUNTY INVESTMENT POOL" attached hereto. Moneys in the Escrow Fund are expected to be held uninvested as cash.

## ESTIMATED SOURCES AND USES OF FUNDS

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

### Sources of Funds

Principal Amount of the Bonds  
Original Issue [Premium/Discount]  
Total Sources

### Uses of Funds

Deposit to Escrow Fund  
Deposit to Debt Service Fund  
Underwriting Discount  
Costs of Issuance<sup>(1)</sup>  
Total Uses

<sup>(1)</sup> Reflects all costs of issuance of the Bonds to be paid from proceeds of the Bonds, including, but not limited to, the municipal advisory fees, legal fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, Verification Agent, and Escrow Agent, and other costs of issuance of the Bonds.

## TAX BASE FOR REPAYMENT OF BONDS

*The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem property taxes levied and collected by the County on taxable property in the District, which rates are unlimited as to rate or amount. The District's general fund is not a source for the repayment of the Bonds.*

### **Ad Valorem Property Taxation**

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as County, city and special district property taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises certain property not attached to land such as personal property or business property. Boats and airplanes are examples of such property. A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer-Tax Collector of the County (the "Treasurer"). After the second installment of taxes on the secured roll is delinquent, the tax collector will collect a cost of \$10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-

defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "--Tax Levies Collections and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

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## Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2022-23 of \$6,259,498,626. The following table represents a 10-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

### ASSESSED VALUATIONS Fiscal Years 2013-14 through 2022-23 Orcutt Union School District

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2013-14	\$4,129,901,254	\$60,200	\$53,355,074	\$4,183,316,528	--
2014-15	4,335,476,162	60,200	65,565,607	4,401,101,969	5.21%
2015-16	4,525,654,996	60,200	65,744,577	4,591,459,773	4.33
2016-17	4,473,175,798	60,200	65,034,416	4,538,270,414	(1.16)
2017-18	4,768,014,270	28,933	67,646,431	4,835,689,634	6.55
2018-19	4,989,802,429	28,933	68,508,325	5,058,339,687	4.60
2019-20	5,244,141,153	28,933	72,788,112	5,316,958,198	5.11
2020-21	5,502,649,314	28,933	78,814,723	5,581,492,970	4.98
2021-22	5,726,496,279	17,424	77,133,267	5,803,646,970	3.98
2022-23	6,162,471,267	17,424	97,009,935	6,259,498,626	7.85

*Source: California Municipal Statistics, Inc. Percent change calculated by the Municipal Advisor based on information provided by California Municipal Statistics, Inc.*

Economic and other factors beyond the District’s control, such as general market decline in real property values, the outbreak of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire (including wildfire), drought, flood, sea level rise, climate change, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See “THE BONDS – Security and Sources of Payment” and “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

**Seismic Events.** The District is located a seismically active region of the State, into which extend several major earthquake faults. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region’s economy.

**Drought.** In recent years the State has experienced severe drought conditions. In January of 2014, the Governor of the State (the “Governor”) declared a statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State’s rivers and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. Following the Governor’s declaration, the California State Water Resources Control Board (the “Water Board”) issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation

measures. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021 the Governor expanded the declaration to further include an additional nine counties, including the County. On October 19, 2021, the Governor extended the declaration to include the remaining counties in the State, such that the drought state of emergency was in effect Statewide. On June 28, 2022, the Governor issued Executive Order N-7-22, which directed the Water Board to issue drought regulations, including a recommendation to have urban water suppliers initiate water shortage contingency plans.

Significant snowfall and precipitation in the State commencing in January 2023 have generally eliminated most of the State's drought conditions. According to the U.S. Drought Monitor, portions of the State in the far north and lower south-west regions continue to be classified in the abnormally to severe drought categories, however, the majority of the State, including the County, is currently classified as having no drought conditions. In addition, on March 24, 2023, the Governor rescinded most of his emergency drought declarations, including Executive Order N-27-22. The District cannot predict if there will be future drought conditions and related water usage restrictions imposed in the future.

The District cannot make any representation regarding the effects that the drought had, or, if it should reoccur, may have on the value of taxable property within the District, or to what extent future droughts could cause disruptions to economic activity within the boundaries of the District.

**Wildfires.** In addition, major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020 and summer of 2021. The District did not sustain any damage as a result of the recent fires. However, serious and significant property damage has resulted in other areas of the State, including within the County, due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

**Climate Change.** In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. See also “—Drought” and “—Wildfires” above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

### **Appeals and Adjustments of Assessed Valuations**

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the “SBE”), with the appropriate 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.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought, climate change, or toxic contamination pursuant to relevant provisions of the State Constitution. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future, actions by the County assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

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

## Assessed Valuation by Jurisdiction

The following table shows the distribution of taxable property within the boundaries of the District by jurisdiction, as measured by assessed valuation for fiscal year 2022-23.

### ASSESSED VALUATION BY JURISDICTION

Fiscal Year 2022-23

Orcutt Union School District

<b>Jurisdiction:</b>	<b>Assessed Valuation in District</b>	<b>% of District</b>	<b>Assessed Valuation of Jurisdiction</b>	<b>% of Jurisdiction in District</b>
City of Santa Maria	\$666,534,993	10.65%	\$10,904,419,762	6.11%
Unincorporated Santa Barbara County	<u>5,592,963,633</u>	<u>89.35</u>	\$46,749,797,086	11.96%
Total District	\$6,259,498,626	100.00%		
Santa Barbara County	\$6,259,498,626	100.00%	\$102,511,199,713	6.11%

Source: California Municipal Statistics, Inc.

## Assessed Valuation by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2022-23 assessed valuation of such parcels.

### ASSESSED VALUATION AND PARCELS BY LAND USE

Fiscal Year 2022-23

Orcutt Union School District

<b>Non-Residential:</b>	<b>2022-23 Assessed Valuation<sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
Agricultural/Vineyards	\$582,114,469	9.45%	319	2.06%
Commercial/Office	203,974,625	3.31	144	0.93
Vacant Commercial	47,564,082	0.77	75	0.49
Hotel/Motel	18,836,941	0.31	11	0.07
Industrial	27,248,156	0.44	14	0.09
Vacant Industrial	761,646	0.01	11	0.07
Oil & Gas	127,847,297	2.07	72	0.47
Recreational	10,284,302	0.17	45	0.29
Government/Social/Institutional	13,378,828	0.22	64	0.41
Miscellaneous	<u>33,299,966</u>	<u>0.54</u>	<u>126</u>	<u>0.82</u>
Subtotal Non-Residential	\$1,065,310,312	17.29%	881	5.70%
<b>Residential:</b>				
Single Family Residence	\$4,475,302,176	72.62%	10,992	71.10%
Condominium	260,403,926	4.23	1,076	6.96
Mobile Home	74,972,451	1.22	1,587	10.27
Mobile Home Park	34,790,773	0.56	14	0.09
2-4 Residential Units	54,415,991	0.88	143	0.93
5+ Residential Units/Apartments	108,640,635	1.76	26	0.17
Vacant Residential	<u>88,635,003</u>	<u>1.44</u>	<u>740</u>	<u>4.79</u>
Subtotal Residential	\$5,097,160,955	82.71%	14,578	94.30%
Total	\$6,162,471,267	100.00%	15,459	100.00%

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

## Assessed Valuation of Single Family Homes

The following table shows the distribution of single family homes within the District among various fiscal year 2022-23 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

### ASSESSED VALUATION OF SINGLE FAMILY HOMES Fiscal Year 2022-23 Orcutt Union School District

	<u>No. of Parcels</u>	<u>2022-23 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	10,992	\$4,475,302,176	\$407,142	\$388,203

<u>2022-23 Assessed Valuation</u>	<u>No. of Parcels<sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	80	0.728%	0.728%	\$2,601,311	0.058%	0.058%
50,000 - 99,999	587	5.340	6.068	43,280,806	0.967	1.025
100,000 - 149,999	377	3.430	9.498	46,764,291	1.045	2.070
150,000 - 199,999	591	5.377	14.874	104,829,729	2.342	4.413
200,000 - 249,999	1,054	9.589	24.463	238,756,549	5.335	9.748
250,000 - 299,999	1,081	9.834	34.298	295,859,181	6.611	16.358
300,000 - 349,999	953	8.670	42.968	309,426,119	6.914	23.273
350,000 - 399,999	1,038	9.443	52.411	390,400,918	8.723	31.996
400,000 - 449,999	1,121	10.198	62.609	476,519,471	10.648	42.644
450,000 - 499,999	923	8.397	71.006	438,550,343	9.799	52.443
500,000 - 549,999	815	7.414	78.421	426,953,278	9.540	61.983
550,000 - 599,999	627	5.704	84.125	358,993,002	8.022	70.005
600,000 - 649,999	519	4.722	88.846	323,943,053	7.238	77.243
650,000 - 699,999	351	3.193	92.040	236,263,473	5.279	82.523
700,000 - 749,999	225	2.047	94.087	163,238,593	3.648	86.170
750,000 - 799,999	170	1.547	95.633	131,350,157	2.935	89.105
800,000 - 849,999	115	1.046	96.679	94,586,904	2.114	91.219
850,000 - 899,999	90	0.819	97.498	78,744,132	1.760	92.978
900,000 - 949,999	64	0.582	98.080	59,038,256	1.319	94.298
950,000 - 999,999	55	0.500	98.581	53,625,457	1.198	95.496
1,000,000 and greater	<u>156</u>	<u>1.419</u>	100.000	<u>201,577,153</u>	<u>4.504</u>	100.000
	10,992	100.000%		\$4,475,302,176	100.000%	

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



## Tax Levies, Collections and Delinquencies

The following table sets forth secured tax charges and delinquency information for the District for fiscal years 2015-16 through 2021-22.

### SECURED TAX CHARGES AND DELINQUENCIES Fiscal Years 2015-16 through 2021-22 Orcutt Union School District

	<u>Secured Tax Charge<sup>(1)</sup></u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2015-16	\$1,035,301.06	\$2,751.64	0.27%
2016-17	991,405.61	6,218.60	0.63
2017-18	1,009,393.26	8,224.96	0.81
2018-19	2,381,202.11	25,853.12	1.09
2019-20	2,264,028.91	34,831.66	1.54
2020-21	2,142,240.71	29,119.55	1.36
2021-22	2,444,743.60	35,575.84	1.46

<sup>(1)</sup> Reflects general obligation bond debt service levy for all District bonds, including bonds payable from *ad valorem* property taxes levied within the Original Orcutt Territory and former Los Alamos Territory. See “ORCUTT UNION SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein.

Source: *California Municipal Statistics, Inc.*

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer’s control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

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 “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the principal of and interest on the Bonds when due.

### Alternative Method of Tax Apportionment – “Teeter Plan”

The County Board has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Revenue and Taxation Code Section 4701 *et seq.* Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency, or for which the County’s treasury is the legal depository of the tax collections.

The secured *ad valorem* property tax to be levied by the County to pay the principal of and interest on general obligation bonds of the District is subject to the Teeter Plan. If the Teeter Plan remains in effect

during the term of such bonds, the District will receive 100% of the *ad valorem* property tax levied within the County to pay such bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the County Board of Supervisors (the “County Board”) orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1 for the County), the County Board receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in such county if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event the County Board is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

The District is not aware of any intention on the part of the County, or formal actions taken thereby, to abrogate the Teeter Plan as now in effect in the County.

There can be no assurance that the County will always 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 pandemic or natural or manmade disaster. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

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**Tax Rates**

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in two typical tax rate areas (each a “TRA”) within the District during the five-year period from fiscal years 2018-19 through 2022-23.

**SUMMARY OF *AD VALOREM* PROPERTY TAX RATES  
Fiscal Years 2018-19 through 2022-23  
Orcutt Union School District**

**TRA 80-041: 2022-23 Assessed Valuation: \$2,148,580,550**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Orcutt Union School District <sup>(1)</sup>	.01970	.01773	.01596	.01516	.01440
Orcutt Union School District <sup>(2)</sup>	.02907	.02616	.02354	.02825	.02543
Santa Maria Joint Union High School District	.07449	.06730	.05804	.04672	.05304
Allan Hancock Community College District	<u>.02256</u>	<u>.02188</u>	<u>.02188</u>	<u>.02385</u>	<u>.02385</u>
Total Tax Rate	1.14582%	1.13307%	1.11942%	1.11398%	1.11672%

**TRA 80-126: 2022-23 Assessed Valuation: \$276,391,585**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Orcutt Union School District <sup>(3)</sup>	.01836	.01652	.01487	.01338	.01271
Orcutt Union School District <sup>(2)</sup>	.02907	.02616	.02354	.02825	.02543
Santa Maria Joint Union High School District	.07449	.06730	.05804	.04672	.05304
Allan Hancock Community College District	<u>.02556</u>	<u>.02188</u>	<u>.02188</u>	<u>.02385</u>	<u>.02385</u>
Total Tax Rate	1.14448%	1.13186%	1.11833%	1.11220%	1.11503%

<sup>(1)</sup> Bonds payable from *ad valorem* property taxes levied in the Original Orcutt Territory, as defined herein.

<sup>(2)</sup> Bonds payable from *ad valorem* property taxes levied in the District.

<sup>(3)</sup> Bonds payable from *ad valorem* property taxes levied in the Los Alamos Territory, as defined herein.

Source: *California Municipal Statistics, Inc.*

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## Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2022-23 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to 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.

### LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2022-23 Orcutt Union School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2022-23 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1.	Pacific Coast Energy Company LP	Oil & Gas	\$100,496,862	1.63%
2.	Premiere Agricultural Properties LLC	Vineyards	73,050,273	1.19
3.	Jackson Family Estates II LLC	Vineyards	53,630,439	0.87
4.	Arc Vineyards LLC (CA)	Vineyards	37,947,050	0.62
5.	Parke at the Park Ltd.	Apartments	30,174,129	0.49
6.	Penelope Lockridge Hartnell Trust	Commercial Land	27,496,176	0.45
7.	Golden State Water Company	Water Company	25,864,680	0.42
8.	Silverado Los Alamos Vineyard LLC	Vineyards	23,945,425	0.39
9.	Knollwood Properties LP	Apartments	23,503,285	0.38
10.	Bradley-Orcutt Apartments LLC	Apartments	20,043,414	0.33
11.	Parke West Apartments LLC	Apartments	18,519,463	0.30
12.	Rice Ranch Community LLC	Residential Land	18,154,649	0.29
13.	Nolan Ranch West LLC	Agricultural	17,590,000	0.29
14.	Gallo Vineyards, Inc.	Vineyards	16,171,976	0.26
15.	Kohls Department Stores Inc.	Commercial	15,986,521	0.26
16.	Highlands at Double R LLC	Residential Lots	15,755,086	0.26
17.	DS Ranch LLC	Vineyards	15,140,473	0.25
18.	Minson Company	Shopping Center	14,462,270	0.23
19.	Holly Land & Lime LLC	Industrial	13,908,118	0.23
20.	West Bay Company	Agricultural	<u>13,690,232</u>	<u>0.22</u>
			\$575,530,521	9.34%

<sup>(1)</sup> The fiscal year 2022-23 local secured assessed valuation of the District is \$6,162,471,267.

Source: *California Municipal Statistics, Inc.*

## Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of August 1, 2023, for debt issued as of [\_\_\_\_\_, 2023]. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

**STATEMENT OF DIRECT AND OVERLAPPING DEBT  
Orcutt Union School District**

<sup>(1)</sup> Excludes the Bonds.

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

*Source: California Municipal Statistics, Inc.*

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

*The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy ad valorem property taxes on behalf of the District and for the District to 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 County to levy ad valorem property taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.*

### **Article XIII A of the California Constitution**

Article XIII A limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds or more of

all members of the legislature of the State (the “State Legislature”) to change any State taxes for the purpose of increasing tax revenues.

### **Proposition 19**

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“Proposition 19”), which amends Article XIII A to: (i) expand special rules that give property tax savings to 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; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District. However, any reduction of assessed valuation would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds.

### **Legislation Implementing Article XIII A**

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

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

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

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

### **Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original

Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

The District cannot provide make any representation regarding the effect Propositions 50 and 171 may have on District revenues or the assessed valuation of real property in the District. However, any reduction of assessed valuation would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds.

### **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 SBE as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the 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. So long as the District is not a community funded district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

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

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county,



school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts and community college districts (collectively “K-14 school districts”) to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

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

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for bonded debt service, such as the Bonds, (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 State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “– Propositions 98 and 111” herein.

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

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

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific

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

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

### **Proposition 26**

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

### **Propositions 98 and 111**

On November 8, 1988, voters of the State 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 changed State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually

appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

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

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget.

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

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

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State 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 State Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) approximately 40% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

### **Proposition 39**

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

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation

approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election would not exceed \$60 (for a unified school district, such as the District), \$30 (for a high school or elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIII A. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

### **Proposition 1A and Proposition 22**

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State-mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was projected to be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

### **Proposition 55**

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than

\$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “– Propositions 98 and 111” herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

### ***Jarvis v. Connell***

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

### **Proposition 2**

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as “Proposition 58”).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount

equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

**SB 858.** Senate Bill 858 (“SB 858”) became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an ADA that is more than 400,000,

is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

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

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

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

### **Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as “Proposition 51”) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

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

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



The District makes no representation or guarantee that it will either pursue or qualify for Proposition 51 State facilities funding.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D and Propositions 22, 26, 30, 39, 51, 55 and 98 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## **DISTRICT FINANCIAL INFORMATION**

*The information in this section concerning the District's general fund finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### **State Funding of Education**

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

**Revenue Limit Funding.** Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on a uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

The following table reflects the District’s historical ADA and the revenue limit and deficit revenue limit rates per unit of ADA for fiscal years 2008-09 through 2012-13.

**AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT**  
**Fiscal Years 2008-09 through 2012-13**  
**Orcutt Union School District**

<u>Fiscal Year</u>	<u>Enrollment<sup>(1)</sup></u>	<u>ADA<sup>(2)</sup></u>	<u>Base Revenue Limit Per ADA<sup>(3)</sup></u>	<u>Deficit Revenue Limit Per ADA<sup>(3)</sup></u>
2008-09	4,442	4,383	\$5,871	\$4,383
2009-10	4,329	4,276	6,121	4,276
2010-11	4,265	4,157	6,097	4,157
2011-12	4,379	4,198	6,507	4,198
2012-13	4,387	4,222	6,577	4,222

Note: All numbers are rounded to the nearest whole.

<sup>(1)</sup> Reflects certified enrollment as of the October report submitted to the California Basic Educational Data System (“CBEDS”). Excludes enrollment for charter schools operated by the District.

<sup>(2)</sup> Reflects ADA as of the second principal reporting period (“P-2 ADA”), which ends on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. Excludes ADA for charter schools operated by the District.

<sup>(3)</sup> Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State’s practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and discontinued following the implementation of the LCFF (as defined herein).

Source: *Orcutt Union School District*.

**Local Control Funding Formula.** State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”), enacted as part of the fiscal year 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) (“SB 91”).

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula (“LCFF”), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district’s proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school 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.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also “— State Budget Measures” herein for information on the adjusted Base Grants provided by current budgetary legislation.

The Base Grants for 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 early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts were also required to make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. The LCFE also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). A supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 65% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2022-23, as well as budgeted amounts for fiscal year 2023-24.

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**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE**  
**Fiscal Years 2013-14 through 2023-24**  
**Orcutt Union School District**

<b>Fiscal Year</b>	<b>Average Daily Attendance<sup>(1)</sup></b>				<b>Enrollment<sup>(2)</sup></b>	
	<b>TK-3</b>	<b>4-6</b>	<b>7-8</b>	<b>Total</b>	<b>Total Enrollment</b>	<b>% of EL/LI Enrollment</b>
2013-14	1,772	1,369	991	4,131	4,400	47.42%
2014-15	1,776	1,458	988	4,223	4,512	45.15
2015-16	1,655	1,494	974	4,123	4,492	46.07
2016-17	1,618	1,450	1,017	4,086	4,494	43.73
2017-18	1,748	1,404	1,099	4,251	4,593	47.11
2018-19	1,704	1,379	1,097	4,180	4,394	47.16
2019-20	1,713	1,376	1,016	4,105	4,297	46.64
2020-21					3,952	40.84
2021-22						
2022-23						
2023-24 <sup>(3)</sup>						

(1) Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. For the 2019-20 school year, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020 and the ADA for fiscal year 2020-21 is based on the fiscal year 2019-20 ADA. See “- Considerations Regarding COVID-19” herein. [In addition, due to the hold harmless provision provided for in the 2020-21 State budget, the District was funded based on its 2019-20 ADA through fiscal year 2021-22.] Excludes charter school students. See “ORCUTT UNION SCHOOL DISTRICT – Charter School” herein.

(2) Enrollment reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. CALPADS figures exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Since fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students has been based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Excludes charter school students. See “ORCUTT UNION SCHOOL DISTRICT – Charter School” herein.

(3) Budgeted.

Source: *Orcutt Union School District.*

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuation of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the implementation period of the LCFF. The District did not qualify for the ERT add-on.

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants is multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, yields a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property taxes. Most school districts receive a

significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

**Community Funded Districts.** Certain school districts, known as “community funded” districts (or alternatively as “basic aid” districts), have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded school districts receive certain other non -LCFF State funding, which is deemed to satisfy the “basic aid” requirement guaranteed by Article IX, Section 6 of the State Constitution. The implication for community funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a community funded district, and does not expect to in future fiscal years.

**Accountability.** Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to cover a three-year period and be updated annually. The State Board of Education has adopted a template LCAP for use by school districts.

**Support and Intervention.** AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts in meeting the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district with identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. The State Board of

Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district’s LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

**Other State Sources.** In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

**Other Revenue Sources**

**Federal and Local Sources.** The federal government provides funding for several school district programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, lottery funds and other local sources.

**Developer Fees.** The District receives developer fees for new residential and commercial/industrial development within the District pursuant to Government Code Section 65995 (the “Developer Fees”). The District maintains a fund, separate and apart from the general fund, to account for Developer Fees collected by the District. The Developer Fees are required to be used for facility improvements and construction necessitated by student population increases resulting from such development. The table below sets forth the Developer Fees collected by the District for the last five years and the budgeted amount for the current fiscal year.

**DEVELOPER FEES  
Fiscal Years 2018-19 through 2023-24  
Orcutt Union School District**

<u>Fiscal Year</u>	<u>Developer Fees Collected</u>
2018-19	\$738,748
2019-20	593,331
2020-21	705,000
2021-22	
2022-23 <sup>(1)</sup>	
2023-24 <sup>(2)</sup>	

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(1) Estimated.

