

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.55
(ID # 8210)

MEETING DATE:

Tuesday, December 11, 2018

FROM : TREASURER-TAX COLLECTOR:

SUBJECT: TREASURER-TAX COLLECTOR: Adopt Resolution No. 2018-208 – Authorizing the Issuance and Negotiated Sale of Jurupa Unified School District General Obligation Bonds, 2014 Election, 2019 Series C in the Maximum Principal Amount of \$48,360,000, 2nd District. [\$0] (VOTE ON SEPARATELY)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2018-208 Authorizing the Issuance and Negotiated Sale of Jurupa Unified School District General Obligation Bonds, 2014 Election, 2019 Series C in the Maximum Principal Amount of \$48,360,000.

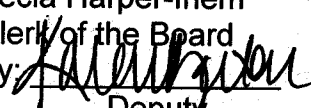
ACTION: Policy, Separate Vote Required

Jon Christensen, Treasurer-Tax Collector 11/20/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: December 11, 2018
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: n/a			Budget Adjustment:	No
			For Fiscal Year:	19/20

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Pursuant to California Education Code Section 15140(a), general obligation bonds of a school district shall be offered for sale by the board of supervisors of the county as soon as possible following receipt of a resolution duly adopted by the governing board of the school district.

The District received authorization at an election held on November 4, 2014, by an affirmative vote of 55% or more of the votes cast by eligible voters within the District (the "2014 Authorization") to issue not to exceed \$144,000,000 of general obligation bonds. On May 27, 2015, the Jurupa Unified School District (Riverside County, California) General Obligation Bonds, 2014 Election, 2015 Series A in the amount of \$30,000,000 were the first series of bonds sold under the 2014 Authorization. On January 26, 2017, the Jurupa Unified School District (Riverside County, California) General Obligation Bonds, 2014 Election, 2017 Series B in the amount of \$65,640,000 were the second series of bonds sold under the 2014 Authorization.

On November 5, 2018 the District adopted Resolution No. 2019/20 (the "District Resolution") authorizing the issuance of Jurupa Unified School District General Obligation Bonds, 2014 Election, 2019 Series C in the aggregate principal amount of not to exceed \$48,360,000 (the Series C Bonds) and requesting the Board of Supervisors of Riverside County to sell said Bonds on behalf of the District. The Series C Bond proceeds will be used for identified projects as set out in District Resolution No. 2019/20. The District Resolution is attached hereto.

The Series C Bonds represent a general obligation of the District and do not constitute a debt, liability, or obligation of Riverside County. No part of any fund of the County is pledged or obligated to the payment of the Series C Bonds.

County Counsel has reviewed Resolution No. 2018-208 and has approved it as to form.

Impact on Residents and Businesses

The voters of the District approved the levy of ad valorem property taxes to pay for increased bonded indebtedness in exchange for new and improved District facilities, projects, and equipment.

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA

ATTACHMENTS:

District Map


Resolution No. 2018-208 AATF

District Resolution No. 2019/20

Bond Purchase Agreement

Preliminary Official Statement


Stephanie Peralta, Principal Management Analyst 11/30/2018


Gregory V. Prietas, Director County Counsel 11/21/2018

FORM APPROVED COUNTY COUNSEL
BY MCT 29 NOV 2018
DATE
MICHAEL C. THOMAS

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Board of Supervisors

County of Riverside

RESOLUTION NO. 2018-208

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE,
CALIFORNIA, AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF JURUPA UNIFIED
SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2014 ELECTION, 2019 SERIES C, IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$48,360,000, AND APPROVING CERTAIN
OTHER MATTERS RELATING TO THE BONDS

WHEREAS, a duly called election was conducted within Jurupa Unified School District, County of Riverside, California (the "District"), a unified school district duly organized and existing under the Constitution and laws of the State of California (the "State") on November 4, 2014 (the "Election"), pursuant to which the qualified voters of the District approved, by a vote of more than fifty-five percent (55%), of the issuance of not to exceed \$144,000,000 aggregate principal amount of the District's general obligation bonds (the "Authorization"), which was duly canvassed according to law; and

WHEREAS, Section 15140 of the Education Code of the State (the "Education Code") requires that general obligation bonds of a district shall be offered for sale by the board of supervisors of the applicable county, as soon as possible following receipt of a resolution adopted by the governing board of such district; and

WHEREAS, the Riverside County Superintendent of Schools has jurisdiction over the District, which is located within the County of Riverside, California (the "County"); and

WHEREAS, the District has issued \$30,000,000 aggregate principal amount of General Obligation Bonds, 2014 Election, 2015 Series A and \$65,640,000 aggregate principal amount of General Obligation Bonds, 2014 Election, 2017 Series B under the Authorization; and

WHEREAS, the District has determined the need to finance additional capital projects authorized at the Election; and