(2) Budgeted.

Source: Orcutt Union School District.

The District, however, can make no representations that the Developer Fees will continue to be collected by the District in amounts consistent with prior years or as currently budgeted.

### **Considerations Regarding COVID-19**

**General.** An outbreak of disease or similar public health threat, such as the ongoing coronavirus (“COVID-19”) pandemic, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results.

The spread of COVID-19 continues to have significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

**Federal Response.** On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriated over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Coronavirus Relief and Response Supplemental Appropriations Act, 2021 (“CRRSA”), which included approximately \$900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The CRRSA provided approximately \$82 billion of COVID-19 related relief for education, including \$54.3 billion for K-12 schools (largely through Title I funding), \$22.7 billion for higher education and \$4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the “American Rescue Plan”), which provides approximately \$1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses. On April 10, 2023, the President signed a resolution ending the national emergency, and on May 11, 2023, the public health emergency expired.

**State Response.** In response to the COVID-19 pandemic, on March 17, 2020, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor, both of which took effect immediately. SB 89 amended the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor’s March 4, 2020 emergency proclamation. SB 117, among other things, (i) specified that for school districts that comply with Executive Order N-26-20 (as defined herein), the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through

February 29, 2020, (ii) prevented the loss of funding related to an instructional time penalty because of a school closed due to the COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) required a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriated \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. Additionally, the Governor, on March 4, 2021, signed into law Assembly Bill 86 (“AB 86”), urgency legislation which provided approximately \$6.6 billion to accelerate the return of in-person school instruction and expand student support. See also “—State Budget Measures” herein.

On June 29, 2020, Senate Bill 98 (“SB 98”), the education omnibus bill to the 2020-21 State budget, was signed by the Governor, which took effect immediately. SB 98 provided that distance learning could be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provided requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. On February 28, 2023, the Governor issued a proclamation terminating the State’s COVID-19 state of emergency.

***District Response.*** The District closed its schools in March 2020 and implemented distance learning for all students through the remainder of the school year as well part of fiscal year 2020-21. The District returned to in-person instruction in fiscal year 2020-21.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor enacted Executive Order N-26-20 (“Executive Order N-26-20”), which (i) generally streamlined the process of applying for such waivers for closures related to COVID-19 and (ii) directed school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

The District has been awarded approximately \$\_\_\_\_\_ in COVID-19-related relief funding, of which the District has spent approximately \$\_\_\_\_\_. This funding includes (i) approximately \$\_\_\_\_\_ in learning loss mitigation funding, (ii) approximately \$\_\_\_\_\_ from the Elementary and Secondary School Emergency Relief Fund (“ESSER I”) funded by the CARES Act, (iii) \$\_\_\_\_\_ from the Governor’s Emergency Education Relief Fund (“GEER I”) funded by the CARES Act (iv) approximately \$\_\_\_\_\_ from ESSER (“ESSER II”) funded by the Consolidated Appropriations Act, 2021, and (v) approximately \$\_\_\_\_\_ from ESSER (“ESSER III”) funded by the American Rescue Plan. The District has also been awarded approximately \$2,125,783 of Expanded Learning Opportunities Grants and \$\_\_\_\_\_ of In-person Instruction Grants pursuant to AB 86. The District, however, can make no representation whether all expected funds will be received, what the timing of receipt of such funds might be, or whether the District can expend funds prior to any applicable grant expiration dates.



Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction when schools are closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "ORCUTT UNION SCHOOL DISTRICT – District Retirement Systems" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus (notwithstanding the general availability of vaccines and vaccine boosters), the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. 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>), California Department of Public Health (<https://covid19.ca.gov/>) and the Santa Barbara County Department of Public Health (<https://www.countyofsb.org/phd/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding available state or federal assistance, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

## **Budget Process**

***State Budgeting Requirements.*** The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (requiring budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (requiring budgets' ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, which became State law on September 9, 2014 (eliminating the dual budget cycle option for school districts).

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will 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, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

***Interim Financial Reports.*** Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues 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 will be 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.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent, may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee at the direction of the county superintendent to serve the school district until it has adequate fiscal systems and controls in place. In connection with appointing such a trustee, some or all of the legislative powers of the governing board of such a school district can be suspended until the district achieves fiscal stability.

The District has never had an adopted budget disapproved by the County Superintendent of Schools. Within the past five years, all interim reports have been submitted with a "positive" certification.

**General Fund Budgeting Trends.** The table on the following page summarizes the District’s adopted general fund budgets for fiscal years 2019-20 through 2023-24, audited actual results for fiscal years 2019-20 through 2021-22, and estimated actuals for fiscal year 2022-23. The District operates a charter school, however, its financial activities are accounted for in the District’s Charter School Fund, separate from the general fund, and are therefore not represented in the following table. See “ORCUTT UNION SCHOOL DISTRICT – Charter School” herein.

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**GENERAL FUND BUDGETING<sup>(1)</sup>**  
**Fiscal Years 2019-20 through 2023-24**  
**Orcutt Union School District**

*[2022-23 Projected to be replaced with Estimated figures; 2023-24 Budget to be added]*

	Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24
	<u>Budgeted<sup>(2)</sup></u>	<u>Audited<sup>(2)</sup></u>	<u>Budgeted<sup>(2)</sup></u>	<u>Audited<sup>(2)</sup></u>	<u>Budgeted<sup>(2)</sup></u>	<u>Audited<sup>(2)</sup></u>	<u>Budgeted<sup>(3)</sup></u>	<u>Projected<sup>(3)</sup></u>	<u>Budgeted<sup>(4)</sup></u>
<b>REVENUES</b>									
Local Control Funding Formula	\$38,730,054	\$39,329,800	\$35,525,662	\$38,529,832	\$38,738,909	\$40,455,315	\$42,682,770	\$44,582,620	
Federal Sources	1,704,760	1,557,962	1,944,880	4,048,106	4,092,719	3,472,048	3,210,929	4,874,291	
Other State Sources	3,122,922	4,344,410	3,631,016	5,297,037	5,157,024	7,443,201	5,012,067	11,898,365	
Other Local Sources	<u>3,653,331</u>	<u>4,894,529</u>	<u>3,394,350</u>	<u>3,105,825</u>	<u>2,752,361</u>	<u>3,431,697</u>	<u>5,250,120</u>	<u>4,963,328</u>	
<b>Total Revenues<sup>(5)</sup></b>	<u>47,211,067</u>	<u>50,126,701</u>	<u>44,495,908</u>	<u>50,980,800</u>	<u>50,741,013</u>	<u>54,802,261</u>	<u>56,155,886</u>	<u>66,318,604</u>	
<b>EXPENDITURES</b>									
Current									
Certificated Salaries	19,703,073	19,617,501	19,462,900	19,485,004	19,284,293	21,506,409	21,952,800	22,959,401	
Classified Salaries	6,899,383	7,131,610	7,284,563	6,799,309	6,899,251	8,153,090	7,924,711	8,882,079	
Employee Benefits	11,859,729	12,342,365	11,841,568	13,546,098	11,677,079	13,329,740	14,883,796	15,132,427	
Books & Supplies	2,813,135	1,327,153	2,119,387	3,701,687	3,833,578	3,045,587	2,861,969	4,125,922	
Services & Operating Expenditures	3,495,344	3,392,722	3,642,437	2,844,804	3,016,579	3,610,818	3,737,546	5,533,833	
Other Outgo	1,521,846	1,722,263	1,804,455	21,353	2,002,078	2,720,368	2,199,222	2,197,450	
Capital Outlay	<u>193,000</u>	<u>398,244</u>	<u>169,410</u>	<u>2,776,792</u>	<u>55,636</u>	<u>242,090</u>	<u>1,090,512</u>	<u>1,312,285</u>	
<b>Total Expenditures<sup>(5)</sup></b>	<u>46,485,510</u>	<u>45,931,858</u>	<u>46,324,720</u>	<u>49,175,047</u>	<u>46,768,494</u>	<u>52,608,102</u>	<u>54,650,556</u>	<u>60,143,397</u>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	725,557	4,194,843	(1,828,812)	1,805,753	3,972,519	2,194,159	1,505,330	6,175,207	
<b>Other Financing Sources (Uses)</b>									
Transfers In <sup>(6)</sup>	--	85,000	575,000	--	--	--	--	--	
Transfers Out <sup>(7)</sup>	<u>(846,769)</u>	<u>(9,154)</u>	<u>(427,398)</u>	--	<u>(3,604,185)</u>	--	<u>(1,647,321)</u>	<u>(1,409,508)</u>	
<b>Net Financing Sources (Uses)</b>	<u>(846,769)</u>	<u>75,846</u>	<u>147,602</u>	--	<u>(3,604,185)</u>	--	<u>(1,647,321)</u>	<u>(1,409,508)</u>	
<b>Net Change in Fund Balance</b>	(121,212)	4,270,689	(1,681,210)	1,805,753	368,334	2,194,159	(141,991)	4,765,699	
<b>Fund Balance – Beginning</b>	<u>14,959,511</u>	<u>14,959,511</u>	<u>19,230,200</u>	<u>19,230,200</u>	<u>21,035,953</u>	<u>21,035,953</u>	<u>17,500,693</u>	<u>17,500,693</u>	
<b>Fund Balance - Ending</b>	<u>\$14,838,299</u>	<u>\$19,230,200</u>	<u>\$17,548,990</u>	<u>\$21,035,953</u>	<u>\$21,404,287</u>	<u>\$23,230,112</u>	<u>\$17,358,702</u>	<u>\$22,266,392</u>	

(1) Reflects combined unrestricted and restricted general fund. Fund balances for fiscal years 2019-20 through 2021-22 also include the Deferred Maintenance Fund (Fund 14) and the Special Reserve for Postemployment Benefits (Fund 20) pursuant to the fund type definitions promulgated under GASB Statement No. 54. Fund balances for fiscal years 2022-23 and 2023-24 are general fund only.

(2) From the District's audited financial statements for fiscal years 2019-20 through 2021-22, respectively.

(3) From the District's fiscal year 2022-23 Second Interim Financial Report, approved by the Board on March 8, 2023.

(4) From the District's fiscal year 2023-24 Adopted Budget, approved by the Board on June 14, 2023. [TO COME.]

(5) Actual revenues and expenditures in fiscal years 2019-20 through 2021-22 include Funds 14 and Fund 20 pursuant to GASB Statement No. 54; however, the budgeted revenues and expenditures in all years and the estimated revenues and expenditures in fiscal year 2022-23 are general fund only.

(6) Reflects transfers in from the Charter School Fund for post-employment retirement benefits (2019-20).

(7) Reflects transfers out to the Cafeteria Special Revenue Fund (2019-20), the County School Facility Non-Major Governmental Fund (2019-20), and the Deferred Maintenance Fund (2022-23).

Source: Orcutt Union School District.

## **Accounting Practices**

The accounting policies 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 Education Code Section 41010, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

## **Comparative Financial Statements**

Audited financial statements for the District for the fiscal year ended June 30, 2022 and prior fiscal years are on file with the District and available for public inspection at the Orcutt Union School District, 500 Dyer Street, Orcutt, California 93455, telephone: (805) 938-8900. The District's audited financial statements for the year ended June 30, 2022 are attached hereto as APPENDIX B. The table on the following page reflects the District's audited general fund revenues, expenditures and changes in fund balance for fiscal years 2017-18 through 2021-22. The District operates a charter school, however, its financial activities are accounted for in the District's Charter School Fund, separate from the general fund, and are therefore not represented in the following table. See "ORCUTT UNION SCHOOL DISTRICT – Charter School" herein.

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**AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES<sup>(1)</sup>**  
**Fiscal Years 2017-18 through 2021-22**  
**Orcutt Union School District**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
<b>REVENUES</b>					
LCFF sources	\$36,489,474	\$38,793,739	\$39,329,800	\$38,529,832	\$40,455,315
Federal sources	1,704,379	1,898,090	1,557,962	4,048,106	3,472,048
Other State sources	4,465,834	6,564,264	4,344,410	5,297,037	7,443,201
Other local sources	<u>3,817,449</u>	<u>4,800,374</u>	<u>4,894,529</u>	<u>3,105,825</u>	<u>3,431,697</u>
<b>Total Revenues</b>	46,477,136	52,056,467	50,126,701	50,980,800	54,802,261
<b>EXPENDITURES</b>					
Current					
Instruction	28,512,019	30,963,718	28,395,161	32,114,484	32,902,851
Instruction-related activities					
Supervision of instruction	1,821,975	2,445,690	2,513,330	1,883,332	2,173,446
Instructional library, media and technology	983,399	1,094,331	1,177,416	1,219,095	1,459,304
School site administration	2,617,668	2,629,537	2,711,728	2,621,327	2,892,614
Pupil services					
Home-to-school transportation	1,110,041	1,230,540	1,134,682	856,337	1,175,029
Food services	--	--	9,341	30,897	10,991
All other pupil services	1,717,385	2,218,473	2,249,773	2,578,384	3,007,901
Administration					
All other administration	1,040,948	1,178,516	1,190,645	871,211	1,051,994
Plant services	3,562,608	4,255,923	3,696,764	3,742,449	4,395,750
Facility acquisition and construction	411,212	892,322	73,504	486,627	868,151
Ancillary services	87,661	122,112	105,093	16,907	96,685
Community services	939,336	943,323	948,444	598,461	737,354
Other outgo	<u>984,639</u>	<u>1,377,198</u>	<u>1,725,977</u>	<u>2,155,536</u>	<u>1,836,032</u>
<b>Total Expenditures</b>	43,788,891	49,351,683	45,931,858	49,175,047	52,608,102
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	2,688,245	2,704,784	4,194,843	1,805,753	2,194,159
<b>Other Financing Sources (Uses):</b>					
Transfers in <sup>(2)</sup>	50,000	47,087	85,000	--	--
Transfers out <sup>(3)</sup>	<u>(9)</u>	--	<u>(9,154)</u>	--	--
<b>Net Financing Sources (Uses)</b>	49,991	47,087	75,846	--	--
<b>NET CHANGE IN FUND BALANCES</b>	2,738,236	2,751,871	4,270,689	1,805,753	2,194,159
<b>Fund Balance – Beginning</b>	<u>13,958,269</u>	<u>16,696,505</u>	<u>14,959,511<sup>(4)</sup></u>	<u>19,230,200</u>	<u>21,035,953</u>
<b>Fund Balance – Ending</b>	<u>\$16,696,505</u>	<u>\$19,448,376<sup>(4)</sup></u>	<u>\$19,230,200</u>	<u>\$21,035,953</u>	<u>\$23,230,112</u>

<sup>(1)</sup> From the District's comprehensive audited financial statements for fiscal years 2017-18 through 2021-22, respectively. Reflects restricted and unrestricted general fund, as well as the Special Reserve Fund for Postemployment Benefits (Fund 20) and Deferred Maintenance Fund (Fund 14) pursuant to the fund type definitions promulgated by GASB Statement No. 54.

<sup>(2)</sup> Reflects transfers in from the Charter School Fund for post-employment retirement benefits (2017-18 through 2019-20).

<sup>(3)</sup> Reflects transfers out to the Building Fund (2017-18), the Cafeteria Non-Major Governmental Fund (2019-20), and the County School Facility Non-Major Governmental Fund (2019-20).

<sup>(4)</sup> The District established an irrevocable trust to begin funding the accrued liability with respect to its post-employment benefits in June 2019. In connection with doing so, approximately \$4.5 million held in Fund 20 was moved to the PARS Trust. See "ORCUTT UNION SCHOOL DISTRICT – Other Postemployment Benefits" herein. Accordingly, the fiscal year 2018-19 ending fund balance does not match the fiscal year 2019-20 beginning fund balance.

Source: Orcutt Union School District

## State Budget Measures

*The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.*

**2022-23 State Budget.** On June 30, 2022, the Governor signed the State budget for fiscal year 2022-23 (the "2022-23 Budget"). The following information is drawn from the State Department of Finance (the "DOF") and LAO summaries of the 2022-23 Budget.

For fiscal year 2021-22, the 2022-23 Budget projected total general fund revenues and transfers of \$277.1 billion and authorizes expenditures of \$242.9 billion. The State was projected to end the 2021-22 fiscal year with total reserves of \$46.7 billion, including \$18.2 billion in the traditional general fund reserve, \$20.3 billion in the BSA, \$7.3 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the 2022-23 Budget projected total general fund revenues and transfers of \$219.7 billion and authorized expenditures of \$234.4 billion. The State was projected to end the 2022-23 fiscal year with total reserves of \$37.2 billion, including \$3.5 billion in the traditional general fund reserve, \$23.3 billion in the BSA, \$9.5 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. The 2022-23 Budget included deposits to the PSSSA of \$3.1 billion, \$4 billion and \$2.2 billion attributable to fiscal years 2020-21 through 2022-23, respectively. The balance of \$7.1 billion in the PSSSA in fiscal year 2021-22 triggered school district reserve caps beginning in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The 2022-23 Budget set total funding for all K-12 education programs at \$128.6 billion, including \$78.6 billion from the State general fund. This resulted in per-pupil funding of \$22,893, including \$16,993 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2022-23 was set at \$110.4 billion. The 2022-23 Budget also made retroactive increases to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at \$96.1 billion and \$110.2 billion, respectively. Collectively, this represented a three-year increase in the minimum funding guarantee of \$35.8 billion over the level projected by the State budget for fiscal year 2021-22 (the "2021-22 Budget"). Test 1 was projected to be in effect over this three-year period..

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

- **Local Control Funding Formula:** The 2022-23 Budget funded a COLA of 6.56% to LCFF apportionments, the largest COLA in the history of the LCFF. To assist school district and charter schools address ongoing fiscal pressures, staff shortages and other operational needs, the 2022-23 Budget included \$4.32 billion in ongoing Proposition 98 funding to increase LCFF base funding by an additional 6.28%. With respect to county offices of education, the 2022-23 Budget included \$101.2 million in ongoing, augmented LCFF funding. To support the fiscal stability of all local educational agencies, including those with declining student populations, the 2022-23 Budget amended the LCFF calculation to consider the greater of a school district's current year, prior year or average of three prior years' ADA. Finally, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 Budget enabled all classroom-based local educational agencies that could demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be

funded at the greater of their current year ADA or their current year enrollment, adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year. The 2022-23 Budget also allowed classroom-based charter schools to be similarly funded. The 2022-23 Budget reflected \$2.8 billion in ongoing Proposition 98 funding and \$413 million in one-time Proposition 98 funding to implement these stabilization policies.

- *Learning Recovery:* The 2022-23 Budget established the Learning Recovery Emergency Fund and appropriated \$7.9 billion in one-time Proposition 98 funding to establish a block grant to support local educational agencies in establishing learning recovery initiatives.
- *Discretionary Block Grant:* \$3.6 billion in one-time, discretionary Proposition 98 funding to school districts, county offices of education, charter schools and State special schools to be spent on a variety of purposes, including arts and music programs, professional development, instructional materials, operational costs and expenses related to the COVID-19 pandemic.
- *Student Supports:* The 2021-22 Budget provided \$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. The 2022-23 Budget included an additional \$1.1 billion in one-time Proposition 98 funding to expand access to community schools.
- *Educator Workforce:* The 2021-22 Budget provided \$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. To further support this effort, the 2022-23 Budget provided \$48.1 million in one-time funding to waive certain teacher examination fees, \$20 million in one-time funding to develop and implement integrated teacher preparation programs, \$2.7 million to fund State operational support for teacher credentialing, and \$1.4 million to establish career counselors for prospective educators.
- *Educator Preparation, Retention and Training:* The 2022-23 Budget funded a variety of additional educator workforce initiatives, including (i) \$250 million in one-time Proposition 98 funding to expand residency slots for teachers and school counselors, (ii) \$85 million in one-time Proposition 98 funding to create Pre-Kindergarten through 12<sup>th</sup> grade educator resources and professional learning in science technology, engineering and math, and (iii) \$35 million in one-time Proposition 98 funding, available over three years, for educator training in computer science, special education and support for English-learners.
- *Universal Transitional Kindergarten:* \$614 million in ongoing Proposition 98 funding to expand eligibility for transitional kindergarten to include all children turning five years old between September 2 and February 2, beginning in the 2022-23 fiscal year. To accommodate expected enrollment increases related to the expansion of transitional kindergarten, the 2022-23 Budget re-benched the Test 1 percentage of State revenues allocated to education. Additionally, the 2022-23 Budget included \$383 million in Proposition 98 funding to add one additional certificated or classified employee to every transitional kindergarten class, which was expected to reduce student-to-adult ratios to more closely align with the State's preschool program. Finally, the 2022-23 Budget provided \$100 million of one-time funding in 2022-23, and \$550 million of funding in 2023-24, to support the construction or retrofit of school facilities for the purpose of providing classrooms for transitional kindergarten, full-day kindergarten or preschool.



- *Expanded Learning Time*: \$3 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 foster youth. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their numbers of such students. Beginning in fiscal year 2023-24, local educational agencies will be required to offer expanded learning opportunities to all low-income students, English language learners and foster youth. Local educational agencies with the highest concentrations of these students will be required to offer expanded learning opportunities to all students. The 2022-23 Budget assumed full implementation of this program by fiscal year 2025-26.
- *Literacy*: \$250 million in one-time Proposition 98 funding, available over five years, for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and offer one-on-one and small group intervention for struggling readers.
- *Community Engagement*: \$100 million in one-time Proposition 98 funding to expand the reach of an initiative included in prior budgetary legislation which builds the capacity of local educational agencies to engage more effectively with their communities.
- *Special Education*: \$500 million in ongoing Proposition 98 funding to increase in the State-wide base funding rate for special education funding.
- *College and Career Pathways*: \$500 million in one-time Proposition 98 funding, over seven years, to support the development of college and career pathways program focused on technology (including computer science, green technology and engineering), health care, education and climate-related fields. Additionally, the 2022-23 Budget includes \$200 million in one-time Proposition 98 funding, available over four years, to strengthen and expand student access and participation in dual enrollment opportunities.
- *Home-to-School Transportation*: \$637 million in ongoing Proposition 98 funding to reimburse local educational agencies for up to 60% of their prior year transportation costs. In addition, commencing in fiscal 2023-24, the 2022-23 Budget reflected the application of an ongoing COLA to the current LCFF Home-to-School Transportation add-on. Finally, the 2022-23 Budget provided \$1.5 billion in one-time Proposition 98 funding, available over five years, to support the greening of school buses as part of a Statewide zero-emissions initiative.
- *Nutrition*: \$596 million in Proposition 98 funding to create universal access to subsidized school meals. The 2022-23 Budget provided an additional \$611.8 million in ongoing Proposition 98 funding to augment State meal program reimbursements rates beginning in fiscal year 2022-23, in order to allow local educational agencies to continue offering higher-quality and more diverse meals for students. Additionally, the 2022-23 Budget included \$600 million in one-time Proposition 98 funding, available over three years, to upgrade school kitchen infrastructure and equipment, provide food service employee training and incorporate fresh, minimally-processed, California-grown foods in school meals. The 2022-23 Budget also provided an additional \$100 million in one-time Proposition 98 funding to support local educational agency procurement practices for plant-based or restricted diet meals, as well as to procure California-grown or California-produced, sustainably grown and whole or minimally processed foods. Finally, the 2022-23 Budget included an additional \$30 million in one-time Proposition 98 funding for the California Farm to School Program, which connects local

producers and school food buyers, increases food education opportunities and engages schools and students with the agricultural community.

- *Facilities*: \$1.4 billion in State general obligation bond funding to support school construction projects. This represented the final installment available to K-12 school districts under Proposition 51. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51” herein. The 2022-23 Budget also provided \$1.3 billion in one-time funding in fiscal year 2022-23, \$2.1 billion of such funds in 2023-24 and \$875 million of such funds in fiscal year 2024-25, to support new construction and modernization projects through the State’s school facility program. Finally, the 2022-23 Budget included \$30 million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program.
- *Classified Staff*: An increase of \$35 million in one-time Proposition 98 funding, and \$90 million in ongoing Proposition 98 funding, for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during the intersessional months when they are not employed.

For additional information regarding the 2022-23 Budget, see the DOF and LAO websites at [www.dof.ca.gov](http://www.dof.ca.gov) and [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by any reference.

***Proposed 2023-24 State Budget.*** On January 10, 2023, the Governor released his proposed State budget for fiscal year 2023-24 (the “Proposed 2023-24 Budget”). The following information is drawn from the DOF and LAO summaries of the Proposed 2023-24 Budget.

The Proposed 2023-24 Budget reports that due to several factors, including continued high inflation, multiple federal reserve bank interest rate increases, and stock market declines, the revenue outlook is substantially different from the previous two years. The Proposed 2023-24 Budget forecasts that State general fund revenues will be \$29.5 billion lower than the level projected by the 2022-23 Budget, and the State faces an estimated budget gap of approximately \$22.5 billion in fiscal year 2023-24. The LAO estimates a slightly lower budget gap of \$18 billion, and results from a difference in what the Governor and the LAO treat as spending that was approved by prior budgets.

To close the budget gap, the Proposed 2023-24 Budget includes a series of measures intended to avoid deep reductions to priority programs that marked budgetary shortfalls over the past two decades, as well as avoid draws on State reserves:

- *Funding Delays - \$7.4 billion*: Delayed funding for multiple items across fiscal years 2021-22 through 2023-24. The majority of these funding delays are in higher education, healthcare and broadband access. The LAO notes that these funding delays will result in net cost increases in fiscal years 2024-25 and 2025-26.
- *Reductions/Pullbacks - \$5.7 billion*: Reductions in spending for various items across fiscal years 2021-22 through 2023-24, and a pull back of certain items that were included in the 2022-23 Budget. Significant items in this category include a \$3 billion inflationary adjustment included in the prior budget, and a \$750 million principal payment to the State’s unemployment insurance loan.

- *Cost Shifts - \$4.3 billion:* Shifts in certain expenditures in fiscal years 2022-23 and 2023-24 from the State general fund to other sources.
- *Trigger Reductions - \$3.9 billion:* Reductions to funding for certain items in fiscal years 2020-21 through 2023-24. These reductions would be placed in a “trigger” that would restore funding if sufficient revenues are available. The reductions are to baseline adjustments, enrollments, caseloads and population adjustments, primarily in the areas of natural resources and the environment, transportation, housing and homelessness, State parks and workforce training.
- *Limited Revenue Generation and Borrowing - \$1.2 billion:* Augmentation to State general fund sources and limited borrowing, the majority of which would be derived from loans from special funds and a renewal of a tax on managed care organizations.

The Proposed 2023-24 Budget also includes estimates of multiyear revenues and spending. Under these projections and the current budget proposals, the State is projected to face operating deficits of \$9 billion in fiscal year 2024-25, \$9 billion in fiscal year 2025-26 and \$4 billion in fiscal year 2026-27.

For fiscal year 2022-23, the Proposed 2023-24 Budget projects total general fund revenues and transfers of \$208.9 billion and authorizes expenditures of \$240.1 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$47.7 billion, including \$17.2 billion in the traditional general fund reserve, \$21.5 billion in the BSA, \$8.1 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2023-24, the Proposed 2023-24 Budget projects total general fund revenues and transfers of \$210.2 billion and authorizes expenditures of \$223.6 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$35.6 billion, including \$3.8 billion in the traditional general fund reserve, \$22.4 billion in the BSA, \$8.5 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund.

The ending balance in the BSA is at the constitutional maximum amount, resulting in \$951 million that is required to be dedicated to infrastructure improvements in fiscal year 2023-24. The Proposed 2023-24 Budget also includes revised deposits to the PSSSA of \$3.7 billion and \$1.1 billion attributable to fiscal years 2021-22 and 2022-23, respectively, and authorizes a deposit in fiscal year 2023-24 of \$365 million. The balance of \$8.5 billion in the PSSSA in fiscal year 2022-23 would trigger school district reserve caps in fiscal year 2023-24. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2” herein.

The Proposed 2023-24 Budget sets total funding for all K-12 education programs at \$128.5 billion, including \$78.7 billion from the State general fund and \$49.8 billion from other sources. This results in per-pupil funding of \$23,723, including \$17,519 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2023-24 is set at \$108.8 billion, reflecting a decrease of approximately \$1.5 billion from the prior year. The Proposed 2023-24 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2021-22 and 2022-23, setting them at \$110.4 billion and \$106.9 billion, respectively. Collectively, this represents a three-year decrease in the minimum funding guarantee of \$4.7 billion over the level projected by the 2022-23 Budget. Test 1 is projected to be in effect over this three-year period.

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

- *Local Control Funding Formula:* The Proposed 2023-24 Budget funds a COLA of 8.13% to LCFF apportionments. When combined with growth adjustments, this increase will result in

\$4.2 billion in additional discretionary funds for local educational agencies. To fund the increase and maintain the current-year level of LCFF apportionments, the Proposed 2023-24 Budget provides approximately \$613 million in one-time resources to support the ongoing cost of the LCFF in fiscal year 2022-23, and \$1.4 billion of such resources to support the ongoing cost of the LCFF in fiscal year 2023-24. The Proposed 2023-24 Budget also provides an increase of \$51.7 million in ongoing Proposition 98 funding to support an 8.13% COLA for county offices of education, and an increase of \$669 million of such funding to support a similar COLA for categorical programs that remain outside the LCFF. Finally, to accelerate learning gains and close opportunity gaps, the Proposed 2023-24 Budget provides \$300 million in ongoing Proposition 98 funding to establish an equity multiplier as an add-on to the LCFF. These funds will be allocated to local educational agencies based on school-site eligibility, and the funds are intended to augment resources that support the highest-needs schools in the State.

- *Universal Transitional Kindergarten:* \$690 million in ongoing Proposition 98 funding to continue the implementation of transitional kindergarten, expanding eligibility to include all children turning five years old between September 2 and April 2, beginning in the 2023-24 fiscal year. To accommodate expected enrollment increases related to this expansion, the Proposed 2023-24 Budget will rebench the Test 1 percentage of State revenues allocated to education. Additionally, the Proposed 2023-24 Budget includes \$165 million to add one additional certificated or classified employee to every transitional kindergarten class. The Proposed 2023-24 Budget also delays, to fiscal year 2024-25, \$550 million of funding previously approved to support the construction or retrofit of full-day kindergarten and preschool facilities.
- *Literacy:* \$250 million in additional one-time Proposition 98 funding for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and offer one-on-one and small group intervention for struggling readers.
- *Arts and Cultural Enrichment:* On November 8, 2022, State voters approved Proposition 28, which requires that an amount equal to 1% of the prior year's minimum funding guarantee be allocated to schools to increase arts instruction and arts programs in public education. The Proposed 2023-24 Budget includes \$941 million to fund this mandate. Given the need to cover the costs of the LCFF in fiscal years 2022-23 and 2023-24, the Proposed 2023-24 Budget reflects a reduction of approximately \$1.2 billion in Proposition 98 funding previously approved for the Arts, Music and Instructional Materials Block Grant. The Proposed 2023-24 Budget also provides \$100 million in one-time Proposition 98 funding to enable local educational agencies to provide high school seniors with access to cultural enrichment experiences.
- *Facilities:* The Proposed 2023-24 Budget reflects a decrease of \$100 million in State general fund support for the State school facilities program. The Proposed 2023-24 Budget also includes \$30 million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program, and would set aside \$15 million of previously appropriated funding to support school kitchen infrastructure improvements.

For additional information regarding the Proposed 2023-24 Budget, see the DOF and LAO websites at [www.dof.ca.gov](http://www.dof.ca.gov) and [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by any reference.

**May Revision.** On May 12, 2023, the Governor released his May revision to the Proposed 2023-24 Budget (the “May Revision”). The following information is drawn from the DOF and LAO summaries of and reports on the May Revision.

The May Revision reports that monthly revenue shortfalls have continued, resulting in revenues being \$9.3 billion lower than the amount projected by the Proposed 2023-24 Budget. The May Revision now estimates that the State faces a budget gap of approximately \$31.5 billion in fiscal year 2023-24. While the May Revision does not project a recession, it recognizes that increased risks to the State budget remain that could significantly change the State’s near-term fiscal trajectory, including economic fallout from a federal debt limit impasse, higher interest rates, uncertainty in financial institutions and delayed tax receipts resulting from extensions granted by the federal government and the State. Should the risks be realized and a modest recession occur, revenue declines below the May Revision forecast could be significant.

In its summary of the Proposed 2023-24 Budget, the LAO notes that their estimate of the budget gap is \$28.3 billion, slightly lower than the May Revision. Generally, this results from a difference in what the Governor and the LAO treat as spending that was approved by prior budgets.

The May Revision provides additional revenue measures and spending reductions to close the projected budget gap with the intention of avoiding significant impacts to existing programs and draws on the major State reserves (i.e. traditional general fund reserve, BSA and PSSSA):

- *Funding Delays* – An additional \$695 million in funding delays across fiscal years 2021-22 through 2023-24. This brings total funding delays to \$8.1 billion.
- *Reductions/Pullbacks* – An additional \$1.1 billion in spending reductions and pullbacks across fiscal years 2021-22 through 2023-24. Combined with the reductions provided by the Proposed 2023-24 Budget, and accounting for a \$57 million adjustment, total reductions would be \$6.7 billion. Generally, the reductions in the May Revision reflect reversions of unused funds rather than cuts to programs.
- *Cost Shifts* – An additional \$3.3 billion in shifts of certain spending commitments from the State general fund to other sources. After accounting for a \$90 million adjustment, this brings the total amount of shifts to \$7.5 billion.
- *Revenue Generation and Borrowing* – \$3.7 billion in additional revenue measures and borrowing, for a total of \$4.9 billion, consisting primarily of an additional \$2.5 billion from the Managed Care Organization tax and \$1.2 billion in additional borrowing from special funds.
- *Trigger Reductions*: Although the May Revision does not propose any additional trigger reductions, it retains the \$3.7 million of such reductions provided in the Proposed 2023-24 Budget.
- *Safety Net Reserve Withdrawal* – The May Revision includes a withdrawal of \$450 million from the Safety Net Reserve, leaving a balance of \$450 million.

For fiscal year 2022-23, the May Revision projects total general fund revenues and transfers of \$205.1 billion and authorizes expenditures of \$236.5 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$51.9 billion, including \$18.8 billion in the traditional general fund reserve, \$22.3 billion in the BSA, \$9.9 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. For

fiscal year 2023-24, the May Revision projects total general fund revenues and transfers of \$209.1 billion and authorizes expenditures of \$224.1 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$37.3 billion, including \$3.8 billion in the traditional general fund reserve, \$22.3 billion in the BSA, \$10.7 billion in the PSSSA and \$450 million in the Safety Net Reserve Fund.

The projected ending balance in the BSA continues to be at the constitutional maximum amount, resulting in \$2.3 billion that is required to be dedicated to infrastructure improvements in fiscal year 2023-24. The balance of \$9.9 billion in the PSSSA in fiscal year 2022-23 would trigger school district reserve caps in fiscal year 2023-24. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2” herein.

Under the administration’s estimates and assumptions, the budget condition would worsen in future years. Specifically, the State is currently projected to face out-year operating deficits of approximately \$15 billion in each of 2024-25 through 2026-27. These operating deficits represent future budget problems that will need to be addressed.

The LAO indicates that across fiscal years 2021-22 through 2023-24, their revenue estimates are \$11 billion lower than those of the May Revision, and cautions against optimistic revenue assumptions. The LAO’s assessment is that there is roughly a two-thirds chance revenues will come in below the May Revision’s assessments. While the May Revision’s assumptions are plausible, the LAO concludes that adopting them would present considerable downside risk. The LAO also expressed concern that the May Revision relies on approximately \$2.8 billion of reductions to one-time spending to fund an ongoing COLA for the LCFF (as discussed below), which creates an ongoing deficit in education funding.

The May Revision sets total funding for all K-12 education programs at \$127.2 billion, including \$79.1 billion from the State general fund and \$48.1 billion from other sources. The minimum funding guarantee in fiscal year 2023-24 is set at \$106.8 billion. The May Revision also makes retroactive increases to the minimum funding guarantees in fiscal years 2021-22 and 2022-23, setting them at \$110.6 billion and \$106.8 billion, respectively. Collectively, this represents a three-year decrease in the minimum funding guarantee of \$2 billion over the level projected by the Proposed 2023-24 Budget. This decrease is primarily attributable to lower State general fund revenues, offset by somewhat higher local property tax revenue. Test 1 is projected to be in effect over this three-year period.

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

- *Local Control Funding Formula:* The May Revision increases the COLA provided by the Proposed 2023-24 Budget for LCFF apportionments, from 8.13% to 8.22%. When offset by savings resulting from projected enrollment declines, this would increase year-over-year discretionary funds available to local educational agencies by approximately \$3.4 billion. The May Revision also reflects the utilization of approximately \$2.7 billion in one-time Proposition 98 funding to support the overall costs of the LCFF in fiscal year 2023-24. The May Revision also provides a decrease of approximately \$1.7 million in ongoing Proposition 98 funding for categorical programs that remain outside the LCFF. When offset by savings resulting from projected enrollment declines, this funding level will support an 8.22% COLA for such programs. Finally, the Proposed 2023-24 Budget provided \$300 million in ongoing Proposition 98 funding to establish an equity multiplier as an add-on to the LCFF to accelerate learning gains and close opportunity gaps. In connection therewith, the May Revision provides \$2 million in ongoing Proposition 98 funding to support the work of newly proposed equity leads within the Statewide system of support.

- *Adjustment of One-Time Resources:* Since available Proposition 98 resources have declined by approximately \$2 billion since the Proposed 2023-24 Budget, the May Revision would decrease funding for the Arts, Music and Instructional Materials Block Grant by approximately \$607 million and for the Learning Recovery Emergency Block Grant by approximately \$2.5 billion.
- *County Offices of Education:* An increase of \$80 million in ongoing Proposition 98 funding to support county offices of education serving students in juvenile court and other alternative settings. Additionally, the May Revision includes a 50% increase to the base grant allocation that county offices of education receive to support technical assistance to underperforming local educational agencies.
- *Universal Transitional Kindergarten:* Due to projected enrollment declines, the May Revision makes adjustments to funding included in the Proposed 2023-24 Budget to support the implementation of universal transitional kindergarten. Specifically (i) the first-year costs to expand access are reduced from \$604 million to approximately \$357 million, (ii) the first-year costs to add one additional certificated or classified staff member are reduced from \$337 million to approximately \$283 million, and (iii) the second-year costs to expand access are reduced from \$690 million to approximately \$597 million.
- *Literacy:* \$1 million in one-time Proposition 98 funding to support the development of screening instruments to assess student reading difficulties, such as dyslexia.
- *Student Nutrition:* An additional \$110 million in one-time Proposition 98 funding, and \$191 million in additional ongoing Proposition 98 funding, to fully fund the Universal School Meals program in fiscal years 2022-23 and 2023-24.
- *Arts and Cultural Enrichment:* A decrease of approximately \$8 million, for total funding of approximately \$933 million, to support the implementation of Proposition 28, which requires that an amount equal to 1% of the prior year's minimum funding guarantee be allocated to schools to increase arts instruction and arts programs in public education.
- *Educator Preparation, Retention and Training:* An increase of \$20 million in one-time Proposition 98 funding, to be available through fiscal year 2028-29, to support the Bilingual Teacher Professional Development Program, and an increase of \$6 million in one-time federal funds to support grants for teacher candidates enrolled in a special education preparation program who agree to teach at high-need school sites.
- *Restorative Justice Practices:* An increase of \$7 million in one-time Proposition 98 funding to support local educational agencies opting to implement restorative justice best practices.

For additional information regarding the May Revision, see the DOF and LAO websites at [www.dof.ca.gov](http://www.dof.ca.gov) and [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by any reference.

***Future Actions and Events.*** The District cannot predict what additional actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or

results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See “– Considerations Regarding COVID-19” herein. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation of the County to levy *ad valorem* property taxes upon all taxable property within the District for the payment of the principal of and interest on the Bonds would not be impaired.

## ORCUTT UNION SCHOOL DISTRICT

*The information in this section concerning the operations of the District and the District's finances are 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 are payable from the general fund of the District. The Bonds are payable solely from the revenues generated by an ad valorem property tax levied by the County on taxable property within the boundaries of the District for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.*

### Introduction

The District is located in the northern portion of the County, on the central coast of the State, between Los Angeles and San Francisco. Originally established in 1884, the District now covers an area of approximately 222.3 square miles. The District serves students from unincorporated portions of the County in the suburbs of the City of Santa Maria, including the unincorporated communities of Orcutt, Casmalia and Los Alamos. The District operates five elementary schools serving kindergarten through sixth grade, one elementary school serving kindergarten through eighth grade, two junior high schools serving grades seven and eight, and one affiliated charter school serving kindergarten through grade twelve. For fiscal year 2022-23, the District had an ADA of \_\_\_\_\_ and an enrollment of \_\_\_\_\_, and taxable property within the District had a total assessed valuation of \$6,259,498,626. For fiscal year 2023-24, the District has budgeted an ADA of \_\_\_\_\_ and an enrollment of \_\_\_\_\_. The ADA and enrollment figures shown above do not include students attending the District-sponsored charter school, and the District will be funded based on its 2019-20 ADA in fiscal year 2020-21. See “– Charter School” herein for additional information about the charter school.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Orcutt Union School District, Attention: Assistant Superintendent, Business Services, 500 Dyer Street, Orcutt, California 93455.



## Administration

The District is governed by a five-member Board, each member of which is elected by trustee area to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

### BOARD OF TRUSTEES Orcutt Union School District

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Shaun Henderson	President	December 2026
Lisa Morinini	Clerk	December 2024
Liz Phillips	Trustee	December 2024
Mark Steller	Trustee	December 2026
Melanie Waffle	Trustee	December 2026

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Holly Edds, Ed.D. is the Superintendent of the District. Brief biographies of the Superintendent and the Assistant Superintendent, Business Services of the District follow.

***Holly Edds, Ed.D., Superintendent.*** Dr. Edds was appointed Superintendent of the District effective July 1, 2020. Immediately prior thereto, she served as the District's Assistant Superintendent of Educational Services. Prior to joining the District, Dr. Edds served as Principal at Joe Nightingale Elementary School for six years. Dr. Edds has also worked in the San Miguel Joint Union School District, Paso Robles Public Schools, and King City Union School District. Her Doctorate in Educational Leadership is a Joint Doctorate from the University of California, Santa Barbara and Cal Poly San Luis Obispo. Dr. Edds also holds a Master of Arts Degree in Education with a specialization in Reading from Cal Poly San Luis Obispo and a Bachelor of Arts degree in Social Science from the University of California, Irvine. Dr. Edds taught regular education as well as special education and holds several advanced teaching credentials.

***Sandra Knight, Assistant Superintendent, Business Services.*** Sandra Knight was appointed Assistant Superintendent, Business Services of the District in April 2022. Immediately prior thereto she served the District as Director of Fiscal Services. Ms. Knight has also held the positions of Business Manager at other school districts, as well as Chief Operating Officer, Director of Finance and Administration, Executive Director, and Controller and Chief Financial Officer in the private sector. Prior to her work in business, Ms. Knight practiced law. Ms. Knight received a Juris Doctorate degree from San Joaquin College of Law and a Bachelor of Science degree from California State University, Fresno.

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**District Enrollment**

On average throughout the District, the regular education pupil-teacher ratio is approximately \_\_\_:1 in TK, \_\_\_:1 in grades K-3, \_\_\_:1 in grades 4-5, and \_\_\_:1 in grades 6-8. The following table reflects the enrollment history of the District for the last 10 years.

**DISTRICT ENROLLMENT  
Fiscal Years 2014-15 through 2023-24  
Orcutt Union School District**

<u>Fiscal Year</u>	<u>Enrollment<sup>(1)</sup></u>	<u>% Change in Enrollment</u>
2014-15	4,512	--
2015-16	4,492	(0.4)%
2016-17	4,494	0.0
2017-18	4,426	(1.5)
2018-19	4,394	(0.7)
2019-20	4,297	(2.2)
2020-21	3,952	(8.0)
2021-22		
2022-23		
2023-24 <sup>(2)</sup>		

<sup>(1)</sup> Reflects CALPADS enrollment. Excludes County-operated programs and charter school students. See “- Charter School” herein.

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

Source: Orcutt Union School District.

**Charter School**

Charter schools are largely independent schools operating as part of the public school system created pursuant to Education Code Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 (the “Charter School Law”). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education, or the State Board of Education.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are: (i) to provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (ii) to hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (iii) to provide competition within the public school system to stimulate improvements in all public schools.

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

Currently, one affiliated, District-operated charter school operates within the District’s boundaries. The following table shows enrollment figures for this charter school for the past five fiscal years, and the budgeted enrollment for fiscal year 2023-24.