1 **WHEREAS**, the Board of Supervisors of the County (the "Board") has received a certified
2 resolution of the District Board, adopted on November 5, 2018 (the "District Resolution"), an executed
3 electronic copy of which has been received by the Board, requesting the Board issue a series of the District's
4 general obligation bonds under the Authorization, in the maximum principal amount of not to exceed Forty-
5 Eight Million Three Hundred Sixty Dollars (\$48,360,000) (the "Bonds") in order to provide for the funding
6 of certain capital improvements for the District's schools; and

7 **WHEREAS**, in the District Resolution, the District Board found and informed this Board that all
8 acts and conditions necessary to be performed by the District or to have been met precedent to and in the
9 issuance and sale of the Bonds in order to make them legal, valid and binding general obligations of the
10 District have been performed and have been met, or will, at the time of delivery of the Bonds, have been
11 performed and met, in regular and due form as required by law; and

12 **WHEREAS**, the District Board has determined that it is desirable to sell the Bonds pursuant to a
13 negotiated underwriting to Stifel, Nicolaus & Co., Incorporated, as underwriter (the "Underwriter") pursuant
14 to a Contract of Purchase (as defined herein), a form of which has been submitted to this meeting of the
15 Board and is appended hereto as Exhibit B, which is incorporated herein by this reference (the "Contract of
16 Purchase"); and

17 **WHEREAS**, a form of continuing disclosure undertaking (the "Continuing Disclosure
18 Undertaking"), attached as Appendix C to the Preliminary Official Statement, has been submitted to this
19 meeting of the Board and is on file with the Clerk; and

20 **WHEREAS**, the District Board has requested under the District Resolution that the County should
21 levy and collect an ad valorem property tax on all taxable property within the District sufficient to provide
22 for payment of the Bonds, so that the Auditor-Controller of the County (the "Auditor-Controller"), the
23 Treasurer and Tax Collector of the County (the "Treasurer") and other officials of the County should take
24 such actions as shall be necessary to provide for the levy and collection of such tax and payment of the
25 Bonds; and

26 **WHEREAS**, this Board recognizes, and the District Board has recognized, that Senate Bill No. 222
27 (Chapter 78, Statutes of 2015) ("SB 222"), which provides for a statutory lien on the Pledged Moneys (as
28 defined herein) when collected by the County to secure repayment of general obligation bonds, was passed

1 by the Legislature of the State and approved by the Governor, and became effective January 1, 2016; and

2 **WHEREAS**, the pledge included in this Resolution to secure payment of the Bonds is intended to
3 be a consensual agreement with the Owners; and

4 **WHEREAS**, pursuant to Senate Bill 450 (Chapter 625, Statutes of 2017) ("SB 450"), effective
5 January 1, 2018, the District has disclosed prior to adoption of the District Resolution and this Resolution
6 the following good faith estimates of certain information provided to the District by the Municipal Advisor:
7 (a) the true interest cost of the Bonds is estimated to be 3.77%, (b) the finance charge, or amount paid to
8 third parties (which includes Underwriter's discount) in connection with the sale, of the Bonds is estimated
9 to be \$618,575, (c) the amount of proceeds received by the District from the sale of the Bonds is expected
10 to be \$ 47,819,000, and (d) the sum total of all payments the District will make to the final maturity of the
11 Bonds is expected to be \$ 89,658,250; and

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

16 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of
17 Supervisors of the County of Riverside, State of California, ("Board") assembled in regular session on
18 December 11, 2018, at 9:00 am or soon thereafter, in the meeting room of the Board, located on the first
19 floor of the County Administrative Center, 4080 Lemon Street, Riverside, California, that the Board finds
20 that the recitals set forth above are true and correct.

21 **BE IT FURTHER RESOLVED, DETERMINED AND ORDERED** by the Board as follows:
22 Definitions. Capitalized terms used but not defined herein shall have the meanings set forth in the Recitals
23 hereto. Additionally, the following terms shall for all purposes of this Resolution have the following
24 meanings:

25 "Authorized Denominations" shall mean \$5,000 Principal Amount or any integral multiple thereof.

26 "Authorized Investments" shall mean the Riverside County Investment Pool (or other investment
27 pools of the County into which District funds may lawfully be invested), the Local Agency Investment Fund
28 of the State, any investment authorized pursuant to Section 16429.1 and Section 53601 of the Government

1 Code, or in shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5
2 of the Government Code which invests exclusively in investments permitted by Section 53635 of the
3 Government Code, or in guaranteed investment contracts in general obligations of the United States of
4 America (including State and Local Government Securities of the Department of the Treasury) (provided
5 that such investments comply with the requirements of Section 148 of the Code and with the requirements
6 of the Bond Insurer, if any, as shall be applicable.

7 "Authorized Officer of the County" shall mean the officers of the County, including the Treasurer,
8 the Deputy Treasurer and their authorized representatives, authorized to act with regard to general obligation
9 bond matters.

10 "Authorized Officer of the District" shall mean the officers of the District, including the
11 Superintendent, the Assistant Superintendent of Business Services and their authorized representatives, and
12 the President and Clerk of the District Board.