**CHARTER SCHOOL ENROLLMENT**  
**Fiscal Years 2018-19 through 2023-24**  
**Orcutt Union School District**

<u>Fiscal Year</u>	<u>Enrollment</u>
2018-19	787
2019-20	782
2020-21	
2021-22	
2022-23	
2023-24 <sup>(1)</sup>	

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

Source: Orcutt Union School District.

**Labor Relations**

As of \_\_\_\_\_, 2023, the District employed \_\_\_ full-time equivalent (“FTE”) certificated employees, \_\_\_ FTE classified employees, and \_\_\_ management employees. District employees, except management and some part-time employees, are represented by the two bargaining units noted below:

**BARGAINING UNITS**  
**Orcutt Union School District**

<u>Labor Organization</u>	<u>Number of Employees in Organization</u>	<u>Contract Expiration Date</u>
Orcutt Educators Association		June 30, 2023
California School Employees Association		August 31, 2023

Source: Orcutt Union School District.

**District Retirement Systems**

*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 be construed as a representation by the District, the Municipal Advisor or the Underwriter.*

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

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

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

**MEMBER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

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*Source: AB 1469.*

Pursuant to the Reform Act (defined below), the contribution rates for members (“PEPRA Members”) hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees (“Classic Members”) hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate will be 10.250% for Classic Members and 10.205% for PEPRA Members.

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

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

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*Source: AB 1469.*

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and is 16.92% in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein. The employer contribution rate is 19.1% in fiscal year 2022-23 and will be 19.1% in fiscal year 2023-24.

The District's contributions to STRS were \$3,219,513 in fiscal year 2017-18, \$3,654,970 in fiscal year 2018-19, \$3,784,223 in fiscal year 2019-20, \$3,565,709 in fiscal year 2020-21, \$3,958,205 in fiscal year 2021-22, and \$ \_\_\_\_\_ in fiscal year 2022-23 (estimated). The District has budgeted a contribution of \$ \_\_\_\_\_ to STRS for fiscal year 2023-24.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2022-23. The State's contribution to STRS for fiscal year 2023-24 will remain 8.328%. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2021 included 1,608 public agencies and 1,329 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated \$904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, \$144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% for fiscal year 2020-21, and 22.91% for fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein. The employer contribution rate is 25.37% in fiscal year 2022-23 and will be 26.68% in fiscal year 2023-24. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2022-23 and will be 7% in fiscal year 2023-24, while PEPRA Members contribute at an actuarially determined rate, which is 8% in fiscal year 2022-23. Due primarily to the change in the discount rate, the total normal cost of PEPRA Members changed by more than 1% of payroll relative to fiscal year 2021-22, which required the PEPRA Member contribution rate to be adjusted to equal 50% of the total normal cost of 15.91% in fiscal year 2022-23. For the Schools Pool Actuarial Valuation as of June 30, 2022 (the "2022 PERS Actuarial

Valuation”), expected to be released in the latter half of 2023, the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2023-24. See “—California Public Employees’ Pension Reform Act of 2013” herein.

The District’s contributions to PERS were \$943,640 in fiscal year 2017-18, \$1,155,937 in fiscal year 2018-19, \$1,314,418 in fiscal year 2019-20, \$1,318,959 in fiscal year 2020-21, \$1,643,558 in fiscal year 2021-22, and \$ \_\_\_\_\_ in fiscal year 2022-23 (estimated). The District has budgeted a contribution of \$ \_\_\_\_\_ to PERS for fiscal year 2023-24.

**State Pension Trusts.** Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: [www.calstrs.com](http://www.calstrs.com); (ii) PERS: [www.calpers.ca.gov](http://www.calpers.ca.gov). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The table on the following page summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS (Schools Pool)**  
**(Dollar Amounts in Millions) <sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2021-22**

<b>STRS</b>					
<b>Fiscal Year</b>	<b>Accrued Liability</b>	<b>Value of Trust Assets (MVA)<sup>(2)</sup></b>	<b>Unfunded Liability (MVA)<sup>(2)</sup></b>	<b>Value of Trust Assets (AVA)<sup>(3)</sup></b>	<b>Unfunded Liability (AVA)<sup>(3)</sup></b>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719

<b>PERS</b>					
<b>Fiscal Year</b>	<b>Accrued Liability</b>	<b>Value of Trust Assets (MVA)</b>	<b>Unfunded Liability (MVA)</b>	<b>Value of Trust Assets (AVA)<sup>(3)</sup></b>	<b>Unfunded Liability (AVA)<sup>(3)</sup></b>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2014-15	73,325	56,814	16,511	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2015-16	77,544	55,785	21,759	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2016-17	84,416	60,865	23,551	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2017-18	92,071	64,846	27,225	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2018-19 <sup>(5)</sup>	99,528	68,177	31,351	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2019-20 <sup>(6)</sup>	104,062	71,400	32,662	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2020-21	110,507	86,519	23,988	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2021-22 <sup>(7)</sup>	116,982	79,386	37,596	-- <sup>(4)</sup>	-- <sup>(4)</sup>

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) For the fiscal year 2020-21 actuarially determined contribution, the additional \$430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

(6) For the fiscal year 2021-22 actuarially determined contribution, the impact of the additional \$330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

(7) On April 17, 2023, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2023-24 and released certain actuarial information to be incorporated into the 2022 PERS Actuarial Valuation to be released in the latter half of 2023.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.



The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member’s increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both Classic Members and PEPRAs Members to better reflect the anticipated impact of years of service on retirements. The 2021 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2022 (the “2022 STRS Actuarial Valuation”) reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately \$1.17 billion since the 2021 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 74.4% over such time period, despite a negative investment return in 2021-22. The main reason for the increase in the funded ratio was the recognition of the deferred investment gains from prior years, primarily an investment gain of 27.2% in 2020-21, which has been partially offset by the impact of the less-than-assumed investment return for the most recently completed fiscal year (2021-22). For actuarial purposes, the STRS Board has approved the use of an actuarial value of assets, which smooths the volatility of investment returns by reflecting only one-third of the net accumulated investment gains or losses in a year. The investment gains that were set aside in the 2021 STRS Actuarial Valuation were more than sufficient to cover the full impact of the negative investment return in 2021-22. Another reason for the improved funding levels and decrease in unfunded actuarial obligation were the additional supplemental payments made by the State in 2021-22 (\$584 million in 2021-22 above what was required by the contribution rate adopted by the STRS Board). Using the Fair Market Value of Assets, the funded ratio has decreased by 6.7% since 2021 Actuarial Valuation from 81.9% to 75.2%, primarily due to the actual market returns for the 2021-22 fiscal year being less than the assumed investment return of 7%. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the “Unallocated UAO”). There was a decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from \$469 million as of June 30, 2021 to \$359 million as of June 30, 2022.

According to the 2022 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 100.3%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation

assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In its Annual Comprehensive Financial Report for fiscal year ending June 30, 2022, STRS reported a money weighted net return on investment of negative 2.4% and time-weighted net return on investments of negative 1.3% for fiscal year 2021-22, ending with the total fund value of \$301.6 billion as of June 30, 2022. When STRS released the preliminary investment return for fiscal year 2021-22 on July 29, 2022, STRS noted that it is the first negative return since 2009, reflecting the ongoing volatility in the global financial markets impacted by inflation, rising interest rates, COVID-19 and the war in Ukraine. Due in part to the 27.2% return in fiscal year 2020-21, STRS remains in position to be fully funded by 2046.

On November 2, 2022, STRS released its 2022 Review of Funding Levels and Risks (the STRS 2022 Review of Funding Levels and Risks”), which is based on the 2021 STRS Actuarial Valuation and reflects all relevant changes that have occurred since 2021 STRS Actuarial Valuation, including the negative 2.4% money-weighted investment loss reported for the 2021-22 fiscal year. The key results and findings noted in the STRS 2022 Review of Funding Levels and Risks were that (i) the State’s share of the STRS unfunded actuarial obligation is still projected to be eliminated prior to 2046 (currently projected to be eliminated by fiscal year 2029-30), but not as early as projected in the June 30, 2021 valuation, (ii) the current contribution rates for the State and employers are projected to be sufficient to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2023-24, (iii) the largest risk facing STRS’ ability to reach full funding remains investment-related risk, especially considering the Defined Benefit Program continues to mature, which will increase the system’s sensitivity to investment experience, and the State’s share of the unfunded actuarial obligation could quickly increase if STRS were to experience another year in which the investment return is significantly below the assumed rate of return, (iv) anticipated continued decreases in enrollment in K-12 public schools could lead to future declines in the size of the active membership, resulting in lower than anticipated payroll growth, which could negatively impact STRS’ ability to achieve full funding, requiring contribution rate increases, especially among employers, (v) a recession resulting in a period of low investment returns and a decline in the size of the active membership could hurt STRS ability to reach full funding, and (vi) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term, while uncertainty around inflation, investment markets and payroll growth could put pressure on STRS’ ability to meet some of its long-term actuarial assumptions. In addition, with respect to investment related risks, the STRS 2022 Review of Funding Levels and Risks notes that once the State’s supplemental contribution rate is reduced to zero (as discussed above), if it were ever needed to be increased again, the STRS Board will be limited to increases of only 0.5% of payroll each year, which could take the STRS Board years before it is able to increase the rate to the levels necessary to reduce any newly realized unfunded actuarial obligation.

Between 2019 and 2020, the number of teachers actively working dropped from 451,000, to about 448,000. Between 2020 and 2021, the number of active teachers continued to drop to about 429,000, which resulted in a payroll that remained flat, below the 3.5% annual payroll growth assumption. In 2022, the total number of active members was back to the levels last seen prior to the start of the COVID-19 pandemic, increasing by approximately 20,000 over the last fiscal year. The total payroll increased by more than 6% over the last fiscal year, resulting in STRS collecting more contributions from employers than expected. The STRS 2022 Review of Funding Levels and Risks notes that, a likely contributor to the decline in active membership in 2020-21 was the higher than expected retirements STRS experienced that fiscal year and the uncertainties related to the COVID-19 pandemic. Although an increase in retirements would normally not impact long-term funding, decisions made by employers about whether to replace the teachers who have retired can impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll. The STRS

2022 Review of Funding Levels and Risks, also notes that another area of particular concern related to payroll growth and the number of teachers in the State is the decreasing population of children enrolled in K-12 schools in the State. Total enrollment in public schools in the State dropped 271,000, or 4.4% reduction, between 2019-20 and 2021-22. Several factors contributed to the drop of enrollment during that time period, including the increase in the number of homeschool students and students enrolled in private schools during the COVID-19 pandemic. The STRS 2022 Review of Funding Levels and Risks notes that it is unclear whether the decrease in overall enrollment is permanent or simply a temporary effect of the COVID-19 pandemic. See “DISTRICT FINANCIAL MATTERS – Considerations Regarding COVID-19” herein. In September 2022, the State updated its projection of K-12 enrollment for the State, which assumes the number of children enrolled in K-12 schools will decline approximately 9% over the next 10 years.

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

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three-year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five-year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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

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

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the “2021 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund’s investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and PEPRAs employees beginning in fiscal year 2022-23.

The Schools Pool Actuarial Valuation as of June 30, 2021 (the “2021 PERS Actuarial Valuation”), reported that from June 30, 2020 to June 30, 2021 the funded ratio of the Schools Pool increased by 9.7% (from 68.6% to 78.3%), which was primarily due to investment return in 2020-21 being greater than expected, offset partially by the reduction in discount rate from 7.00% to 6.80%. On July 12, 2021 PERS reported a preliminary 21.3% net return on investments for fiscal year 2021. Since the preliminary return sufficiently exceeded the 7.00% discount rate, the Funding Risk Mitigation Policy triggered a 0.20% reduction in the discount rate, from 7.00% to 6.8%. Pursuant to the Funding Risk Mitigation and Actuarial Amortization policies, a portion of the investment gain was used to fully offset the increase in unfunded liability resulting from the decrease in discount rate. The remaining net investment gain was amortized over 20 years with a five year ramp.

In its Basic Financial Statements for fiscal year ending June 30, 2022, PERS reported a time-weighted net return on investment of negative 6.1% and a money-weighted net return on investment of negative 7.5% for fiscal year 2021-22. When PERS released the preliminary investment returns for fiscal year 2021-22 on July 20, 2022, PERS noted that volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all had an impact on the investment return. The investment return

for fiscal year 2021-22 will be reflected in contribution levels for the State and employers in fiscal year 2023-24.

In November 2022, PERS released its 2022 Annual Review of Funding Levels and Risk (the “2022 PERS Funding Levels and Risk Report”), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The results presented in the 2022 PERS Funding Levels and Risk Report are based on the June 30, 2021 annual valuations, which have been projected forward to June 30, 2022 based on preliminary investment performance for the year ending June 30, 2022. The unfavorable investment returns during the year ending June 30, 2022 resulted in decreases to the funded ratios for PERS plans. The funded status of the Schools Pool decreased from 78.3% as of June 30, 2021 to a projected 69% as of June 30, 2022. The 2022 PERS Funding Levels and Risk Report notes that the pandemic has potential to alter the experience of the retirement in several different areas, including investment returns, inflation, deaths, retirements, terminations, disability retirements, and pay increases. See “DISTRICT FINANCIAL MATTERS – Considerations Regarding COVID-19” herein. The 2022 PERS Funding Levels and Risk Report notes that over the next several years, inflation and near-term economic decline, also have the potential to either increase required contributions or add additional financial strain on employers and their ability to make required contributions. PERS and its members are potentially impacted by high inflation because wages generally keep pace with inflation over the long-term, many retirees are likely to receive higher cost-of-living adjustments but will likely still lose purchasing power, and increases in wages exceeding the assumed increases and higher COLAs result in higher contributions for employers. In addition, many forecasters are predicting an economic slowdown in the near future, which could lead to lower investment returns, increased investment volatility, and higher unemployment. If the system experiences lower than expected investment returns, the potential impact on required contributions, combined with the impacts of high inflation, could push contribution rates to levels that would prove challenging for some employers.

On April 17, 2023, the PERS Board established the employer contribution rates for fiscal year 2023-24 and released information from the 2022 PERS Actuarial Valuation, ahead of its release date in the latter half of 2023. From June 30, 2021 to June 30, 2022, the funded status of the Schools Pool decreased by 10.4% (from 78.3% to 67.9%) and the unfunded accrued liability increased by \$13.6 billion. This deterioration in funded status was due primarily to the lower-than-expected investment return in fiscal year 2021-22. From the Basic Financial Statements issued on November 15, 2022, PERS reported a return on investments of a negative 7.5% (before recognition of administrative expenses) for fiscal year 2021-22 compared to an expected return of 6.8%, which generated an actuarial investment loss of \$12.4 billion. This loss will be amortized over 20 years with a five-year ramp (phase-in) increasing the employer contribution rate in fiscal year 2022-23 by 1.69% of payroll. Due to the five-year ramp, this impact will increase in each year until it reaches an estimated 7.6% of payroll in fiscal year 2027-28. Non-investment experience during fiscal year 2021-22 produced an actuarial loss of \$1.6 billion, which will be amortized over 20 years. The two most significant sources of non-investment experience were salary increases for active members (averaging 8.0% for members actively employed during the entire year ending June 30, 2022) and benefit increases to annuitants, both of which generated an actuarial experience loss. Total reported payroll in fiscal year 2021-22 increased by 10.2% over the prior year, compared to 2.8% expected, which served to reduce the employer contribution rate for fiscal year 2023-24 by 1.04% of payroll. Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods of benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2024-25 is 27.7%, with annual increases in most years thereafter, resulting in a projected 29.8% employer contribution rate in fiscal year 2028-29. The actual investment return for fiscal year 2022-23 was not known at the time this projection was made. The projections above assume the investment return for that year will be 6.8%. If the actual

investment return differs from 6.8%, the actual contribution requirements for the projected years will differ from those shown above. During the time period between the valuation date and the release of information from the 2022 PERS Actuarial Valuation in April 2023, inflation has been significantly higher than the expected rate of 2.3% per annum. Higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2023 valuation. Future contribution requirements may differ significantly. The actual long term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

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

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

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

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

The District's proportionate share of the net STRS and PERS pension liabilities, as of June 30, 2022, were \$18,161,961 and \$8,998,553, respectively. For additional information, see "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" attached hereto.

### **Other Postemployment Benefits**

**Plan Description.** The District provides post-employment retirement medical, dental, and vision benefits (the "Benefits") to certain eligible retirees with 10 years of service who retire from the District and have reached the minimum age of 55, as well as their spouses. The District provides the Benefits for five years, but not beyond age 65. Employees must have been hired by the District prior to July 1, 2013 in order to participate in the program. For classified retirees, the District pays a flat amount per month towards the Benefits: \$680 for single, \$1,323 for two-party and \$1,852 for family coverage. For certificated retirees, the District pays a flat amount per month towards the Benefits: \$680 for single, \$1,058 for two-party and \$1,481 for family coverage. Management/confidential retirees hired after July 1, 2005 but prior to July 1, 2013 are covered the same, depending on whether their position was certificated or classified. The District pays 100% of two-party or family coverage for management/confidential retirees hired prior to July 1, 2005. As of June 30, 2022, there were 62 retirees and beneficiaries currently receiving the Benefits and 161 active Plan members who may become eligible to receive the Benefits in the future.

**Funding Policy.** The District's funding policy for the Benefits is based on a pay-as-you-go basis to cover the cost of current insurance premiums. For fiscal years 2017-18 through 2022-23, the District contributed \$637,429, \$662,926, \$736,117, \$964,186, \$932,081, and \$ \_\_\_\_ (estimated), respectively, for the Benefits. The District has budgeted \$ \_\_\_\_ for such expenditures in fiscal year 2023-24. All of the above amounts include payments made for employees at the District's schools and the District's charter school.

In June 2019, the District established an irrevocable trust through Public Agency Retirement Systems (the "PARS Trust"), to begin funding its TOL (as defined herein) with respect to the Benefits. The District contributed \$850,000, \$0, \$2,170,000, and \$ \_\_\_\_ (estimated) to the PARS Trust in fiscal years 2019-20 through 2022-23, respectively, and has budgeted a contribution of \$ \_\_\_\_ to the PARS Trust in fiscal year 2023-24. As of \_\_\_\_\_, 2023, the District had \$ \_\_\_\_ on deposit in the PARS Trust.

**GASB Statement Nos. 74 and 75.** On June 2, 2015, GASB approved *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post-employment benefits to plan members and trust assets are legally protected from creditors. GASB 74 and GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (the "NOL"), to be recognized on the balance sheet of the

plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on Total OPEB Liability (the "TOL") plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The FNP measures the value of trust assets, adjusted for payees and receivables.

GASB 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. For more information, see "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

**Actuarial Study.** The District has implemented GASB 74 and GASB 75, pursuant to which the District has commissioned and received actuarial studies of its liability with respect to the Benefits. The District receives separate actuarial studies for its charter school and District liabilities. The most recent actuarial studies, dated \_\_\_\_\_ (the "Studies") had a measurement date of June 30, 2022. The Studies concluded that, as of a June 30, 2022 valuation date, (i) the TOL for the District liability was \$10,801,251, its FNP was \$6,417,522, and its NOL was \$4,383,729, and (ii) the TOL for the charter school liability was \$ \_\_\_\_\_, its FNP was \$ \_\_\_\_\_, and its NOL was \$ \_\_\_\_\_. In calculating the liability, the District is required to recognize an implicit subsidy in retiree premium rates because retirees and current employees in the District's health insurance plan are insured as a group, and it is assumed that the premiums paid for retiree insurance coverage are lower than they would have been if current retirees were insured separately. See "– Long-Term Debt" herein and "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

**Medicare Premium Payment Program.** The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan Defined Benefit Program ("DB Program") who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.



An actuarial study of the liability of the MPP Program has been prepared pursuant to GASB 74 and GASB 75. At June 30, 2022, the District reported a liability of \$239,280 for its proportionate share of the net OPEB liability for the MPP Program. The TOL for the MPP Program as of June 30, 2021, was determined by applying update procedures to the actuarial valuation as of June 30, 2020 and rolling forward the TOL to June 30, 2021. The District's proportion of the NOL was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. See "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

## **Cybersecurity**

The District, like many 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 is potentially subject to multiple 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 access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. [The District carries cybersecurity insurance.]

## **Risk Management**

The District participates in three joint ventures under joint powers agreements ("JPAs"): the Self-Insurance Program for Employees ("SIPE"), the Self-Insured Schools of California II ("SISCII"), and the Self-Insured Schools of California III ("SISCI"). The relationships between the District and the JPAs are such that none of the JPAs are a component unit of the District for financial reporting purposes.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

***Property and Liability.*** The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has contracted with SISCII for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

***Workers' Compensation.*** The District participates in SIPE, an insurance purchasing pool, for its workers compensation coverage. The workers' compensation experience of the districts participating in SIPE is calculated as one experience and a common premium rate is applied to all districts in the name of SIPE. Each participating district pays its workers' compensation premium based on its individual rate.

***Employee Medical Benefits.*** The District has contracted with the SISCI to provide employee health benefits. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The board of SISCI has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

See "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 15" attached hereto.

## District Debt Structure

**Short-Term Debt.** [The District currently has no outstanding short-term debt obligations.]

**Long-Term Debt Other than OPEB and Pensions.** A schedule of changes in long-term debt other than other post-employment benefits and pensions for the fiscal year ended June 30, 2022 is shown below:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2022</u>
General Obligation Bonds	\$48,755,000	\$--	\$(1,535,000)	\$47,220,000
Unamortized debt premiums	2,606,828	--	(326,093)	2,280,735
Compensated absences	181,433	--	(4,845)	176,588
Total	<u>\$51,543,261</u>	<u>\$--</u>	<u>\$(1,865,938)</u>	<u>\$49,677,323</u>

Source: Orcutt Union School District.

**Bond Anticipation Notes.** On April 6, 2021, the District issued the 2021 Notes in anticipation of the receipt of proceeds of bonds to be issued pursuant to the 2016 Authorization. The 2021 Notes were issued in an initial principal amount of \$6,485,000, the interest on which is payable semiannually on April 1 and October 1 of each year through maturity on October 1, 2023. Following the application of proceeds of the Bonds as described in “THE BONDS – Application and Investment of Bond Proceeds” herein, the 2021 Notes will be defeased, and the obligation of the District to make payments with respect thereto will terminate.

**General Obligation Bonds.** Effective July 1, 2008, pursuant to reorganization proceedings conducted by the Santa Barbara County Board of Education (the “SBCBOE”), the District and the Casmalia School District merged, and the territory of the former Casmalia School District (the “Casmalia Territory”) was transferred into the territory of the District. Pursuant to additional reorganization proceedings conducted by the SBCBOE, effective July 1, 2011, the District and the Los Alamos School District merged, and the territory of the former Los Alamos School District (the “Los Alamos Territory”) was transferred into the territory of the District. The territory of the District as it existed prior to the transfer and annexation of the Casmalia Territory and the Los Alamos Territory is referred to herein as the “Original Orcutt Territory.”

The District has previously issued general obligation refunding bonds to refinance bonds issued by the District prior the annexation of the Los Alamos School District and Casmalia School District, and payable solely from *ad valorem* property taxes levied in the Original Orcutt Territory. The District has also previously issued general obligation refunding bonds to refinance bonds previously issued by the Los Alamos School District, and payable solely from *ad valorem* property taxes levied solely in the Los Alamos Territory.

Pursuant to the 2016 Authorization, the voters of the District approved the issuance of \$60,000,000 of general obligation bonds of the District, payable from *ad valorem* taxes levied on taxable property within the District. The District has previously issued the first two series of bonds pursuant to the 2016 Authorization in the aggregate principal amounts of \$15,210,000 and \$20,500,000, respectively. The Bonds represent the third series of bonds issued pursuant to the 2016 Authorization, and following the issuance thereof, \$17,290,000\* of the 2016 Authorization will remain authorized and unissued.

\* Preliminary, subject to change.

The following table summarizes the District’s outstanding bond issuances, as of August 1, 2023.

**General Obligation Bonded Debt**

<b>Issuance</b>	<b>Initial Principal Amount</b>	<b>Principal Outstanding<sup>(1)</sup></b>	<b>Date of Delivery</b>
2012 General Obligation Refunding Bonds, Series B <sup>(3)</sup>	\$1,525,000	\$535,000	3/1/2012
2015 General Obligation Refunding Bonds <sup>(2)</sup>	7,415,000	3,720,000	5/5/2015
Election of 2016 General Obligation Bonds, Series A <sup>(4)</sup>	15,210,000	13,400,000	6/28/2018
Election of 2016 General Obligation Bonds, Series B <sup>(4)</sup>	20,500,000	19,450,000	6/25/2020
2020 General Obligation Refunding Bonds <sup>(2)</sup>	2,420,000	2,060,000	6/25/2020

<sup>(1)</sup> As of August 1, 2023.

<sup>(2)</sup> Payable from *ad valorem* property taxes levied in the Original Orcutt Territory.

<sup>(3)</sup> Payable from *ad valorem* property taxes levied in the Los Alamos Territory.

<sup>(4)</sup> Payable from *ad valorem* property taxed levied in the District.

Source: *Orcutt Union School District*.

The table on the following page shows the combined annual debt service schedule with respect to the District’s total outstanding general obligation bonded debt, assuming no further optional redemptions are made.

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**COMBINED GENERAL OBLIGATION BONDED INDEBTEDNESS**  
**Orcutt Union School District**

<b>Year Ending August 1</b>	<b>2012B Refunding Bonds<sup>(1)</sup></b>	<b>2015 Refunding Bonds<sup>(2)</sup></b>	<b>Election of 2016 Series A Bonds<sup>(1)</sup></b>	<b>Election of 2016 Series B Bonds<sup>(1)</sup></b>	<b>2020 Refunding Bonds<sup>(3)</sup></b>	<b>The Bonds<sup>(1)</sup></b>	<b>Total Annual Debt Service</b>
2024	\$117,831.26	\$641,593.75	\$580,637.50	\$630,262.50	\$287,152.50		
2025	119,831.26	639,450.00	603,887.50	652,462.50	289,657.50		
2026	116,418.76	641,737.50	625,887.50	678,662.50	286,875.00		
2027	117,875.00	643,375.00	651,637.50	708,662.50	288,595.00		
2028	119,025.00	644,362.50	675,887.50	737,262.50	284,680.00		
2029	--	639,781.25	703,637.50	764,462.50	285,318.75		
2030	--	307,312.50	734,637.50	795,262.50	285,600.00		
2031	--	--	763,637.50	824,462.50	176,575.00		
2032	--	--	790,637.50	862,062.50	--		
2033	--	--	825,637.50	892,662.50	--		
2034	--	--	858,137.50	931,462.50	--		
2035	--	--	893,137.50	968,062.50	--		
2036	--	--	928,350.00	1,007,462.50	--		
2037	--	--	963,100.00	1,049,462.50	--		
2038	--	--	999,850.00	1,088,862.50	--		
2039	--	--	1,044,650.00	1,129,762.50	--		
2040	--	--	1,081,650.00	1,178,612.50	--		
2041	--	--	1,126,050.00	1,226,081.26	--		
2042	--	--	1,171,650.00	1,276,056.26	--		
2043	--	--	1,219,625.00	1,324,456.26	--		
2044	--	--	1,269,800.00	1,374,993.76	--		
2045	--	--	1,317,000.00	1,433,750.00	--		
2046	--	--	1,370,400.00	1,494,000.00	--		
2047	--	--	1,424,800.00	1,552,000.00	--		
2048	--	--	--	2,522,750.00	--		
2049	--	--	--	2,626,500.00	--		
<b>Total</b>	<b><u>\$590,981.28</u></b>	<b><u>\$4,157,612.50</u></b>	<b><u>\$22,624,325.00</u></b>	<b><u>\$29,730,500.04</u></b>	<b><u>\$2,184,453.75</u></b>		

(1) Principal payments due August 1.

(2) Principal payments due February 1 and August 1.

(3) Principal payments due February 1.

Source: Orcutt Union School District.

## TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar Bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE

MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

## **LIMITATION ON REMEDIES; BANKRUPTCY**

### **General**

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing a petition under Chapter 9. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover,

regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* property tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Statutory Lien” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

### **Special Revenues**

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

### **Possession of Tax Revenues; Remedies**

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County Investment Pool, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX E – SANTA BARBARA COUNTY INVESTMENT POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

### **Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor’s Rights**

The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and

interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## LEGAL MATTERS

### Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State 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 State Government Code, are eligible for security for deposits of public moneys in the State.

### Bank Qualified

The District will designate the Bonds as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Code.

### Continuing Disclosure

**Current Undertaking.** In connection with the issuance of the Bonds, the District has covenanted for the benefit of Bondholders (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the “Annual Reports”) by not later than nine months following the end of the District’s fiscal year (which currently ends June 30), commencing with the report for the 2022-23 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

**Previous Undertakings.** [TO COME.]

### Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue and retire the Bonds.

There are certain lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims, if determined adverse to the District, would not materially affect the finances of the District.

### Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (“TIPRA”). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on



taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

## **Legal Opinion**

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

## **MISCELLANEOUS**

### **Rating**

S&P has assigned the rating of “\_\_\_” to the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from therefrom.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on the Electronic Municipal Market Access website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See “LEGAL MATTERS – Continuing Disclosure” herein and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change pursuant to the Rule. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

### **Financial Statements**

The District’s audited financial statements with required supplemental information for the year ended June 30, 2022, the independent auditor’s report of the District, the related statements of activities and of cash flows for the year then ended, and the report of Eide Bailly LLP, Certified Public Accountants (the “Auditor”), dated January 30, 2023, are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

## **Underwriting**

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds (the “Notice Inviting Proposals”), \_\_\_\_\_ (the “Underwriter”) will purchase all of the Bonds for a purchase price of \$ \_\_\_\_\_, which is equal to the initial principal amount of the Bonds of \$ \_\_\_\_\_, [plus/less] [net] original issue [premium/discount] of \$ \_\_\_\_\_, less \$ \_\_\_\_\_ of underwriting discount.

The Notice Inviting Proposals provides that the Underwriter will purchase all of the Bonds, if any are purchased. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

## **Additional Information**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds. This Official Statement and the delivery thereof have been duly approved and authorized by the District.

## **ORCUTT UNION SCHOOL DISTRICT**

By: \_\_\_\_\_  
Holly Edds, Ed.D.  
Superintendent

## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:*

\_\_\_\_\_, 2023

Board of Trustees  
Orcutt Union School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ \_\_\_\_\_ Orcutt Union School District Election of 2016 General Obligation Bonds, Series C (Bank Qualified) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a 55% vote of the qualified electors of the Orcutt Union School District (the “District”) voting at an election held on November 8, 2016, and a resolution adopted by the Board of Trustees of the District on June 14, 2023 (the “Resolution”).

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes by the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of

cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond.

6. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which may be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

**APPENDIX B**

**2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Orcutt Union School District (the “District”) in connection with the issuance of \$ \_\_\_\_\_ of the District’s Election of 2016 General Obligation Bonds, Series C (Bank Qualified) (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District dated June 14, 2023 (the “Resolution”). The District covenants and agrees as follows:

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

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

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

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

“Official Statement” shall mean that certain official statement, dated \_\_\_\_\_, 2023, relating to the offering and sale of the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“State” shall mean the State of California.

**SECTION 3. Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2022-23 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. 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(f).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

**SECTION 4. Content and Form of Annual Reports.** (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District for the last completed fiscal year;
- (b) average daily attendance of the District for the last completed fiscal year;
- (c) outstanding District indebtedness;

- (d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) assessed valuation of taxable property within the District for the current fiscal year; and
- (f) secured *ad valorem* property tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, as adopted by Santa Barbara County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.
2. tender offers.
3. defeasances.
4. rating changes.
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
6. unscheduled draws on the debt service reserves reflecting financial difficulties.
7. unscheduled draws on credit enhancement reflecting financial difficulties.
8. substitution of the credit or liquidity providers or their failure to perform.
9. 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.
10. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(10), the event 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 U.S. Bankruptcy Code or in any other proceeding under state or federal



law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. 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.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation of the District, 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 Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

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

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

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

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

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate,

the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. 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.

Dated: \_\_\_\_\_, 2023

ORCUTT UNION SCHOOL DISTRICT

By: \_\_\_\_\_  
Assistant Superintendent, Business Services

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of District: ORCUTT UNION SCHOOL DISTRICT

Name of Bond Issue: Election of 2016 General Obligation Bonds, Series C (Bank Qualified)

Date of Issuance: \_\_\_\_\_, 2023

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

ORCUTT UNION SCHOOL DISTRICT

By \_\_\_\_\_ [form only; no signature required]

## APPENDIX D

### GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA MARIA AND SANTA BARBARA COUNTY, CALIFORNIA

*The following information regarding the City of Santa Maria (the “City”) and Santa Barbara County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriter or the municipal advisor.*

#### **General**

***The City of Santa Maria.*** The City was incorporated in 1905 and it is a charter city with a Council–Manager form of government. The City Council consists of a Mayor and four members who are elected at large to staggered four-year terms. Located on the Central Coast of the State of California (the “State”), the City is adjacent to the City of Lompoc and encompasses approximately 23 square miles. Its key economic revenues are in the form of auto sales, agriculture and tourism. It was named an All-America City in 1998, one of 10 cities from across the nation to receive the designation that year. It is a designation that exists into perpetuity and recognizes exemplary grassroots community problem solving that achieves results.

***Santa Barbara County.*** One of the original 27 counties in the State, the County was incorporated in 1850. Policymaking and legislative authority is vested in the elected supervisors from each of five districts who make up the County Board of Supervisors. Each supervisor serves a four-year staggered term. Located approximately 300 miles south of San Francisco and 100 miles north of Los Angeles, the County’s largest employment categories include services, wholesale and retail trade, public administration and manufacturing. Spanning over 2,700 square miles, the County is also a picturesque tourist and recreational area.

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## Population

The following table shows historical population figures for the City, the County, and the State for the past 10 years.

**POPULATION ESTIMATES**  
**2014 through 2023**  
**City of Santa Maria, Santa Barbara County and the State of California**

<u>Year<sup>(1)</sup></u>	<u>City of Santa Maria</u>	<u>Santa Barbara County</u>	<u>State of California</u>
2014	102,168	437,875	38,556,731
2015	103,090	441,926	38,865,532
2016	104,493	445,341	39,103,587
2017	105,786	447,174	39,352,398
2018	106,233	449,049	39,519,535
2019	106,673	449,795	39,605,361
2020	109,660	448,229	39,538,223
2021	110,672	441,625	39,286,510
2022	109,617	443,156	39,078,674
2023	109,477	440,557	38,940,321

<sup>(1)</sup> As of January 1.

Source: 2013-19 (2010 Demographic Research Unit Benchmark); 2020-22 (2020 Demographic Research Unit Benchmark): California Department of Finance for May 2022.

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## Income

The following table summarizes per capita personal income for the County, the State, and the United States for the past 10 years that statistics are currently available.

**PER CAPITA PERSONAL INCOME**  
**2012 through 2021**  
**Santa Barbara County, the State of California, and the United States**

<u>Year</u>	<u>Santa Barbara County</u>	<u>State of California</u>	<u>United States</u>
2012	\$50,397	\$48,121	\$44,548
2013	49,831	48,502	44,798
2014	52,484	51,266	46,887
2015	55,433	54,546	48,725
2016	55,983	56,560	49,613
2017	57,835	58,804	51,550
2018	60,455	61,508	53,786
2019	63,586	64,919	56,250
2020	69,457	70,647	59,765
2021	73,995	76,614	64,143

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: November 16, 2022 – new statistics for 2021; revised statistics for 2012-2020. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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## Principal Employers

The following tables show the most recently available data regarding principal employers located in the City and the County.

### PRINCIPAL EMPLOYERS as of June 30, 2020 City of Santa Maria

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
Vandenberg Air Force Base	National Security	6,700*
Santa Maria-Bonita School District	Educational Services	2,100
Marian Medical Center	Health Services	1,920
Allan Hancock College	Educational Services	1,480
C&D Zodiac Aerospace, Inc.	Manufacturing: Aircraft Auxiliary Equipment	915
Santa Maria Joint Union High School District	Educational Services	805
Windset Farms	Agricultural Production Crops	750
City of Santa Maria	Public Administration	586
Wal-Mart (3 locations)	Retail Trade: General Merchandise	440
Agro-Jal Farms	Agricultural Production Crops	420

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\* Although outside the city limits, Northern Santa Barbara County Economic Outlook considered Vandenberg Air Force Base as a principal employer; whereas the more current survey conducted by the California Economic Forecast excluded employers outside the city limits.

Source: *City of Santa Maria Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2020.*

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**PRINCIPAL EMPLOYERS**  
**as of June 30, 2022**  
**Santa Barbara County**

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
County of Santa Barbara	Public Administration	4,307
UC Santa Barbara	Educational Services	4,250
Vandenberg Space Force Base	National Security	2,500
Santa Maria-Bonita School District	Educational Services	2,010
Chumash Casino Resort	Recreation/Hospitality	2,000
Mission Linen Supply	Business Services	2,000
Marian Regional Medical Center	Health Services	1,486
Alan Hancock College	Educational Services	1,400
App Folio	Business Services: Prepackaged Software	1,350
Santa Barbara Unified School District	Educational Services	1,350

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*Source: County of Santa Barbara Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.*

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## Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2021 for the City, the County, the State, and the United States.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**2017 through 2021<sup>(1)</sup>**  
**City of Santa Maria, Santa Barbara County, the State of California, and the United States**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment<sup>(2)</sup></u>	<u>Unemployment</u>	<u>Unemployment Rate (%)<sup>(3)</sup></u>
<u>2017</u>				
City of Santa Maria	48,800	45,300	3,500	7.2
Santa Barbara County	214,900	205,100	9,800	4.6
State of California	19,173,800	18,246,800	927,000	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of Santa Maria	49,100	46,000	3,100	6.4
Santa Barbara County	215,200	206,700	8,500	4.0
State of California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of Santa Maria	50,700	47,700	3,000	5.9
Santa Barbara County	222,800	214,700	8,100	3.6
State of California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020</u>				
City of Santa Maria	49,500	44,300	5,200	10.5
Santa Barbara County	218,900	201,100	17,800	8.1
State of California	18,821,200	16,913,100	1,908,100	10.0
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of Santa Maria	49,900	45,600	4,300	8.5
Santa Barbara County	219,900	207,200	12,700	5.8
State of California	19,041,000	18,127,700	913,300	4.8
United States	161,204,000	152,581,000	8,623,000	5.3

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

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

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2021 Benchmark.

## Industry

The County is included in the Santa Maria-Santa Barbara Metropolitan Statistical Area (the “MSA”). The distribution of employment in the MSA is presented in the following table for the past five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

**INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES**  
**2018 through 2022**  
**Santa Barbara County (Santa Maria-Santa Barbara MSA)**

<u>Category</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Farm	22,900	24,100	25,200	27,00	29,400
Total Nonfarm	189,400	194,000	181,600	187,500	194,600
Total Private	150,400	154,600	145,100	152,300	160,500
Goods Producing	22,700	22,800	21,400	21,900	22,500
Mining and Logging	1,000	1,000	700	600	600
Construction	8,800	8,900	8,800	9,300	9,700
Manufacturing	12,900	12,900	11,900	12,000	12,200
Durable Goods	9,000	9,200	8,500	8,400	8,300
Service Providing	166,700	171,200	160,200	165,600	172,200
Private Service Providing	127,700	131,700	123,600	130,500	138,000
Trade, Transportation and Utilities	27,200	27,200	25,600	27,200	27,400
Wholesale Trade	5,100	5,100	5,000	5,400	5,400
Retail Trade	18,700	18,600	17,300	18,100	18,100
Transportation, Warehousing and Utilities	3,400	3,500	3,400	3,700	3,900
Information	4,000	4,100	3,900	4,000	4,500
Financial Activities	6,700	6,900	6,800	6,900	7,100
Professional and Business Services	28,000	29,800	31,800	33,300	35,000
Private Educational and Health Services	27,400	28,400	28,100	28,800	29,400
Leisure and Hospitality	28,200	29,000	21,900	24,300	28,200
Other Services	6,200	6,500	5,600	5,900	6,500
Government	<u>39,000</u>	<u>39,400</u>	<u>36,500</u>	<u>35,200</u>	<u>34,200</u>
Total, All Industries	<u>212,300</u>	<u>218,100</u>	<u>206,700</u>	<u>214,500</u>	<u>224,000</u>

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.

Source: *State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2022 Benchmark.*

## Commercial Activity

Summaries of annual taxable sales for the City and the County for the last five years are shown in the following tables.

**ANNUAL TAXABLE SALES  
2018 through 2022  
City of Santa Maria  
(Dollars in Thousands)**

<u>Year</u>	<b>Total Retail and Food Services: <u>Permits</u></b>	<b>Total Retail and Food Services: Taxable <u>Transactions</u></b>	<b>Total All Outlets: <u>Permits</u></b>	<b>Total All Outlets: Taxable <u>Transactions</u></b>
2018	1,426	\$1,536,539	2,516	\$1,971,452
2019	1,421	1,541,784	2,537	2,018,898
2020	1,498	1,450,019	2,684	1,912,700
2021	1,377	1,836,789	2,510	2,368,156
2022	1,390	2,006,132	2,549	2,627,282

Source: "Taxable Sales in California (Sales & Use Tax)," California Department of Tax and Fee Administration.

**ANNUAL TAXABLE SALES  
2018 through 2022  
Santa Barbara County  
(Dollars in Thousands)**

<u>Year</u>	<b>Total Retail and Food Services: <u>Permits</u></b>	<b>Total Retail and Food Services: Taxable <u>Transactions</u></b>	<b>Total All Outlets: <u>Permits</u></b>	<b>Total All Outlets: Taxable <u>Transactions</u></b>
2018	8,609	\$5,268,478	15,394	\$7,310,271
2019	8,674	5,399,331	15,741	7,616,131
2020	8,996	5,288,656	16,543	7,355,400
2021	7,989	6,334,218	14,970	9,025,113
2022	7,951	6,785,328	15,144	9,793,439

Source: "Taxable Sales in California (Sales & Use Tax)," California Department of Tax and Fee Administration.

## Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

### BUILDING PERMITS AND VALUATIONS 2018 through 2022 City of Santa Maria (Dollars in Thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Valuation					
Residential	\$50,630	\$51,595	\$19,366	\$23,667	\$118,777
Non-Residential	<u>42,704</u>	<u>39,944</u>	<u>27,409</u>	<u>10,580</u>	<u>10,580</u>
Total	\$93,334	\$91,539	\$46,775	\$34,247	\$129,357
Units					
Single Family	124	26	74	124	181
Multiple Family	<u>88</u>	<u>295</u>	<u>36</u>	<u>26</u>	<u>711</u>
Total	212	321	110	150	892

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

### BUILDING PERMITS AND VALUATIONS 2018 through 2022 Santa Barbara County (Dollars in Thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Valuation					
Residential	\$364,512	\$425,221	\$250,684	\$289,826	\$472,984
Non-Residential	<u>267,759</u>	<u>300,396</u>	<u>175,638</u>	<u>205,418</u>	<u>205,418</u>
Total	\$632,271	\$725,617	\$426,322	\$495,244	\$678,402
Units					
Single Family	512	439	332	426	470
Multiple Family	<u>539</u>	<u>460</u>	<u>61</u>	<u>103</u>	<u>793</u>
Total	1,051	899	393	529	1,263

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

## APPENDIX E

### SANTA BARBARA COUNTY INVESTMENT POOL

*The following information concerning the Santa Barbara County Investment Pool (the “Investment Pool”) has been provided by the Treasurer-Tax Collector-Public Administrator (the “Treasurer”) of Santa Barbara County (the “County”), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at <https://www.countyofsb.org/418/Treasurer-Tax-Collector-Public-Administr>; however, the information presented on such website is not incorporated herein by any reference.*

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## BUSINESS SERVICES MEMORANDUM

**TO:** Board of Trustees  
Holly Edds, Ed.D.

**FROM:** Sandra Knight  
Assistant Superintendent, Business Services

**BOARD MEETING DATE:** June 14, 2023

**BOARD AGENDA ITEM:** Grant Agreement with the Santa Barbara County Air Pollution Control District for the Purchase of an Electric School Bus

**BACKGROUND:** Orcutt Union School District has the opportunity to purchase an electric bus utilizing a Clean Air Grant from The Santa Barbara County Air Pollution Control District. This grant will provide funds in an amount not to exceed \$200,000 toward the purchase of an electric school bus. Due to the high cost of electric buses, we will be applying for another grant to combine with this grant.

**RECOMMENDATION:** Staff recommends that the Board of Trustees approve the Grant Agreement with the Santa Barbara County Air Pollution Control District for up to \$200,000 towards the purchase of an electric school bus.