13 "Authorizing Law" shall mean, collectively, Article 1 of Chapters 1 and 1.5 of Part 10 of Division
14 1 of Title 1 of the California Education Code; and Article XIII A of the California Constitution.

15 "Bond Counsel" shall mean Nixon Peabody LLP or any other firm that is a nationally recognized
16 bond counsel firm.

17 "Bond Register" shall mean the books referred to in Section 15 of this Resolution.

18 "Building Fund" shall mean the Building Fund of the District, established at the direction of the
19 District.

20 "Business Day" shall mean a day which is not a Saturday, Sunday or a day on which banking
21 institutions in the State or the State of New York and the New York Stock Exchange are authorized or
22 required to be closed.

23 "Code" shall mean the Internal Revenue Code of 1986, as amended.

24 "Contract of Purchase" shall mean the Contract of Purchase by and among the County, the District
25 and the Underwriter relating to the Bonds.

26 "Costs of Issuance" shall mean all of the authorized costs of issuing the Bonds as described in
27 Section 15145(a) of the Education Code, including but not limited to, all printing and document preparation
28 expenses in connection with this Resolution, the Bonds and the Preliminary Official Statement and the

1 Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or
2 other documents prepared in connection therewith; rating agency fees; auditor's fees; CUSIP service bureau
3 charges; legal fees and expenses of counsel with respect to the financing, including the fees and expenses
4 of Bond Counsel and Disclosure Counsel; the fees and expenses of the Municipal Advisor; the fees and
5 expenses of the Paying Agent, fees for credit enhancement (if any) relating to the Bonds; the discount of the
6 Underwriter; and other fees and expenses incurred in connection with the issuance of the Bonds, to the
7 extent such fees and expenses are approved by the District.

8 "Date of Delivery" shall mean the date of issuance of the Bonds

9 "Debt Service" shall have the meaning given to that term in Section 17 of this Resolution.

10 "Debt Service Fund" shall mean the Debt Service Fund established pursuant to Section 17 of this
11 Resolution.

12 "Depository" shall mean DTC and its successors and assigns or if (a) the then-acting Depository
13 resigns from its functions as securities depository for the Bonds, or (b) the District discontinues use of the
14 Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures
15 required to be followed by a securities depository in connection with the Bonds.

16 "DTC" shall mean The Depository Trust Company, and its successors and assigns.

17 "Education Code" shall mean the Education Code of the State.

18 "EMMA" shall mean the Electronic Municipal Market Access website of the MSRB, currently
19 located at <http://emma.msrb.org>.

20 "Excess Earnings Fund" shall mean the Excess Earnings Fund established pursuant to Section 19 of
21 this Resolution.

22 "Fiscal Year" shall mean the twelve-month period commencing on July 1 of each year and ending
23 on the following June 30 or any other fiscal year selected by the District.

24 "Government Code" shall mean the Government Code of the State.

25 "Information Services" shall mean EMMA and, in accordance with then-current guidelines of the
26 Securities and Exchange Commission, such other addresses and/or such other services providing
27 information with respect to called bonds as the District may designate in a certificate of the District,
28 delivered to the Paying Agent.

1 “Interest Payment Date” shall mean February 1 and August 1 in each year, commencing on August
2 1, 2019, or as otherwise specified in the Contract of Purchase.

3 “Moody’s” shall mean Moody’s Investors Service, its successors and assigns, except that if such
4 corporation shall no longer perform the functions of a securities rating agency for any reason, the term
5 “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by
6 the District.

7 “MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or
8 authorized by the Securities and Exchange Commission to receive the reports described in the Continuing
9 Disclosure Undertaking. Until otherwise designated by the MSRB or the Securities and Exchange
10 Commission, filings with the MSRB are to be made through EMMA.

11 “Municipal Advisor” shall mean Cooperative Strategies, LLC, as Municipal Advisor to the District.

12 “Nominee” shall mean the nominee of the Depository which may be the Depository, as determined
13 from time to time by the Depository.

14 “Nonarbitrage Certificate” shall mean the Tax and Nonarbitrage Certificate of the District delivered
15 in connection with the issuance of the Bonds.

16 “Official Statement” shall mean the final official statement of the District describing the Bonds.

17 “Outstanding” when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore
18 issued or thereupon being issued under this Resolution except:

- 19 (i) Bonds canceled at or prior to such date;
- 20 (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant
21 to Section 13 or Section 14 hereof;
- 22 (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary
23 amount shall have been set aside (whether on or prior to the maturity or redemption date of
24 such Bonds), in accordance with Section 42 of this Resolution.

25 “Owner” shall mean the registered owner, as indicated in the Bond Register, of any Bond.

26 “Participant” shall mean a member of or participant in the Depository.

27 “Paying Agent” shall mean the paying agent designated pursuant to Section 31 hereof.

28 “Pledged Moneys” shall have the meaning given to that term in Section 18 of this Resolution.

1 “Preliminary Official Statement” shall mean the Preliminary Official Statement of the District, the
2 form of which was submitted to and approved by the District Board pursuant to the District Resolution.

3 “Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to the
4 Bonds, the principal amount thereof.

5 “Projects” shall include the capital improvements further described in Section 7 of this Resolution
6 and delineated in the ballot presented to and approved by the voters of the District at the Election.

7 “Project Costs” shall mean all of the expenses of and incidental to the construction, acquisition,
8 equipping or furnishing of the Projects to be funded with the proceeds of the Bonds.

9 “Record Date” shall mean the close of business on the fifteenth calendar day of the month next
10 preceding an Interest Payment Date.

11 “Regulations” shall mean the regulations of the United States Department of the Treasury proposed
12 or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with
13 respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and
14 141 through 150 of the Code, including regulations promulgated under Section 103 of the Code.

15 “S&P” shall mean S&P Global Ratings, its successors and assigns, except that if such corporation
16 shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be
17 deemed to refer to any other nationally recognized securities rating agency selected by the District.

18 “Securities Depositories” shall mean The Depository Trust Company, 55 Water Street, New York,
19 New York 10041, Facsimile transmission: (212) 785-9681, (212) 855-3215, and, in accordance with then-
20 current guidelines of the Securities and Exchange Commission, such other addresses and/or such other
21 securities depositories as the District may designate in a certificate delivered to the Paying Agent.

22 “State” shall mean the State of California.

23 “Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this
24 Resolution, adopted by the District in accordance with Section 39 or Section 40 hereof.

25 “Transfer Amount” shall mean the aggregate Principal Amount of the Bonds.

26 “Treasurer” shall mean the Treasurer and Tax Collector of the County, or any designated deputy
27 thereof.

28 **Rules of Construction.** Words of the masculine gender shall be deemed and construed to include

1 correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise
2 requires, words importing the singular shall include the plural and vice versa, and words importing persons
3 shall include firms, associations and corporations, including public bodies, as well as natural persons.

4 Authority for this Resolution. The Bonds are authorized to be issued and sold by the County in the name
5 and on behalf of the District pursuant to the California Constitution, the Election, the Authorization, the
6 District Resolution, this Resolution and the provisions of Education Code Sections 15100 et seq. and 15264
7 et seq.

8 **Resolution to Constitute Contract.** In consideration of the purchase and acceptance of any and all of the
9 Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution
10 shall be deemed to be and shall constitute a contract among the County, the District and the Owners from
11 time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection
12 and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their
13 issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds
14 over any other thereof.

15 **Approval of Documents; Determination of Method of Sale and Terms of Bonds.**

16 The Authorized Officers of the County, in consultation with Bond Counsel and the Authorized Officers of
17 the District, are, and each of them acting alone is, hereby authorized and directed to issue and deliver the
18 Bonds and to establish the initial aggregate Principal Amount thereof; provided, however, that such initial
19 aggregate principal amount shall not exceed \$48,360,000.

20 The form of the Contract of Purchase is hereby approved. The Treasurer is authorized and directed to
21 execute and deliver the Contract of Purchase to the Underwriter for and in the name and on behalf of the
22 District, with such additions, changes or corrections therein as the Treasurer may approve in his or her
23 discretion as being in the best interests of the District, including, without limitation

24 (i) such changes as are necessary to reflect the final terms of the Bonds to the extent such terms
25 differ from those set forth in this Resolution, such approval to be conclusively evidenced by
26 the Treasurer's execution thereof and

27 (ii) any other documents required to be executed thereunder. The Treasurer is hereby authorized
28 to negotiate with the Underwriter the terms, maturities, interest rates and series of the Bonds

1 and the purchase price of the Bonds to be paid by the Underwriter, which purchase price shall
2 reflect an Underwriter's discount of not more than 0.5 % (not including original issue
3 discount) of the Principal Amount thereof, if the conditions set forth in this Resolution are
4 met. The interest rate on the Bonds shall not exceed the maximum allowed under law. All
5 Principal of the Bonds shall be payable within 25 years of the date of issuance of the Bonds.

6 This Board also hereby authorizes the preparation of a paying agent agreement in connection with the Bonds,
7 in such form as shall be determined by an Authorized Officer of the County, such determination to be
8 conclusively evidenced by the execution and delivery of the paying agent agreement by such Authorized
9 Officer of the County.

10 **Authorization of Officers.** The Authorized Officers of the County are, and each of them acting alone is,
11 hereby authorized to execute any and all documents and do and perform any and all acts and things, from
12 time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and
13 to carry out its purposes.

14 **Use of Bond Proceeds.** The proceeds of the Bonds shall be used for

15 (a) the financing of the acquisition, construction, furnishing and equipping of facilities for certain
16 of the Projects authorized at the Election pursuant to the bond proposition and Project List approved at the
17 Election which shall be incorporated herein by this reference as though fully set forth in this Resolution;

18 (b) payment of capitalized interest on the Bonds and

19 (c) the payment of the Costs of Issuance of the Bonds.