**FUNDING:** General Fund – Fund 01

# **GRANT AGREEMENT**

**between**

**The Santa Barbara County Air Pollution Control District and  
Orcutt Union School District [AP222361]**

This Grant Agreement is made this \_\_\_\_ day of \_\_\_\_\_ 2023, between the Santa Barbara County Air Pollution Control District, hereinafter referred to as "DISTRICT," and Orcutt Union School District, hereinafter referred to as "GRANTEE".

## **RECITALS**

WHEREAS, DISTRICT is a county air pollution control agency with the primary responsibility for preparing and implementing air quality attainment plans and measures to achieve and maintain state and federal ambient air quality standards in the County of Santa Barbara as mandated by the California Clean Air Act and Federal Clean Air Act;

WHEREAS, Santa Barbara County is designated as nonattainment for the state ambient air quality standard for particulate matter less than 10 microns in diameter ("PM<sub>10</sub>") and, effective July 1, 2020, Santa Barbara County is designated as attainment for the state ambient air quality standard for ozone;

WHEREAS, oxides of nitrogen ("NO<sub>x</sub>") and reactive organic compounds ("ROC") are precursors to the formation of ozone, and PM<sub>10</sub> from diesel-fueled engines has been classified as a Toxic Air Contaminant, and the generation of NO<sub>x</sub>, ROC, and PM<sub>10</sub> from internal combustion engines used in on-road and off-road motor vehicles and other equipment are a significant contributor to Santa Barbara County's total emissions of these pollutants;

WHEREAS, DISTRICT has funds provided by the California Air Resources Board (CARB) and the California Department of Motor Vehicles (DMV) vehicle registration fee surcharge program, and wishes to utilize a portion of these funds to achieve emission reductions through a District Board-approved grant program;

WHEREAS, CARB is an intended third-party beneficiary for the purposes of this Grant Agreement and, as such, CARB reserves the right to enforce the terms of this Grant Agreement to ensure emission reductions are obtained;

WHEREAS, DISTRICT is interested in encouraging the demonstration and implementation of low- or zero-emissions programs under cooperative agreements with government, industry, and local businesses;

WHEREAS, GRANTEE has submitted a proposal to purchase a new 2023 IC Navistar school bus with a 2022 Dana electric engine, which meets the requirements of the applicable CARB Guidelines and, therefore, is eligible to receive funds from DISTRICT for this school bus fleet expansion project;

WHEREAS, GRANTEE represents it is highly qualified and experienced in its professional field, is able to perform the activities described in the Scope of Work attached to this Grant Agreement as Attachment A, and will not commence these activities until this Grant Agreement is fully executed;



WHEREAS, DISTRICT or its agents has reviewed and decided to fund GRANTEE's proposal at an amount determined by the Air Pollution Control Officer; and

WHEREAS, DISTRICT Board of Directors has delegated authority to the Air Pollution Control Officer to execute certain grant agreements and make certain modifications and this Grant Agreement falls within that delegation authority.

NOW, THEREFORE, in consideration of the mutual promises and conditions listed below, it is hereby agreed between DISTRICT and GRANTEE as follows:

## **GRANT TERMS AND CONDITIONS**

### **1. Obligations to be Performed Under this Grant Agreement.**

Within the time specified in Section 2 (Time of Performance), GRANTEE shall perform all of the obligations described in this Grant Agreement and set forth in the Scope of Work, which is attached hereto as Attachment A and incorporated herein by this reference.

GRANTEE agrees to furnish all labor, materials, equipment, required licenses, permits, fees, and other appropriate legal authorization from all applicable federal, state, and local jurisdictions necessary to perform and complete, per schedule and in a professional manner, the obligations described herein.

### **2. Time of Performance.**

a) **Project Completion:** This Grant Agreement shall commence on the date of signing by GRANTEE and DISTRICT (either the Board of Directors or the Air Pollution Control Officer). GRANTEE shall have the new electric school bus (hereinafter "Clean Air Project") as described in Attachment A (Scope of Work), purchased, installed, operational, and inspected by DISTRICT within 365 days of the effective date of this Grant Agreement. The date for project completion may be extended, in writing, by the Air Pollution Control Officer for good cause.

b) **Project Implementation:** The project life for this Grant Agreement shall commence on the date of DISTRICT inspection of the completed Clean Air Project and shall continue for at least five (5) years, unless terminated sooner in accordance with Section 15 (Termination).

### **3. Grant Funding.**

DISTRICT hereby agrees to provide funds to GRANTEE in the amount not to exceed \$200,000 toward the purchase of the Clean Air Project. GRANTEE shall invoice DISTRICT in accordance with the schedule specified in Attachment B (Grant Invoice Payment Schedule). GRANTEE shall provide DISTRICT any information necessary to verify the accuracy of the invoice and all eligible and ineligible costs. DISTRICT will pay GRANTEE within thirty (30) days of receipt of GRANTEE's invoice. All invoices or other payment documents must include the assigned DISTRICT Grant Agreement number. Failure to properly reference this contract number may result in a delay of payment.

GRANTEE shall not submit another application or sign another contract to receive funding from any other source for the same specific Clean Air Project covered by this Grant Agreement, other than any loan application or loan contract necessary to fund GRANTEE's cost share

obligation for the project.

4. Matching Funds.

GRANTEE shall provide matching funds, as described in Attachment A (Scope of Work), as a condition of receiving this grant from DISTRICT. Failure to provide such funds shall be, at the discretion of the Air Pollution Control Officer, grounds for termination of this Grant Agreement. Upon such termination GRANTEE shall, within 14 days of termination, return any grant funds received from DISTRICT under this Grant Agreement.

5. Non-Partnership.

This Grant Agreement is not intended by the parties to constitute or create a joint venture, pooling arrangement, or formal business organization of any kind. The rights and obligations of the parties shall be only those expressly set forth herein.

6. Status of GRANTEE.

GRANTEE and GRANTEE's subcontractors shall perform all services under this Grant Agreement as independent contractors and not as employees, officers or agents of DISTRICT.

7. Records.

GRANTEE shall keep, and provide to DISTRICT or its agents and CARB or its agents, upon request, accurate financial records (including invoices and published price lists on which this Grant Agreement was based) as necessary to enable DISTRICT and CARB to review GRANTEE's performance of this Grant Agreement. These records shall demonstrate that the grant funding has been used for the purchase of the Clean Air Project described in Attachment A (Scope of Work). GRANTEE shall maintain all such records for at least three (3) years after the termination of this Grant Agreement.

8. Grant Reporting.

GRANTEE shall submit report(s) to DISTRICT in accordance with the schedule and format specified in Attachment C (Grant Narrative Reports Format). Should GRANTEE fail to submit these reports to DISTRICT, GRANTEE shall make the Clean Air Project available for an audit inspection by DISTRICT or CARB for the term of the Grant Agreement. An audit inspection shall not relieve GRANTEE of its obligation to submit all required reports.

9. Audit and Review.

DISTRICT or its agents and CARB or its agents shall have the right to audit the Clean Air Project and review the associated records identified in Section 7 (Records), maintained by GRANTEE pursuant to the terms of this Grant Agreement, to the extent necessary to verify that the grant funding has been used in accordance with the terms of this Grant Agreement. Any such audit and review will be conducted by DISTRICT, or its agents, or CARB auditors or, at GRANTEE's option and expense, by a mutually acceptable third-party accounting firm.

10. Indemnification.

GRANTEE shall defend, indemnify and save harmless DISTRICT, and CARB, their officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Grant Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any

act or omission to act on the part of GRANTEE or their agents or employees or other independent contractors directly responsible to them; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting solely from the negligence or willful misconduct of DISTRICT.

11. Nondiscrimination Clause.

GRANTEE shall abide by the Unlawful Discrimination Ordinance, Article XIII of Chapter 2 of the Santa Barbara County Code, which is attached hereto as Attachment D (County of Santa Barbara Unlawful Discrimination Ordinance) and incorporated herein by this reference, and any subsequent amendments to the Unlawful Discrimination Ordinance.

12. Title to Clean Air Project.

Title to, and risk of loss, of the Clean Air Project shall at all times vest in and with GRANTEE. GRANTEE acknowledges that DISTRICT did not supply, design or manufacture the Clean Air Project or any of its components. This Clean Air Project is commercially manufactured and sold by a manufacturer determined by GRANTEE. If the Clean Air Project includes funding for services, the contractor for services was determined by GRANTEE in a manner consistent with the applicable funding guidelines. DISTRICT specifically disclaims all warranties, express and implied, including the implied warranties of merchantability and fitness for the intended purpose, as to the Clean Air Project, any test equipment, field tests, or services rendered by contractor(s). In no event shall DISTRICT be liable to GRANTEE or any third party for any direct, indirect, consequential, special, incidental, or punitive damages for the design, manufacture, operation, maintenance, performance, or demonstration of the Clean Air Project under any theory, including but not limited to, tort, contract, breach of warranty, or strict liability.

13. Rights to Emission Reductions.

GRANTEE affirmatively certifies to DISTRICT that the project described in Attachment A (Scope of Work) is not required by any local, state and/or federal rule, regulation or Memorandum of Understanding currently in effect. GRANTEE transfers and conveys to DISTRICT all rights and claim to ownership of the emission reductions achieved through the installation and operation of the Clean Air Project funded by the Grant Agreement. GRANTEE shall not use or attempt to use the emission reductions achieved by the Clean Air Project as emission reduction credits. GRANTEE hereby fully and completely relinquishes such rights for the useful life of the Clean Air Project.

14. Disposal of Replaced Engine, Equipment, or Vehicle.

If the applicable funding guidelines require destruction of existing equipment, GRANTEE shall not use, or allow the use of, the existing engine, equipment, or vehicle being replaced with the Clean Air Project. In addition, GRANTEE shall not sell, gift, or otherwise transfer ownership of the replaced engine, equipment, or vehicle to another party for operation. If requested by DISTRICT, GRANTEE shall dispose of the replaced engine, equipment, or vehicle according to the applicable funding guidelines and within 60 days after completing the Clean Air Project. If requested by DISTRICT, GRANTEE shall within 10 days of disposal provide written notice to DISTRICT stating the engine, equipment, or vehicle's serial number, the date of disposal, the location of the engine, and the method by which the engine was rendered unusable. If GRANTEE fails to properly dispose of the replaced engine, equipment, or vehicle, GRANTEE shall return the funds provided by DISTRICT for the Clean Air Project. GRANTEE shall notify DISTRICT if

they remove and retain ownership of parts from the replaced engine, equipment, or vehicle, however, the engine, drive train and frame from the replaced project must be disposed of as described herein.

15. Termination.

- a) DISTRICT. The DISTRICT may, in its sole discretion, terminate this Grant Agreement for convenience by giving thirty (30) days prior written notice to GRANTEE. GRANTEE shall not incur any unnecessary expenses or costs that are reimbursable under this Grant Agreement during this period except those absolutely necessary to close out all activities related to the Grant Agreement. Any other charges incurred by GRANTEE during this period will not be compensated by DISTRICT unless approved in writing by the Air Pollution Control Officer.

The DISTRICT may also terminate this Grant Agreement for cause should GRANTEE default in the performance of this Grant Agreement or materially breach any of its provisions. Such termination shall be by written notice and shall be effective upon receipt by GRANTEE. DISTRICT may seek whatever legal, equitable, and other remedies available under State law for GRANTEE's failure to comply and fully perform under the Grant Agreement.

- b) GRANTEE. GRANTEE may terminate its obligation to operate the Clean Air Project funded under this Grant Agreement for good cause provided that, if requested by the Air Pollution Control Officer, GRANTEE shall reimburse DISTRICT for the Grant funding specified in Section 3 (Grant Funding), as follows:

<u>Termination Date</u>	<u>Reimbursement Due to DISTRICT</u>
Prior to operation	100 percent of grant funding
Operation to 20% of project life expended	90 percent of grant funding
21% to 40% of project life expended	70 percent of grant funding
41% to 60% of project life expended	50 percent of grant funding
61% to 80% of project life expended	30 percent of grant funding
81% to 100% of project life expended	10 percent of grant funding
After 100% of project life expended	0 percent of grant funding

The project life starts the day of Project Completion and is determined by the Project Implementation year value referenced in Section 2 (Time of Performance). GRANTEE'S notice of termination shall be in writing and shall be effective upon completion of the terms of Section 15 (Termination). Such notice shall terminate GRANTEE's obligation under Section 1 (Obligations to be Performed Under this Grant Agreement) and Section 2 (Time of Performance) of this Grant Agreement.

16. Conflict of Interest.

GRANTEE understands and acknowledges that the funds awarded under this Grant Agreement may only be awarded to GRANTEE in compliance with the requirements of the California Political Reform Act ("PRA"), California Government Code Section 87100 *et seq.* GRANTEE understands and acknowledges that the PRA prohibits any public official from participating in any governmental decision in which the public official knows they have a financial interest.

For the purposes of this provision, a “public official” is any person employed at DISTRICT or any other public official of DISTRICT or County of Santa Barbara who participated in the negotiation or making of this Grant Agreement.

For the purposes of this provision, “GRANTEE” includes GRANTEE and GRANTEE’s subcontractors and employees, business associates and business partners (including all personnel named in GRANTEE’S proposal) who will receive a financial benefit from this Grant Agreement as defined in the PRA.

GRANTEE represents and warrants that a “conflict of interest” as defined in the PRA did not exist during the process that led to the award of this Grant Agreement.

GRANTEE shall disclose any conflict of interest to DISTRICT in writing prior to execution of this Grant Agreement. The DISTRICT may, in its sole discretion, decline to award or may terminate the grant to GRANTEE if a conflict of interest existed prior to the full execution of this Grant Agreement. Failure of GRANTEE to comply with this provision shall be a material breach of this Grant Agreement and shall, at the DISTRICT’s discretion, result in a total forfeiture of all Grant funds received under this Grant Agreement. GRANTEE shall also be liable to DISTRICT for treble damages of the amount of the Grant and DISTRICT’s reasonable attorney’s fees in any litigation necessary to enforce this provision.

17. Taxes.

GRANTEE shall be responsible for payment of all taxes due as a result of the Grant Agreement. GRANTEE shall provide DISTRICT with their Federal Tax Identification Number or Social Security Number prior to DISTRICT payment of grant funds.

18. Program Information and Logos.

At the option of DISTRICT or its agents, GRANTEE shall allow the placement of a DISTRICT logo on project facilities or equipment. The placement design, style and color will be determined by DISTRICT or its agents.

19. Public Education.

GRANTEE, upon request of DISTRICT or its agents, will participate in and assist with a one-day public education and demonstration concerning GRANTEE’s project. GRANTEE will allow reasonable access by DISTRICT or its agents, and the public, to project facilities and equipment during this demonstration.

20. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to DISTRICT is intended to be exclusive of any other remedy or remedies and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

21. Publication.

DISTRICT or its agents shall have the right of prior written approval of any document that shall be disseminated to the public by GRANTEE in which GRANTEE utilized information obtained from DISTRICT in connection with performance under this Grant Agreement.

Information, data, documents, or reports developed by GRANTEE for DISTRICT, pursuant to the Grant Agreement, shall be part of DISTRICT’s public record. GRANTEE may use or publish,

at its own expense, such information provided to DISTRICT. The following acknowledgment of support and disclaimer must appear in each document disseminated, whether copyrighted or not, and based upon the work performed under this Grant Agreement.

"This report was prepared as a result of work sponsored by the Santa Barbara County Air Pollution Control District (SBCAPCD). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of SBCAPCD. SBCAPCD, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report. SBCAPCD has not approved or disapproved this report, nor has SBCAPCD passed upon the accuracy or adequacy of the information contained herein."

GRANTEE shall inform its officers, employees, and subcontractors involved in the performance of this Grant Agreement of the restrictions contained herein and require compliance with the above publication terms.

22. Waivers.

The waiver by either party to this Grant Agreement of any term, covenant, or condition of this Grant Agreement or of any provision, ordinance, or law, shall not be deemed to be a continuing waiver of such term, covenant, condition, or law, or of any subsequent breach or violation of the same, or of any other term, covenant, ordinance of law.

23. Amendment.

This Grant Agreement may only be amended in writing executed by DISTRICT Board and GRANTEE or, where authorized by the DISTRICT Board, by the Air Pollution Control Officer and GRANTEE.

24. California Law to Apply.

This Grant Agreement shall be construed under and in accordance with the laws of the State of California. All obligations created under this Grant Agreement are performable in California.

25. Non-Assignment.

This Grant Agreement shall not be assigned by GRANTEE without the prior written consent of the Air Pollution Control Officer. In the event GRANTEE desires to sell, lease, or otherwise transfer the Clean Air Project, GRANTEE shall promptly notify DISTRICT and shall provide the potential buyer or other transferee with a copy of this Grant Agreement. The buyer or other transferee must agree in writing to abide by the terms of this Grant Agreement prior to GRANTEE closing any such sale, lease or other transfer.

26. Grant Agreement Integrated.

This Grant Agreement represents the entire and integrated Grant Agreement between the DISTRICT and GRANTEE and supersedes any and all other negotiations, representations, and/or agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Grant Agreement that is not contained herein shall be valid or binding.

27. Conflicts Between Grant Agreement and Incorporated Attachments.

With the exception of the County of Santa Barbara 's Unlawful Discrimination Ordinance, to the extent that any provisions in any of the other attachment(s) that are incorporated into this Grant

Agreement by reference, conflict with any provision contained in this Grant Agreement, the provision of this Grant Agreement shall take precedence and govern.

28. Provisions Required by Law Deemed Inserted.

Each and every provision of law and clause required by law to be inserted in this Grant Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted or is not correctly inserted, then upon application of either party, this Grant Agreement shall forthwith be physically amended to make such insertion or correction.

29. Unusual Circumstances.

The parties shall be excused from performing their respective obligations under this Grant Agreement in the event they are prevented from performing so by reason of circumstances beyond their control, including, but not limited to, strikes and other labor disputes, wars, civil commotion, natural calamity, pandemic, fire, equipment breakdown or failures. In the event of any delay described above, the time for performance may be extended by mutual agreement for a period equal to the length of the delay.

30. California Air Resources Board as Third-Party Beneficiary.

GRANTEE acknowledges that CARB Funds or California DMV vehicle registration fee surcharge program funds have been provided for this Grant Agreement by the State of California through the administration and oversight of CARB. CARB shall be a third party beneficiary for the purposes of this Grant Agreement and, as such, CARB shall have the right to enforce the terms of this Grant Agreement, including seeking whatever legal, equitable and other remedies are available under State law for GRANTEE's failure to fully perform under this Grant Agreement.

31. Point of Contact.

All notices referenced in this Grant Agreement shall be in writing and shall be given by first-class mail and/or via email and shall be addressed as follows, or at such other address or to such person that the parties may from time to time designate in writing:

**GRANTEE**  
Orcutt Union School District  
500 Dyer Street  
Santa Maria CA 93455  
Attn: Sandra Knight  
Assistant Superintendent of Business  
sknight@orcutt-schools.net  
(805) 938-8915

**DISTRICT**  
Santa Barbara County Air Pollution Control District  
260 N San Antonio Rd., Suite A  
Santa Barbara, CA 93110  
Attn: Jim Fredrickson  
Supervisor, Planning Division  
FredricksonJ@sbcapcd.org  
(805) 979-8328

32. Clean Air Project Installation and Maintenance.

For engine repower projects, the installation of the engine must be completed in a manner such that it does not void the engine warranty provided by the manufacturer and any remaining warranty provided by the equipment or vehicle manufacturer.

GRANTEE will maintain and operate equipment funded by the Clean Air Project according to manufacturer's specifications for the duration of the project life. GRANTEE will not modify or

alter the equipment funded by the Clean Air Project in such a manner that would cause an increase in air pollution from the level in which the Clean Air Project equipment was configured from the manufacturer. If applicable, GRANTEE shall maintain a working hour meter or odometer as a means of calculating emission reductions and cost-effectiveness. If the hour meter or odometer fails, GRANTEE shall immediately notify DISTRICT and remains responsible for validating any hours or mileage not recorded by the hour meter or odometer. GRANTEE must either repair or replace the non-operating hour meter or odometer or provide other documentation of project operating hours or mileage acceptable to DISTRICT.

33. Clean Air Project Operating Area.

GRANTEE shall operate the Clean Air Project equipment in routine service within Santa Barbara County or California Coastal Waters adjacent to Santa Barbara, Ventura or San Luis Obispo counties, unless otherwise specified by the Air Pollution Control Officer.

34. On-Site Inspections and Audits.

GRANTEE shall allow DISTRICT, or its agents, and CARB or its agents to inspect the Clean Air Project equipment and associated records during the contract term. GRANTEE shall maintain and retain the project records for at least two (2) years after expiration of this Grant Agreement or three (3) years after final project payment, whichever is later.

35. Funds from Other Sources

GRANTEE must certify that they have disclosed all funding sources that they have applied for or received for the Clean Air Project and will notify DISTRICT of additional sources of funding received for the total cost of the project, including any sources that become available after contract execution

Clean Air Projects co-funded by GRANTEE must meet all criteria associated with each funding source used to fund the Clean Air Project.

If GRANTEE is not a public entity, GRANTEE must provide at least 15 percent of the Clean Air Project's eligible costs from non-public sources. This Grant Agreement prohibits GRANTEE from receiving grants and other funds that exceed the total cost of the Clean Air Project.

GRANTEE may receive funds from multiple air districts for the same Clean Air Project if these entities are coordinating to jointly fund portions of the project and the list of entities involved and funding provided are included in the Grant Agreement.

36. Compliance with Air Quality Regulations

GRANTEE certifies that their fleet, engine(s), equipment, or vehicle is in compliance with all applicable federal, state, and local air quality rules and regulations at time of contract execution. GRANTEE must maintain compliance with all applicable federal, state, and local air quality rules and regulations for the full term of the Grant Agreement.

37. Repercussions for Nonperformance

GRANTEE understands and agrees to operate the Clean Air Project equipment, including engine(s), mobile equipment, stationary equipment, or vehicle(s), according to the terms of the Grant Agreement and to cooperate with DISTRICT and CARB in implementation, monitoring, enforcement, and other efforts to ensure that the emission benefits are real, quantifiable, surplus,



enforceable.

Non-compliance with the Grant Agreement will subject GRANTEE to repercussions, including but not limited to, termination of the Grant Agreement and recapture of project funds according to Section 15 (Termination).

DISTRICT and CARB have the authority to seek any remedies available under the law for non-compliance with funding program requirements and non-performance with the Grant Agreement.