20 **Designation and Form; Payment.**

21 An issue of Bonds in one or more series entitled to the benefit, protection and security of this Resolution is
22 hereby authorized in an aggregate Principal Amount not to exceed \$48,360,000. Such Bonds shall be
23 general obligations of the District, payable as to Principal, premium, if any, and interest from ad valorem
24 taxes to be levied upon all of the taxable property in the District (except certain property which is taxable at
25 limited rates). The Bonds shall be designated the "Jurupa Unified School District General Obligation Bonds,
26 2014 Election, 2019 Series C." The Bonds shall be issued as current interest bonds and may be issued as
27 serial bonds or term bonds and shall be subject to redemption as set forth in the Contract of Purchase, subject
28 to the provisions of this Resolution.

1 The form of the Bonds shall be substantially in conformity with the standard form of registered school
2 district bonds, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference,
3 with such changes as are necessary to reflect the final terms of the Bonds.

4 Principal of and, premium, if any, and interest on any Bond shall be payable in lawful money of the United
5 States of America. Principal and premium, if any, shall be payable upon surrender thereof at maturity or
6 earlier redemption at the office designated by the Paying Agent.

7 **Description of Bonds.** The Bonds issued shall be issued in fully registered form, in Authorized
8 Denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated and shall mature on
9 the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, as set forth
10 in the Contract of Purchase.

11 Interest on each Bond shall accrue from its dated date as set forth in the Contract of Purchase. Interest on
12 the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be
13 payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date.
14 Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration
15 thereof, unless (i) it is registered after the close of business on any Record Date and before the close of
16 business on the immediately following Interest Payment Date, in which event interest thereon shall be
17 payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on
18 the first Record Date, in which event interest shall be payable from its dated date; provided, however, that
19 if at the time of registration of any Bond, interest with respect thereto is in default, interest thereon shall be
20 payable from the Interest Payment Date to which interest has previously been paid or made available for
21 payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft
22 of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or
23 by wire transfer to any Owner of \$1,000,000 aggregate Principal Amount or more of such Bonds, to the
24 account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record
25 Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable
26 to the person in whose name such Bond is registered at the close of business on a special record date fixed
27 therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to
28 the date of the proposed payment of defaulted interest.

1 **Tax Covenants.** In order to maintain the exclusion from gross income for federal income tax purposes of
2 interest on the Bonds, the District has, pursuant to the District Resolution, covenanted to comply with each
3 applicable requirement of Section 103 and Sections 141 through 150 of the Code. The District has agreed
4 to deliver instructions to the Paying Agent as may be necessary in order to comply with the Nonarbitrage
5 Certificate.

6 **Book-Entry System.** The Bonds shall be initially issued in the form of a separate single fully registered
7 Bond for each of the maturities of the Bonds. Separate Bonds may be issued to represent Bonds maturing
8 in the same years, if any.

9 Upon initial issuance, the ownership of each such global Bond shall be registered in the Bond Register in
10 the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of
11 the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds
12 may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another
13 nominee of the Depository or of a successor Depository. Each Bond shall bear a legend describing
14 restrictions on transfer, as may be prescribed by the Depository.

15 With respect to Bonds registered in the Bond Register in the name of the Nominee, the County shall have
16 no responsibility or obligation to any Participant or to any person on behalf of which such a Participant
17 holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the District
18 shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository,
19 the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the
20 delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice
21 with respect to the Bonds, including any Redemption Notice (as defined in Section 27 below), (iii) the
22 selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in
23 part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository,
24 of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The District and the
25 Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register
26 as the holder and absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any,
27 and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to
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1 such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with
2 respect to the Bonds.

3 The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective
4 Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to
5 payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

6 No person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the
7 obligation to make payments of Principal of, premium, if any, and interest on the Bonds, pursuant to this
8 Resolution. Upon delivery by the Depository to the Paying Agent and the County of written notice to the
9 effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject
10 to the provisions hereof with respect to Record Dates, the word "Nominee" in this Resolution shall refer to
11 such new nominee of the Depository.

12 In order to qualify the Bonds for the Depository's book-entry system, the District is hereby authorized to
13 execute and deliver to such Depository a letter from the District representing such matters as shall be
14 necessary to so qualify the Bonds (the "Representation Letter"). The execution and delivery of the
15 Representation Letter shall not in any way limit the provisions of subsection (a) hereof or in any other way
16 impose upon the County any obligation whatsoever with respect to persons having beneficial interests in
17 the Bonds other than the Owners, as shown in the Bond Register. In addition to the execution and delivery
18 of the Representation Letter, the District, the County and the Authorized Officers of each are hereby
19 authorized to take any other actions, not inconsistent with this Resolution, to qualify the Bonds for the
20 **Depository's book-entry program.** If at any time, the Depository notifies the County that it is unwilling
21 or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer
22 be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation
23 and a successor Depository is not appointed by the District within 90 days after the County receives notice
24 or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable
25 and the County shall cause the issuance of bonds representing the Bonds as provided below. In addition,
26 the County may determine at any time that the Bonds shall no longer be lodged with a Depository and that
27 the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event, the County
28 shall cause the execution and delivery of certificated securities representing the Bonds as provided below.

1 Bonds issued in exchange for global bonds pursuant to this subsection (c) shall be registered in such names
2 and delivered in such denominations as the Depository shall instruct the County. The County shall cause
3 delivery of such certificated securities representing the Bonds to the persons in whose names such Bonds
4 are so registered.

5 If the County determines to replace the Depository with another qualified securities depository, the County
6 shall prepare or cause to be prepared a new fully registered global Bond for each of the maturities of Bonds,
7 registered in the name of such successor or substitute securities depository or its nominee, or make such
8 other arrangements as are acceptable to the County and such securities depository and not inconsistent with
9 the terms of this Resolution.

10 Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in
11 the name of the Nominee, all payments of Principal of, premium, if any, and interest on such Bond and all
12 notices with respect to such Bond shall be made and given, respectively, as provided in the Representation
13 Letter or as otherwise instructed by the Depository.

14 The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as
15 nominee of DTC.

16 The County, the District and the Paying Agent shall have no responsibility for transmitting payments to,
17 communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither
18 the County, the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise,
19 to the beneficial owners or to any other party, including the Depository or its Nominee, for any failure of
20 the Depository or its Nominee to provide notices, distribute payments on the Bonds nor take other actions
21 concerning the beneficial owners of the Bonds, which are the responsibility of the Depository and its
22 Nominee.

23 **Execution of the Bonds.** The Bonds shall be executed by the facsimile or manual signature of the
24 Chairperson of the Board, and countersigned by the facsimile or manual signature of the Clerk of the Board.
25 In case any one or more of the Authorized Officers of the County who shall have signed any of the Bonds
26 shall cease to be such officer before the Bonds so signed shall have been issued on behalf of the District,
27 such Bonds may, nevertheless, be issued, as herein provided, as if the Authorized Officers of the County
28 who signed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed on behalf of

1 the County by such persons as at the time of the execution of such Bonds shall be duly authorized to hold
2 or shall hold the proper offices in the County, although at the date borne by the Bonds, such persons may
3 not have been so authorized or have held such offices.

4 The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only
5 such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall
6 be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any
7 purpose until such certificate of authentication shall have been duly executed by the Paying Agent, which
8 shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under
9 this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

10 **Transfer and Exchange.** The registration of any Bond may be transferred upon the Bond Register upon
11 surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of
12 the written instrument of transfer shown in one of the Exhibits hereto, duly executed by the Owner or his or
13 her duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may
14 establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same
15 Principal Amount and in Authorized Denominations will be executed and delivered to the transferee in
16 exchange therefor.

17 The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered
18 upon the Bond Register as the absolute owner of such Bond, whether the Principal, premium, if any, or
19 interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal
20 of and, premium, if any, and interest on such Bond and for all other purposes, and any such payments so
21 made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability
22 upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be
23 affected by any notice to the contrary.

24 Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Principal
25 **Amount.** All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent.
26 The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon
27 any exchange (except in the case of the first exchange of any Bond in the form in which it is originally
28 delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the

1 Owner requesting such exchange of any tax or other governmental charge required to be paid with respect
2 to such exchange.

3 The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period
4 beginning at the close of business on any Record Date through the close of business on the immediately
5 following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption,
6 during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed
7 through the close of business on the applicable redemption date, except for the unredeemed portion of any
8 Bond to be redeemed only in part.

9 **Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bond shall become mutilated, the Paying Agent,
10 at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount
11 and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender
12 and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed,
13 stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such
14 evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon
15 furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other
16 reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent
17 may incur, the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like
18 date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so
19 destroyed, stolen or lost. Any new Bonds issued pursuant to this Section in substitution for Bonds alleged
20 to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the
21 District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by
22 anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds
23 issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the
24 Owners of the Bonds.

25 **Bond Register.** The Paying Agent shall keep or cause to be kept at its office sufficient books for the
26 registration, exchange and transfer of the Bonds. Upon presentation for registration of transfer, the Paying
27 Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the
28 provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause

1 the registration of the same to be transferred, on such books. While the Bonds are held in the book-entry
2 system, the Paying Agent is not required to keep the Bond Register.

3 **Unclaimed Money.** All money which the Paying Agent shall have received from any source and set aside
4 for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of
5 such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall
6 remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment
7 or redemption with respect to such Bonds shall have become due and payable shall be transferred to the
8 General Fund of the District; provided, however, that the Paying Agent, before making such payment, shall
9 cause notice to be mailed to the Owners of such Bonds, by first-class mail, postage prepaid, not less than 90
10 days prior to the date of such payment to the effect that said money has not been claimed and that after a
11 date named therein any unclaimed balance of said money then remaining will be transferred to the General
12 Fund of the District. Thereafter, the Owners of such Bonds shall look only to the General Fund of the
13 District for payment of such Bonds.