38. Debarment and Suspension

GRANTEE certifies to DISTRICT that it and its employees and principals are not debarred, suspended, or otherwise excluded from or ineligible for participation in federal, state, or county government contracts. GRANTEE certifies that it shall not contract with a subcontractor that is so debarred or suspended.

39. Execution of Counterparts

This Grant Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

40. Prevailing Wage and Labor Compliance

GRANTEE agrees to comply with all of the applicable provisions of the California Labor Code pertaining to Public Works projects (Labor Code Sections 1720-1861) including those provisions requiring the payment of not less than the specified prevailing rates of wages as determined by the Director of the Department of Industrial Relations to workers employed in the performance of this Grant Agreement.

This Grant Agreement between Santa Barbara County Air Pollution Control District and Orcutt Union School District was executed in Santa Barbara County and is effective on the day and year first written above.

SANTA BARBARA COUNTY  
AIR POLLUTION CONTROL DISTRICT,  
STATE OF CALIFORNIA

ATTEST:

AERON ARLIN GENET  
CLERK OF THE BOARD

By: \_\_\_\_\_  
Aeron Arlin Genet  
Air Pollution Control Officer

By: \_\_\_\_\_  
Deputy

Date: \_\_\_\_\_

APPROVED AS TO FORM:  
RACHEL VAN MULLEM  
COUNTY COUNSEL

GRANTEE: Orcutt Union School District

By: Sandra Knight  
Sandra Knight  
Assistant Superintendent of Business

By: \_\_\_\_\_  
District Counsel

Date: 05/26/2023

APPROVED AS TO FORM:  
GREG MILLIGAN, ARM  
RISK MANAGER

By: \_\_\_\_\_  
Risk Management

APPROVED AS TO ACCOUNTING FORM:  
BETSY M. SCHAFFER, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Deputy

ATTACHMENT A  
SCOPE OF WORK

# 2022 Clean Air Grants Program

## Scope of Work for Orcutt Union School District

The Orcutt Union School District (OUSD) requests grant funds to purchase a new 2023 IC Navistar CE 3402 school bus with a 2022 Dana model TM4 SUMO MD HV2200-6P electric engine.

OUSD District provides transportation to our students in grades Transitional Kindergarten to 8<sup>th</sup> grade. OUSD will use the new bus for transportation to and from school for our students, as well as transportation for field trips. The new bus will be based out of the facility at 500 Dyer Street in Orcutt. We anticipate operating the new bus around 30,000 miles annually.

1. New low-emission equipment:
  - a. Type – School Bus
  - b. Manufacturer –IC Bus Navistar
  - c. Model # CE 3402
  - d. Model year - 2023
  - e. Vehicle Identification Number - TBD
2. New low-emission engine:
  - a. Manufacturer –Dana
  - b. Model –TM4 SUMO MD HV2200-6P
  - c. Model Year –2022
  - d. Horsepower –255
  - e. Fuel type - Electric
  - f. Engine Serial Number - TBD
  - g. EPA Family Number –NNVX2VOCVXMM
  - h. CARB Executive Order Number –A-004-0555
  - i. Type of battery pack(s) –Lithium Iron Phosphate
  - j. Size of battery pack(s) –210 kWh

This school bus fleet expansion project will be co-funded with grant funds provided by Central Coast Community Energy.

OUSD agrees to provide matching funds for any residual vehicle, hardware (including peripherals), and installation labor costs not covered by grant funds under this grant agreement.

OUSD agrees to purchase a full warranty with coverage of, at a minimum, zero-emission or all-electric motor, drive train, batteries/energy storage system(s), parts and labor for a minimum of 60 months or 75,000 miles, whichever comes first. Warranties must be fully transferrable to subsequent school bus purchasers for the full warranty coverage period.

**I verify that the information provided in this Scope of Work is true and accurate to the best of my knowledge.**

*Sandra Knight*

Sandra Knight, Assistant Superintendent of Business  
Orcutt Union School District  
500 Dyer Street  
Santa Maria, CA 93455

05/26/2023

Date

ATTACHMENT B  
GRANT INVOICE PAYMENT

GRANTEE shall invoice DISTRICT as follows:

1. Not-to-exceed (NTE) total of \$200,000 upon delivery, installation, and demonstrated satisfactory operation of the Clean Air Project, as specified above in Attachment A (Scope of Work). DISTRICT will pay the lower of the grant agreement amount or the final invoice amount of eligible expenses.
2. Provide proof of destruction of replaced Clean Air Project equipment consistent with Section 14 (Disposal of Replaced Engine, Equipment, or Vehicle), if requested by DISTRICT.
3. Attach a copy of vendors' invoice to GRANTEE with proof of payment of the final invoice amount for the specified Clean Air Project, and include make, model number, model year, serial number, and itemized breakdown of all equipment purchased, and services rendered.
4. Attach a copy of Clean Air Project equipment manufacturers proof of warranty.
5. If requested by DISTRICT, attach proof of completing California Secretary of State Uniform Commercial Code form (UCC-1).
6. GRANTEE shall invoice DISTRICT for the project as specified above. GRANTEE shall attach the invoice information to a cover letter with GRANTEE's letterhead and include a reference to Grant Agreement AP222361. Invoice shall be submitted to DISTRICT staff listed in Section 31 (Point of Contact).

ATTACHMENT C  
GRANT NARRATIVE REPORTS FORMAT

GRANTEE shall submit an annual narrative report to DISTRICT commencing no later than 18 months after post-inspection of the Clean Air Project and each subsequent year for the duration of the Grant Agreement identified in Section 2 (Time of Performance), as required by CARB. The purpose of these reports is to provide DISTRICT with feedback as to GRANTEE's experience with the Clean Air Project, to ensure the project is operational, and that the Clean Air Project's emission reductions and other benefits are realized. The reports shall include the following items:

1. Name, address, email, and telephone number of GRANTEE;
2. Make and model and location of project purchased;
3. Operating hours or mileage for the Clean Air Project for the most recent 12 months of operation;
4. Provide the estimated percentage change in operating expenses associated with the Clean Air Project;
5. Discussion of condition of Clean Air Project including any repairs, problems, or benefit with the Clean Air Project;
6. Any conditions (e.g., weather, permits) that significantly affected the annual usage of Clean Air Project from routine service;

ATTACHMENT D  
COUNTY OF SANTA BARBARA UNLAWFUL DISCRIMINATION ORDINANCE

**Sec. 2-94. - Exceptions.**

The provisions of this article shall not apply to contracts or agreements for the acquisition, exchange or disposition of real property or interests therein, nor to contracts or agreements with the State of California, or its political subdivisions, or with the United States of America. (Ord. No. 2946, § 1)

**Sec. 2-95. - Prohibition of unlawful discrimination in employment practices.**

The County of Santa Barbara reserves the right to terminate forthwith each and every written contract and agreement (except purchase orders) respecting real property, goods and/or services entered into by the County of Santa Barbara including but not limited to concessions, franchises, construction agreements, leases, whether now in effect or hereinafter made if the county finds that the contractor is discriminating or has discriminated against any person in violation of any applicable state or federal laws, rules or regulations which may now or hereafter specifically prohibit such discrimination on such grounds as race, religion, sex, color, national origin, physical or mental disability, Vietnam era veteran/disabled, age, medical condition, marital status, ancestry, sexual orientation, or other legally protected status. This right of termination extends to contracts entered into by the County of Santa Barbara or by its joint powers, agencies or agents so long as the county obtains the consent of those parties.

Such finding may only be made after contractor has had a full and fair hearing on notice of thirty days before an impartial hearing officer at which hearing contractor may introduce evidence, produce witnesses and have the opportunity to cross-examine witnesses produced by the county. Further, any finding of discrimination must be fully supported by the facts developed at such hearing and set forth in a written opinion; and in addition, contractor may move in the appropriate court of law for damages and/or to compel specific performance of a contractor or agreement if any of the above procedures are not afforded to the contractor. If contractor is not found to have engaged in unlawful discriminatory practices, county shall pay all costs and expenses of such hearing, including reasonable attorneys' fees, to contractor in accordance with current Santa Barbara County Superior Court schedule of attorneys' fees for civil trials. If contractor is found to have engaged in such unlawful discriminatory employment practices, contractor shall pay all such costs, expenses and attorneys' fees.

Whether or not a contract or agreement is still in existence at the time of final determination of such unlawful discrimination, the contractor shall forthwith reimburse the county for all damages directly stemming from such discrimination; however, those damages shall not exceed and are not reimbursable in an amount which exceeds amounts paid to contractor under the terms of the contract or agreement.

Nothing in this section 2-95 shall directly or by interpretation give a private cause of action to any third party (not a signatory to the contract or agreement) including employees past or present, or applicants for employment to contractor, it being the sole purpose of this clause to administratively assure compliance with the nondiscrimination clauses contained herein.

With respect to employment discrimination, employment practices shall include, but are not limited to, employment, promotion, demotion, transfer, recruitment and advertising for recruitment, layoff or other termination, rate of pay, employee benefits and all other forms of compensation or selection for training and apprenticeship and probationary periods.

Contractor shall permit access at all reasonable times and places to all of its records of employment, advertising, application forms, tests and all other pertinent employment data and records, to the County of Santa Barbara, its officers, employees and agents for the purpose of investigation to ascertain if any unlawful discrimination as described herein has occurred or is being practiced, provided that such records are relevant to a complaint of an unlawful discriminatory practice which has been forwarded to contractor reasonably prior to the time contractor is asked to make such records available. In addition, all such records shall be deemed "Confidential" by the officers, employees and agents of the county. No records or copies of such records may be removed from the premises of contractor, and no disclosure, oral or written, of such record may be made to third parties except as provided within the agreement. Provided, however, that in the event of a hearing to determine whether or not contractor is engaging in unlawful discrimination in employment practices as defined herein, the board of supervisors of Santa Barbara County may issue subpoenas to require that certified copies of such records be made available to the hearing.

Failure to fully comply with any of the foregoing provisions shall be deemed to be a material breach of any contract or agreement with the County of Santa Barbara. All persons contracting with or who have contracts for goods or services with the county shall be notified that this chapter applies to their contract or agreement with the County of Santa Barbara. (Ord. No. 2946, § 1; Ord. No. 2993, § 1; Ord. No. 3018, § 1; Ord. No. 4413, § 1)

**Sec. 2-95.5. - Exceptions.**

Notwithstanding any other provisions in this article, any party contracting with the County of Santa Barbara having an affirmative action program which has been approved within twelve months from the date of the contract by an agency of the federal government shall be deemed to be in compliance with the provisions of this article upon furnishing documentary evidence of such approval satisfactory to the county affirmative action officer. Loss of such approval shall be immediately reported by such party to the county affirmative action officer.

**Sec. 2-96. - Purchase orders.**

Purchase orders shall contain the following clause as grounds for termination of such purchase order. "If complaint is made that seller is engaging in discriminatory employment practices made unlawful by applicable state and federal laws, rules or regulations, and the State Fair Employment Practice Commission or the Federal Equal Employment Opportunities Commission determines that such unlawful discrimination exists, then the County of Santa Barbara may forthwith terminate this order." (Ord. No. 2946, § 1)

**Sec. 2-97. - Affirmative action officer.**

At the discretion of the county affirmative action officer, he or she shall promptly and thoroughly investigate, or cause to be investigated reports and complaints from whatever source, that any party contracting with the County of Santa Barbara is engaging, or during the term of a contract or agreement with the County of Santa Barbara has engaged, in any unlawful discriminatory employment practices as described in section 2-95 of this Code. If the investigation discloses reason to believe such unlawful discrimination does exist or has existed and the conditions giving rise thereto have not been changed so as to prevent further such unlawful discrimination, and the said party shall not forthwith terminate such unlawful discrimination, take all appropriate steps to prevent a recurrence of such or other unlawful practices, and compensate the person or persons unlawfully discriminated against for any and all loss incurred by reason of such unlawful discrimination, all to the satisfaction of the affirmative action officer, then the affirmative action officer shall cause the matter to be presented for



action to the State Fair Employment Practices Commission or the Federal Equal Employment Opportunities Commission, or both, and to any other concerned state or federal agencies or officers.

If and when it has been finally determined by the affirmative action officer, county counsel, or state or federal regulatory agencies that such unlawful discriminatory employment practice has in fact so occurred or are being carried on, then the affirmative action officer shall forthwith present the entire matter to the board of supervisors of the county, together with all damages, costs and expenses related thereto and incurred by county, for appropriate action by the board of supervisors in accord with the intent and purposes of this article and of the affirmative action program of the County of Santa Barbara. (Ord. No. 2946, § 1)

**Sec. 2-98. - Youth group anti-discrimination.**

(a) Neither the County of Santa Barbara, nor any of its agencies, departments, affiliates, or political subdivisions over which it exercises jurisdiction, shall:

- (1) Deny any youth group equal access to, or fair opportunity to conduct meetings or other events at, or otherwise utilize any public facility;
- (2) Deny any youth group use permits or licenses regarding, or otherwise withhold from any youth group permission to use, any public facility; or
- (3) Otherwise discriminate against any youth group; on the basis of the membership or leadership criteria of such youth group.

(b) For purposes of this section, a public facility shall include any public forum, limited public forum, public property, or public area including any public building, park, beach, campground, or any other area controlled or operated by the County of Santa Barbara.

(c) For purposes of this section, a youth group means any group or organization intended to serve young people under the age of twenty-one. (Ord. No. 4434, § 1).



## BUSINESS SERVICES MEMORANDUM

**TO:** Board of Trustees  
Holly Edds, Ed.D.

**FROM:** Sandra Knight  
Assistant Superintendent, Business Services

**BOARD MEETING DATE:** June 14, 2023

**BOARD AGENDA ITEM:** Memorandum of Understanding between Orcutt Union School District and the Santa Barbara County Office of Education for District Property located at 3491 Point Sal Road, Casmalia

**BACKGROUND:** We had an appraisal done on the property, which gave us limited options given the nature of the property, the surrounding community and its remote location. Any sale of the property would likely take several years at least. Leasing the property to another educational entity is a good option which will relieve us of the utility cost, the day-to-day upkeep on the property, while bringing in a small amount of rental income and also utilizing the space to educate students.

The Santa Barbara County Office of Education needs to find a facility to house their special education preschool classrooms. They have toured the site with various staff members on a few occasions and would like to use the Casmalia school site. They would be using the entire facility, including the portable classroom with its ADA accessible restroom and the grounds. SBCEO would need to make some improvements to the property, namely, constructing a fence to make a small playground area off of the two classrooms and they are proposing rent of \$1600/month. SBCEO would reimburse the district for all utility costs and would be responsible for all custodial and grounds upkeep. The district would still be required to provide any maintenance work on the property. The term of the agreement would be for three (3) years, with an option to renew for another three-year term with the agreement of both parties.

**RECOMMENDATION:** Staff recommends the Memorandum of Understanding with the Santa Barbara County Education Office, be approved as presented.

**FUNDING:** Positive impact on unrestricted general fund.

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (MOU) is made and entered into on July 1, 2023, between the Orcutt Union School District, whose address is 500 Dyer Street, Orcutt, CA 93455, hereinafter referred to as "DISTRICT," and Santa Barbara County Education Office, Special Education Division whose address is 4400 Cathedral Oaks Road, Santa Barbara, CA 93110- hereinafter referred to as "RECIPIENT," in consideration of their mutual covenants, the parties hereto agree as follows:

**RECITALS**

WHEREAS, the DISTRICT desires that building space at multiple locations be utilized for the education of special needs students and related services; and

WHEREAS, the DISTRICT desires to permit RECIPIENT, including its employees and volunteers, if any, to utilize unused district building space, and RECIPIENT desires to utilize the unused space for the education of special needs students and related services;

NOW, THEREFORE, in consideration of the mutual covenants, terms, conditions, and provisions of this MOU, the parties agree:

**A. PROVIDED BY THE DISTRICT TO THE RECIPIENT:**

1. For the period of this Agreement, the RECIPIENT shall:
  - a. Be authorized access to and use of the following Orcutt Union School District-owned facilities.

<b>PROGRAM</b>	<b>CAMPUS</b>	<b>ROOM(S)</b>	<b>ADDRESS</b>
DHH Preschool DHH Elementary and Audiologist Programs	Dunlap	C1, C2, C3	1220 Oak Knoll Rd, Santa Maria, CA 93455
Elementary Severe/Profound Special Education Class	Olga Reed	2	480 Centennial St, Los Alamos, CA 93440
Special Education Preschool	Alice Shaw	30	759 Dahlia Pl, Santa Maria, CA 93455

- b. Be authorized shared access to and use of 1 set of student restrooms located within assigned classrooms or the main campus.
- c. Be authorized shared access to and use of adult restrooms located within the main campus.
- d. Be authorized access to and use of parking lot while on campus for programs, services, or activities.
- e. Be provided keys necessary for access to assigned classrooms, restrooms, and campus gates.
- f. Receive internet connectivity to each assigned classroom.
- g. Receive telephone and network connectivity to each assigned classroom, including local and long-distance service.
- h. Receive utilities to each classroom.

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- i. Receive routine maintenance, and custodial service, including consumables, every day that program services are provided.
  - j. Receive routine maintenance as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
  - k. For regional special day class programs with students with severe/profound disabilities, a sink with hot running water and accessible bathrooms will be provided.
  - l. Receive required annual and ongoing maintenance as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
  - m. Receive deferred maintenance as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
  - n. Receive moving support as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
2. For the period of this Agreement, the RECIPIENT shall also be authorized access to the whole elementary school campus located at 3491 Point Sal Road, Casmalia, CA 93429-0119.
- a. Be authorized access to and use of parking lot while on campus for programs, services, or activities.
  - b. Be provided keys necessary for access to assigned classrooms, restrooms, and campus gates.
  - c. Receive telephone and network connectivity to each assigned classroom, including local and long-distance service. SBCEO will reimburse OUSD for the cost of utilities.
  - d. Receive telephone, internet, electricity, and gas to each classroom; SBCEO will reimburse OUSD for the cost of utilities.
  - e. The property is on a septic system. OUSD will pump the septic system prior to occupancy by SBCEO. After that, SBCEO will pump the tank as needed, and pump the tank when the lease terminates.
  - f. SBCEO will provide routine maintenance, groundskeeping and custodial service, including consumables..
  - g. Provide routine maintenance as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
  - h. Hot running water and bathrooms, one of which is ADA accessible, will be provided.
  - i. Receive required annual/ongoing maintenance (for example, for the fire system, etc.) as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
  - j. Receive deferred maintenance as defined in Section 13, Policy 3701 of the Santa Barbara County Special Education Local Plan Area Local Plan.
  - k. Provide OUSD contractors with access to construct a preschool play yard adjacent to the classrooms. SBCEO will reimburse OUSD this monthly amortized amount during the 2023-24 school year. SBCEO will provide equipment.

3. For the period of this Agreement, the DISTRICT shall not provide the following:
  - a. Responsibility for the prevention of theft or damage of any RECIPIENT-owned or provided materials and equipment.
  - b. Locker or shower facilities.
  - c. Custodial and groundskeeping services

**B. RECIPIENT OBLIGATIONS:**

1. For the period of this Agreement, the RECIPIENT shall:
  - a. Abide by the Terms and Conditions of this Agreement.
  - b. Not authorize access to or permit the use of the OUSD facility for other than services provided by RECIPIENT.
  - c. Provide all furniture and equipment.
  - d. Provide all administrative material.
  - e. Provide all computers and peripherals necessary for RECIPIENT operation.
  - f. Be responsible for the security of spaces listed in section A.1.a. of this MOU.
  - g. Provide the DISTRICT access to the school facility listed in section A.1.a of this MOU for routine maintenance, custodial services, and other inspection purposes.
2. For the period of this Agreement, RECIPIENT shall receive, at a charge of \$1600 per year, access to the entire Casmalia elementary school site and service as defined in A.1.a. thru A.1.n of this MOU.
3. For the period of the Agreement, RECIPIENT shall receive, use of, and the right to occupy, the facilities defined in section A.1.a of this MOU for the purposes of providing special education services as set forth in subparagraph 4 below.
4. For the period of this Agreement, the RECIPIENT shall provide the following activities and services:
  - a. RECIPIENT is part of the Santa Barbara County Special Education Local Plan Area. The RECIPIENT'S Program will provide services to students with unique needs. Those programs include Early Start, Special Education Preschools, and Special Day Class Programs for students with Severe/Profound Disabilities. The RECIPIENT'S plan of operation includes services to be provided only between 7 am and 5 pm Monday through Friday, excluding DISTRICT-observed holidays and consistent with school days listed on the DISTRICT calendar.

**C. TERM OF MOU:**

The term of this MOU shall be a three-year period, commencing July 1, 2023, and ending June 30, 2026. RECIPIENT'S access to DISTRICT facilities and activities, as specified in this MOU, shall commence on the date of this MOU, July 1, 2023, and shall be completed on or before June 30, 2026. With mutual consent (confirmed in writing), this MOU may be extended every three years in three-year blocks.

**D. INSURANCE:**

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1. The RECIPIENT shall procure and maintain at all times the following insurance with minimum limits equal to the amount indicated below.
  - a. Commercial General Liability and Automobile Liability Insurance. Commercial General Liability Insurance and any Automobile Liability Insurance that shall protect the RECIPIENT, the DISTRICT, and the State from all claims of bodily injury, property damage, personal injury, death, advertising injury, and medical payments arising from performing any portion of the Services. (Form CG 0001 and CA 0001)
  - b. Workers' Compensation and Employers' Liability Insurance. Workers' Compensation Insurance and Employers' Liability Insurance for all its employees performing any portion of the Services. In accordance with provisions of Section 3700 of the California Labor Code, the RECIPIENT shall be required to secure workers' compensation coverage for its employees. If any class of employee or employees engaged in performing any portion of the Services under this Agreement are not protected under the Workers' Compensation Statute, adequate insurance coverage for the protection of any employee(s) not otherwise protected must be obtained before any of those employee(s) commence performing any portion of the Services.
  - c. Professional Liability (Errors and Omissions). Professional Liability (Errors and Omissions) Insurance as appropriate to the RECIPIENT profession.

Type of Coverage		Minimum Requirement
Commercial General Liability, including Bodily Injury, Personal Injury, Property Damage, Advertising Injury, and Medical Payments	Split Limit	\$2,000,000 per occurrence; \$4,000,000 aggregate
Automobile Liability - Any Auto	Combined Single Limit	\$4,000,000
Workers Compensation		Statutory limits pursuant to State law
Employers' Liability		\$1,000,000
Professional Liability		\$1,000,000

2. Proof of Carriage of Insurance. The RECIPIENT shall not commence performing campus site activities until all required insurance has been obtained and certificates indicating the required coverage have been delivered in duplicate to the DISTRICT and approved by the DISTRICT. Certificates and insurance policies shall include the following:
  - a. A clause stating: "This policy shall not be canceled or reduced in required limits of liability or amounts of insurance until notice has been mailed to the DISTRICT, stating the date of cancellation or reduction. Date of cancellation or reduction shall not be less than thirty (30) days after the date of mailing notice."