14 **Application of Proceeds.** The net proceeds of sale of the Bonds, exclusive of Costs of Issuance and any
15 original issue premium, shall be deposited into the Building Fund. The District shall, from time to time,
16 disburse or cause to be disbursed amounts from the Building Fund to pay Project Costs. Amounts in the
17 Building Fund shall be invested so as to be available for the aforementioned disbursements. The District
18 shall keep a written record of disbursements from the Building Fund. Any amounts that remain in the
19 Building Fund following the completion of the Projects shall be transferred to the Debt Service Fund to be
20 used to pay the Principal of, and premium, if any, and interest on the Bonds, subject to any conditions set
21 forth in the Nonarbitrage Certificate.

22 Accrued interest, if any, and except as shall otherwise be directed by the County in accordance with
23 applicable law, any original issue premium received by the District from the sale of the Bonds shall be kept
24 separate and apart in the fund hereby created and established and to be designated as the "Jurupa Unified
25 School District General Obligation Bonds, 2014 Election, 2019 Series C Debt Service Fund" (the "Debt
26 Service Fund") and used only for payment of Principal of and premium, if any, and interest on the Bonds.
27 Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the
28 Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the

1 Principal of and interest on the Bonds. The Treasurer is authorized to create any accounts and subaccounts
2 in the Debt Service Fund as may be necessary or advisable and as provided in the Nonarbitrage Certificate.
3 All Pledged Moneys (defined below) shall be deposited upon collection by the County into the Debt Service
4 Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

5 On the Business Day immediately preceding each Interest Payment Date if the Paying Agent is not the
6 Treasurer, and on the Interest Payment Date if the Paying Agent is the Treasurer, the District shall transfer
7 or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately
8 available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds coming due
9 (collectively, "Debt Service") on such payment date. Debt Service on the Bonds shall be paid by the Paying
10 Agent in the manner provided by law for the payment of Debt Service.

11 The District shall cause moneys to be transferred to the Excess Earnings Fund, to the extent needed to
12 comply with the Nonarbitrage Certificate. Any amounts on deposit in the Debt Service Fund when there
13 are no longer any Bonds Outstanding shall be transferred to the General Fund of the District subject to any
14 conditions set forth in the Nonarbitrage Certificate.

15 Certain proceeds of the Bonds may be applied to pay Costs of Issuance as provided in Section 20 below.

16 Except as required to satisfy the requirements of Section 148(f) of the Code or to comply with the provisions
17 of the Nonarbitrage Certificate, interest earned on the investment of monies held in the Debt Service Fund
18 shall be retained in the Debt Service Fund and used to pay Principal of and premium, if any, and interest on
19 the Bonds when due.

20 **Payment of and Security for the Bonds.** There shall be levied on all the taxable property in the District,
21 in addition to all other taxes, a continuing direct ad valorem tax annually during the period the Bonds are
22 outstanding in an amount sufficient to pay the Principal of and interest on the Bonds when due, which
23 monies when collected irrevocably pledged for the payment of the Principal of and interest on the Bonds
24 when and as the same shall become due (the "Pledged Moneys"). When collected by the County, Pledged
25 Moneys will be placed in the Debt Service Fund. The property taxes and amounts collected shall be
26 immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall
27 immediately attach to the property taxes and amounts held in the Debt Service Fund when collected, to
28 secure the payment of the Bonds, and shall be effective, binding and enforceable against the District, its

1 successors, creditors and all others, irrespective of whether those parties have notice of the pledge and
2 without the need for any physical delivery, recordation, filing or further act. The Bonds are obligations of
3 the District payable solely from the levy of ad valorem property taxes upon all property within the District
4 subject to taxation (except certain property which is taxable at limited rates). The tax levy may include an
5 allowance for a reasonably required reserve in accordance with the Nonarbitrage Certificate, established for
6 the purpose of ensuring that the tax or assessment actually collected is sufficient to pay the annual debt
7 service requirements on the Bonds due in such fiscal year. The County shall take all actions necessary to
8 levy such ad valorem tax in accordance with this Section and Section 15140 of the Education Code.

9 Except as required below to satisfy the requirements of Section 148(f) of the Code, interest earned on the
10 investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to
11 pay Principal of and premium, if any, and interest on the Bonds when due.

12 This pledge is an agreement between the District and the Owners to provide security for the Bonds in
13 addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the
14 pledge are or were issued to finance one or more of the projects specified in the bond measure approved at
15 the Election.

16 **Establishment and Application of Excess Earnings Fund.** There is hereby established in trust a special
17 fund designated "Jurupa Unified School District General Obligation Bonds, 2014 Election, 2019 Series C
18 Excess Earnings Fund" (the "Excess Earnings Fund") which shall be held by the Treasurer for the account
19 of the District and which shall be kept separate and apart from all other funds and accounts held hereunder.
20 The District shall have the obligation to manage the Excess Earnings Fund in accordance with the provisions
21 of the Nonarbitrage Certificate. Amounts on deposit in the Excess Earnings Fund shall only be applied to
22 payments made to the United States or otherwise transferred to other accounts or funds established
23 hereunder in accordance with the Nonarbitrage Certificate.