- b. Language identifying those insured, the extent of insurance, the location and operation to which insurance applies, expiration date, to whom cancellation and reduction notice will be sent, and length of the notice period.
  - c. An endorsement stating that the DISTRICT and their agents, representatives, employees, trustees, officers, consultants, and volunteers are named additional insured under all policies except Workers' Compensation Insurance, Professional Liability, and Employers' Liability Insurance. An endorsement shall also state that the RECIPIENT's insurance policies shall be primary to any insurance or self-insurance maintained by DISTRICT.
  - d. All policies shall be written on an occurrence form.
3. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of no less than A: VII unless otherwise acceptable to the DISTRICT.

**E. GENERAL TERMS AND CONDITIONS:**

1. NON-DISCRIMINATION: No discrimination shall be made in the employment of persons under this Agreement because of their race, religion, sex, age, national origin, ancestry, political affiliations, disability, medical condition, marital status, or sexual orientation.
2. CONFLICT OF INTEREST: Before executing this Agreement, the RECIPIENT shall disclose to the DISTRICT the identities of any board member, officer, or employee of the DISTRICT, or relatives thereof, whom the RECIPIENT knows of that will have any financial interest resulting from this Agreement.
3. LICENSE AND AUTHORITY: The RECIPIENT will maintain all necessary licenses during the term of this Agreement. If other than a natural person, RECIPIENT is duly authorized to enter this Agreement by its governing or controlling body. Evidence or copies of all necessary licenses shall accompany this MOU.
4. EQUIPMENT AND FACILITIES: The RECIPIENT will furnish all necessary equipment and facilities to render their services pursuant to this MOU unless otherwise agreed to by the parties.
5. USE OF ADDITIONAL WORKERS BY RECIPIENT: The RECIPIENT may, at the RECIPIENT'S own expense, employ additional workers as necessary for the provision and completion of services pursuant to this MOU and shall maintain workers' compensation insurance as required by state law. The DISTRICT shall not control, direct, or supervise the RECIPIENT'S additional workers in performing those services. The RECIPIENT assumes complete and sole responsibility for the payment of all compensation and expenses of these additional workers and all state and federal income tax, unemployment insurance, social security, disability insurance, worker's

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compensation, and other applicable withholdings. The RECIPIENT shall not hire employees of the DISTRICT for the performance of services under this MOU.

6. ASSIGNMENT: Without the written consent of the DISTRICT, this MOU is not assignable by the RECIPIENT.
7. SUCCESSORS AND ASSIGNS: This MOU shall be binding on the heirs, executors, administrators, successors, and assigns of the respective parties.
8. FINGERPRINTING AND CRIMINAL RECORDS CHECK: The RECIPIENT shall comply with the provisions of Education Code Section 45125.1 regarding submitting employee fingerprints with the California Department of Justice and the completion of criminal background investigations of its employees. RECIPIENT shall not permit any employees to have any contact with DISTRICT pupils until RECIPIENT has verified in writing to the governing Board of the Orcutt Union School District that such employee has not been convicted of a felony as defined in Education code 45125.1. RECIPIENT'S responsibility shall extend to all employees, subcontractors, and employees of subcontractors regardless of whether such individuals are paid or unpaid, concurrently employed by the DISTRICT, and/or acting as independent contractors of the RECIPIENT. Verification of compliance with this section shall be provided in writing to the DISTRICT before the commencement of services and contact with students.
9. HEALTH EXAMINATION: No person shall be initially allowed to interact with students unless they have placed on file with the RECIPIENT or DISTRICT a certificate from a physician licensed under the Business and Professions Code indicating that a tuberculosis examination within the past 60 days shows that they are free from active tuberculosis. The tuberculosis examination shall consist of an approved intradermal tuberculin test. An X-ray of the lungs shall be required only if the intradermal test is positive. (Education Code 49406).
10. GOVERNING LAW: The validity of this MOU and all of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of California.
11. CHANGES OR ALTERATIONS: No changes, alterations, or variations of any kind to this MOU are authorized without the mutual written consent of both parties.
12. HEADINGS: All section headings contained herein are for clarification and convenience of reference only and are not intended to limit the scope of any provision of the MOU.
13. TERMINATION: As set forth in Paragraph C herein, the term of this MOU shall be a three-year period, commencing July 1, 2023, and ending June 30, 2026. Neither party may terminate the MOU prior to the completion of the three-year period. If either party



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elects not to renew the MOU for an additional three-year period, the non-renewing party must provide notice of this intent to the other party by March 1, 2026.

14. RELOCATION: RECIPIENT'S programs defined in section A.1.a of this MOU may be relocated to alternate DISTRICT-owned facilities, for any reason, at the end of the then "current" fiscal year, with a written notice provided by March 1 of that year.
15. SEVERABILITY: In the event any portion of this MOU shall be held by a Court to be invalid, such holding shall not invalidate the remainder of this MOU.
16. AMBIGUITY: The language herein shall be construed as jointly proposed and jointly accepted, and in the event of any subsequent determination of ambiguity, all parties shall be treated as equally responsible for such ambiguity.
17. EXPENSES: The RECIPIENT shall be responsible for all costs and expenses, except as provided by this MOU, including but not limited to all costs of the equipment supplied by the RECIPIENT; all fees, fines, licenses, bonds or taxes required of or imposed against the RECIPIENT; and all other of the RECIPIENT'S costs.
18. WAIVERS: No payment, partial payment, acceptance, or partial acceptance by DISTRICT will operate as a waiver on the part of DISTRICT of any of its rights under this Contract.
19. PRIORITY OF USE: Throughout the term of this Agreement, scheduled DISTRICT programs, including athletic and recreational programs, shall take precedence and priority over the RECIPIENT'S right to use DISTRICT Facilities other than those facilities listed in section A.1.a through A.1.d of this MOU.
20. COORDINATION WITH SCHOOL DISTRICT STAFF: RECIPIENT staff shall communicate with the Assistant Superintendent Business Services Orcutt Union School District regarding any issues or conflicts that might arise concerning the use of space, equipment, condition of premises, student safety, and security, or other items covered by this Agreement.
21. DISTRICT FACILITY USE: The RECIPIENT will leave DISTRICT Facilities and school equipment at each site in the same condition in which they found them; reasonable wear and tear expected. If Recipient fails to return the DISTRICT Facilities and school equipment to their original condition, they shall be responsible for whatever costs may be involved in restoring the DISTRICT Facilities and school equipment to that condition.
22. ACKNOWLEDGMENT OF POLICIES AND PROCEDURES: RECIPIENT staff providing Services related to the operation of the Program are requested to review the Board Policies and Administrative Regulations below. They may be found by accessing the DISTRICT website: <https://www.orcuttschools.net/board-of->

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trustees/#policies. By executing this Agreement, RECIPIENT acknowledges they have read and agree to abide by the Board Policies and Administrative Regulations below:

- Use of District Facilities, space, and equipment (BP/AR 1330, AR 1312)
- Alcohol and other drug policies (BP/AR 5131.6, BP 5131.61, BP/AR 5131.62, BP/AR 5131.63)
- Registration of visitors/outside and disruption of service (BP/AR 1250, BP/AR 3515.2)
- Nondiscrimination and complaints (AR 0410, BP/AR 1312.3, AR 1312.4, BP/AR 4144, 4244, 4344)

All rules and regulations of the Board and all Federal, State, and local laws, ordinances, and regulations are to be observed strictly by RECIPIENT'S personnel and all those using DISTRICT facilities and grounds with RECIPIENT permission or pursuant to this Agreement.

23. PROHIBITED ACTIVITIES: The following are prohibited in or about the DISTRICT Facilities at any time: possession, sale, or use of firearms, tobacco products, intoxicants, stupefying and exciting substances or narcotics, the use of profane language, quarreling, fighting, or gambling. Attempts to create illegal discrimination based on race, creed, color, sex, religion, or national origin; advocate the use of force or violence; or otherwise engage in efforts to deprive individuals of their civil rights are prohibited.

24. COMPLIANCE WITH LAWS: RECIPIENT employees shall observe and comply with all rules and regulations of the DISTRICT'S Board and all Federal, State, and local laws, ordinances, and regulations.

25. COVID-19: The RECIPIENT shall be responsible for obtaining any required approvals from the County Health Authorities.

26. NOTICES: Any notice required or permitted to be given under this Agreement shall be deemed to have been given, served, and received if given in writing and either personally delivered or deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, or sent by overnight delivery service, or facsimile transmission, addressed as follows:

RECIPIENT:

Santa Barbara County Education Office- Special Education Division  
4400 Cathedral Oaks Rd, Santa Barbara, CA 93110  
ATTN: Kirsten Escobedo, Associate Superintendent Special Education

DISTRICT:

Orcutt Union School District  
500 Dyer Street  
Orcutt, CA 93455

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ATTN: Sandy Knight, Assistant Superintendent Business Services

Any notice personally given or sent by facsimile transmission shall be effective upon receipt. Any notice sent by overnight delivery service shall be effective the business day next following delivery thereof to the overnight delivery service. Any notice given by mail shall be effective three (3) days after deposit in the United States mail.

27. ENTIRE AGREEMENT OF PARTIES: This Agreement sets forth the entire Agreement between the parties and supersedes all other oral or written representations. Any increase or decrease in facility or service utilization requires written modification to this MOU. This Agreement may be amended or modified only by a written instrument executed by both parties.

28. INDEMNIFICATION OF PARTIES: RECIPIENT agrees to indemnify, defend, and save harmless DISTRICT, its officers, agents, employees, and volunteers from any and all claims and losses in connection with the performance of this Agreement and from any and all claims and losses resulting to any person, firm, or corporation who may be injured or damaged by the Recipient in the performance of this MOU, except as to such loss or damage which is caused by the negligence or wrongful conduct of DISTRICT.

**F. UNDERSTANDING AND ACCEPTANCE OF THE PARTIES:**

This MOU constitutes the entire understanding of the parties. The RECIPIENT and DISTRICT signatures below signify an understanding and acceptance of the contract provisions.

**G. APPROVALS:**

This MOU shall become effective upon its approval by the undersigned persons:

RECIPIENT: Santa Barbara County Education Office- Special Education Division

BY: \_\_\_\_\_ DATE: \_\_\_\_\_

PRINT NAME & TITLE: Kirsten Escobedo, Associate Superintendent

DISTRICT: Orcutt Union School District

BY: \_\_\_\_\_ DATE: \_\_\_\_\_

PRINT NAME & TITLE: \_\_\_\_\_

Santa Barbara County Education Office- Special Education Division  
Memo of Understanding 2023-2026

EXHIBIT"A"

WORKERS' COMPENSATION CERTIFICATION

Labor Code Section 3700 in relevant part provides:

Every employer except the State shall secure the payment of compensation in one or more of the following ways:

- By being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this State.
- By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to its employees.

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

Date: \_\_\_\_\_

Name of RECIPIENT: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

(In accordance with Article 5 - commencing at Section 1860, Chapter 1, part 7, Division 2 of the Labor Code, the above certificate must be signed and filed with the DISTRICT prior to performing any Services under this Agreement.)

EXHIBIT "B"

TUBERCULOSIS CLEARANCE

The undersigned does hereby certify to the Governing Board of the DISTRICT as follows:

I am a representative of the RECIPIENT currently entering into this Agreement with the DISTRICT and I am familiar with the facts herein certified, and am authorized and qualified to execute this certificate on behalf of RECIPIENT.

RECIPIENT's responsibility for tuberculosis clearance extends to all of its employees, subcontractors, and employees of subcontractors coming into contact with DISTRICT students regardless of whether they are designated as employees or acting as independent contractors of the RECIPIENT.

RECIPIENT certifies that the following item applies to the Services that are the subject of the Agreement:

The RECIPIENT has complied with the tuberculosis requirements of Education Code Section 49406.1 with respect to all RECIPIENT employees and all of its employees who may have contact with DISTRICT students in the course of providing Services pursuant to the Agreement, and the California Department of Justice has determined that none of those employees has active tuberculosis, as that term is defined in Education Code Section 45122.1. A complete and accurate list of RECIPIENT employees and of all of its subcontractors' employees who may come in contact with DISTRICT students during the course and scope of the Agreement is attached hereto; and/or

Date: \_\_\_\_\_

Name of RECIPIENT: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name \_\_\_\_\_

Title: \_\_\_\_\_



## EDUCATIONAL SERVICES MEMORANDUM

TO: Board of Trustees  
Holly Edds, Ed.D.

FROM: Joe Dana  
Assistant Superintendent, Educational Services

BOARD MEETING DATE: June 14, 2023

BOARD AGENDA ITEM: Orcutt Union School District Local Control and Accountability Plan (LCAP)

BACKGROUND: In association with the state's Local Control Funding Formula (LCFF) for funding education, school districts and charter schools are required to develop a Local Control and Accountability Plan (LCAP). Education Code 52060 requires the plan to describe goals and specific actions to achieve goals for all pupils and for each subgroup of pupils identified in Education Code 52052, including students with disabilities, for each of the state priorities and any locally identified priorities.

Development of the Orcutt Union School District LCAP has included multiple groups of educational partners. The process included alignment of the LCAPs with the district's Strategic Plan along with the state's eight identified priorities. District and charter needs were identified through the collection and analysis of data, including two surveys and 10 meetings.

The LCAP is a three-year plan spanning 2021-2024. The plan was updated for the 2022-2023 school year to describe progress on goals and report on actions. New LCAPs for the district and charter will be written during the 2023-2024 school year. Our superintendent, Dr. Holly Edds, is timing the update of our district Strategic Plan for the fall to facilitate alignment with the new plans.

A required public hearing was held on June 7, 2023.

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RECOMMENDATION: Staff recommends that the Board of Trustees approve the 2023 Orcutt Union School District Local Control and Accountability Plan as submitted.

FUNDING: The LCAP includes \$4,237,453.84 in LCFF Supplemental funds, \$1,042,259.00 in other state funds, and \$666,462.00 in federal funds.





## EDUCATIONAL SERVICES MEMORANDUM

TO: Board of Trustees  
Holly Edds, Ed.D.

FROM: Joe Dana  
Assistant Superintendent, Educational Services

BOARD MEETING DATE: June 14, 2023

BOARD AGENDA ITEM: Orcutt Academy Local Control and Accountability Plan (LCAP)

BACKGROUND: In association with the state's Local Control Funding Formula (LCFF) for funding education, school districts and charter schools are required to develop a Local Control and Accountability Plan (LCAP). Education Code 52060 requires the plan to describe goals and specific actions to achieve goals for all pupils and for each subgroup of pupils identified in Education Code 52052, including students with disabilities, for each of the state priorities and any locally identified priorities.

Development of the Orcutt Academy Charter LCAP has included multiple groups of educational partners. The process included alignment of the LCAPs with the district's Strategic Plan along with the state's eight identified priorities. Charter needs were identified through the collection and analysis of data, including two surveys and 10 meetings.

The LCAP is a three-year plan spanning 2021-2024. The plan was updated for the 2022-2023 school year to describe progress on goals and report on actions. New LCAPs for the district and charter will be written during the 2023-2024 school year. Our superintendent, Dr. Holly Edds, is timing the update of our district Strategic Plan for the fall to facilitate alignment with the new plans.

A required public hearing was held on June 7, 2023.

RECOMMENDATION: Staff recommends that the Board of Trustees approve the 2023 Orcutt Academy Local Control and Accountability Plan as submitted.

FUNDING:

The Orcutt Academy LCAP includes \$502,582.00 in LCFE Supplemental funds and \$384,354.00 in other state funds.



## HUMAN RESOURCE MEMORANDUM

**TO:** Board of Trustees  
Holly Edds, Ed.D

**FROM:** Susan Salucci  
Assistant Superintendent, Human Resource

**BOARD MEETING DATE:** June 14, 2023

**BOARD AGENDA ITEM:** Resolution No. 25 2023-2024 District Waiver of Credential Authorization

**BACKGROUND:** Current statutes and regulations recognize that there may be situations in which a teacher with the appropriate credential is not available to a school district. Several alternatives for assignment are available in the Education Code.

Title 5 Code Section 80020.4 used in Resolution No. 25 pertains to the holder of a credential based on a Bachelor's Degree and student teaching; or a credential in the subject area of staff development to provide support / perform, with his or her consent, staff development at a school site, school district or at the county level.

Education Code Section 44256(b) used in Resolution No. 25 pertains to the holder of a multiple subject credential to teach, with his or her consent, any subject in a departmentalized class below grade 9 if the teacher has completed 12 semester units of coursework at an accredited institution in the subject matter he or she is assigned.

**RECOMMENDATION:** It is recommended that the Board of Trustees approve Resolution No. 25, 2023-2024 District Waiver of Credential Authorization, for the four teachers based on Title 5 Code Section 80020.4 and one teacher based on Ed Code 44256(b).

**FUNDING:** N/A

**ORCUTT UNION SCHOOL DISTRICT**  
**Orcutt, California 93455**

**2022-23 RESOLUTION NO. 25**  
**WAIVER OF CREDENTIAL AUTHORIZATION**

**WHEREAS**, current statutes and regulations recognize that there may be situations of a temporary nature in which a teacher with the appropriate credential is not available to the school district; and

**WHEREAS**, Title 5 Code Section 80020.4 allows the Governing Board to authorize by resolution, the holder of a Credential based on a Bachelors Degree and Student Teaching; or credential in the subject area of staff development to provide support/perform, with his or her consent, staff development at a school site, school district or county level; and

**WHEREAS**, Education Code Section 44256(b) allows the Governing Board to authorize by resolution, the holder of a Multiple Subject or Standard Elementary Teaching Credential to teach, with his or her consent, any subject in departmentalized classes below grade 9 if the teacher has completed 12 semester units, or 6 upper division or graduate semester units of coursework at an accredited institution, in each subject to be taught; and

**WHEREAS**, the teachers named below meet the requirements of Title 5 Code Section 80020.4, or Education Code Section 44256(b).

**NOW, THEREFORE BE IT RESOLVED**, that the Governing Board of the Orcutt Union School District hereby authorizes the following teachers to teach in the indicated subject areas for the 2023-24 school year:

Katherine Adler	Teacher on Special Assignment
Cher Manich	Teacher on Special Assignment
Julie Slovek	Teacher on Special Assignment
Aniko Taubenheim	Teacher on Special Assignment
Christopher Schmidt	Physical Education

**PASSED AND ADOPTED** by the Board of Trustees of the Orcutt Union School District, Santa Barbara County, California, this 14th day of June 2023 by the following vote:

AYES:\_\_\_\_\_

NOES:\_\_\_\_\_

ABSENT:\_\_\_\_\_

STATE OF CALIFORNIA ]  
COUNTY OF SANTA BARBARA ]

\_\_\_\_\_  
*President, Board of Trustees*

**2022-23 RESOLUTION NO. 25**  
**WAIVER OF CREDENTIAL AUTHORIZATION**  
**Page 2**

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I, Lisa Morinini, Clerk of the Board of Trustees of the ORCUTT UNION SCHOOL DISTRICT, hereby certify that the foregoing is a true copy of a resolution duly and legally adopted as a consent action item by the District's Governing Board at a legal meeting of said Board duly and regularly held on June 14, 2023 and that said resolution has not been revoked.

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*Clerk, Board of Trustees*



## HUMAN RESOURCE MEMORANDUM

**TO:** Board of Trustees  
Holly Edds, Ed.D

**FROM:** Susan Salucci  
Assistant Superintendent, Human Resource

**BOARD MEETING DATE:** June 14, 2023

**BOARD AGENDA ITEM:** Resolution No. 26 2023-2024 Charter Waiver of Credential Authorization

**BACKGROUND:** Current statutes and regulations recognize that there may be situations in which a teacher with the appropriate credential is not available to a school district. Several alternatives for assignment are available in the Education Code.

Education Code Section 44263 used in Resolution No. 26 pertains to the holder of any teaching credential to teach, with his or her consent, any subject in a departmentalized class in grades TK-12 if the teacher has completed 18 semester units or 9 upper division units of coursework at an accredited institution in the subject matter he or she is assigned.

**RECOMMENDATION:** It is recommended that the Board of Trustees approve Resolution No. 26, 2023-2024 Charter Waiver of Credential Authorization, for two teachers with a single subject credential and Bachelor's Degree (more than 18 semester units of coursework) in the subject matter assigned based on Ed Code 44263.

**FUNDING:** N/A

**ORCUTT ACADEMY CHARTER SCHOOLS**  
*Orcutt, California 93455*

**2022-23 RESOLUTION NO. 26**  
**WAIVER OF CREDENTIAL AUTHORIZATION**

**WHEREAS**, current statutes and regulations recognize that there may be situations of a temporary nature in which a teacher with the appropriate credential is not available to the school district; and

**WHEREAS**, Education Code Section 44263 allows the Governing Board to authorize by resolution, the holder of any teaching credential to teach, with his or hers consent, any subject in a departmentalized class in grades TK-12 if the teacher has completed 18 semester units or 9 upper division units in the subject; and

**WHEREAS**, the teacher named below meet the requirements of Education Code 44263.

**NOW, THEREFORE BE IT RESOLVED**, that the Governing Board of the Orcutt Union School District and Charter Academy Schools hereby authorizes the following teachers to teach in the indicated subject areas for the 2023-24 school year:

Jenny Hubbard  
Morgan McReynolds

Business (Accounting/Finance)  
Psychology

**PASSED AND ADOPTED** by the Board of Trustees of the Orcutt Union School District and Charter Academy Schools, Santa Barbara County, California, this 14th day of June 2023 by the following vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF SANTA BARBARA

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*President, Board of Trustees*

**2022-23 RESOLUTION NO. 26**  
**WAIVER OF CREDENTIAL AUTHORIZATION**  
**Page 2**

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I, Lisa Morinini, Clerk of the Board of Trustees of the ORCUTT UNION SCHOOL DISTRICT AND CHARTER ACADEMY SCHOOLS, hereby certify that the foregoing is a true copy of a resolution duly and legally adopted as a consent action item by the District's Governing Board at a legal meeting of said Board duly and regularly held on June 14, 2023 and that said resolution has not been revoked.

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*Clerk, Board of Trustees*