24 **Payment of Costs of Issuance.** Proceeds of the sale of the Bonds necessary to pay certain costs of issuing
25 the Bonds may be deposited in the fund of the District known as the "Jurupa Unified School District General
26 Obligation Bonds, 2014 Election, 2019 Series C Costs of Issuance Fund" (the "Costs of Issuance Fund")
27 and shall be kept separate and distinct from all other District funds, and those proceeds shall be used solely
28 for the purpose of paying Costs of Issuance of the Bonds. The Cost of Issuance Fund may be held and

1 administered by the Paying Agent. Notwithstanding the foregoing, all or a portion of the Costs of Issuance
2 may be paid by the Underwriter, by the Paying Agent or by a fiscal agent designated for such purpose. Any
3 amounts remaining in the Costs of Issuance Fund following the earlier of the day which is 180 days
4 following the Closing Date or the date on which the final invoice for Costs of Issuance is paid, as directed
5 by the District, shall be transferred to the Building Fund.

6 **Negotiated Sale/Method of Sale.** Pursuant to the District Resolution, the District has requested that the
7 Bonds shall be sold by negotiated sale to the Underwriter inasmuch as: (i) such a sale will allow the District
8 to integrate the sale of the Bonds with other public financings undertaken, or to be undertaken, by the District
9 in order to fund its public education facilities; (ii) such a sale will allow the District to utilize the services
10 of consultants who are familiar with the financial needs, status and plans of the District; (iii) such a sale will
11 allow the District to control the timing of the sale of the Bonds to the municipal bond market and, potentially,
12 take advantage of interest rate opportunities for favorable sale of the Bonds to such market and the
13 generation of savings to the taxpayers of the District; (iv) such a sale will provide an increased ability to
14 structure the Bonds to fit the needs of particular purchasers; and (v) such a sale will enhance the opportunity
15 for the Underwriter to pre-market the Bonds to potential purchasers, including local residents, prior to the
16 sale of the Bonds.

17 **Engagement of Consultants; Parameters of Sale.** Pursuant to the District Resolution, Nixon Peabody
18 LLP has been selected as the District's Bond Counsel, James F. Anderson Law Firm, A Professional
19 Corporation, as Disclosure Counsel, Stifel, Nicolaus & Co., Incorporated, as Underwriter, and Cooperative
20 Strategies, LLC as Municipal Advisor with respect to the authorization, sale and issuance of the Bonds. The
21 estimated Costs of Issuance associated with the sale of the Bonds are approximately 0.5% of the initial
22 Principal Amount of the Bonds, which include those fees and expenses described in the definition thereof
23 and provided for under the Authorizing Law. In addition, the Underwriter's discount, which is not included
24 in the percentage above, shall not be greater than 0.5% of the par amount. An estimate of the itemized fees
25 and expenses is on file with the Superintendent. Depending upon market conditions, the District may elect
26 to purchase bond insurance to secure the payment of principal of and interest on the Bonds, or any portion
27 thereof.

1 If an Authorized Officer of the District determines it to be in the best interest of the District, bond insurance
2 or other credit enhancement shall be obtained with respect to the Bonds. If bond insurance or other credit
3 enhancement with respect to the Bonds is obtained, such Authorized Officer and an Authorized Officer of
4 the County are hereby authorized to make such changes to the documents approved by this Resolution as
5 such officers and agents may approve as being in the best interest of the District, such action to be
6 conclusively evidenced by the execution and delivery thereof.

7 **Establishment of Additional Funds and Accounts.** If at any time it is deemed necessary or desirable by
8 the District, the Treasurer, the County Office of Education, or the Paying Agent, the District may request
9 the County to establish additional funds under this Resolution and/or accounts within any of the funds or
10 accounts established hereunder.

11 **Request for Necessary County Actions.** The Auditor-Controller, the Treasurer, and other officials of the
12 County, are hereby directed to take and authorize such actions as may be necessary pursuant to law to
13 provide for the levy and collection of a property tax on all taxable property of the District sufficient to
14 provide for payment of all Principal of, premium, if any, and interest on the Bonds as the same shall become
15 due and payable as necessary for the payment of the Bonds, and the Clerk of the Board is hereby authorized
16 and directed to deliver certified copies of this Resolution to the Clerk of the District Board. The District has,
17 pursuant to the District Resolution, agreed to reimburse the County for any costs associated with the levy
18 and collection of said tax, upon such documentation of said costs as the County shall reasonably request.

19 **Redemption.** The Bonds shall be subject to redemption as provided in the Contract of Purchase.

20 **Selection of Bonds for Redemption.**

21 Whenever provision is made in this Resolution or in the Contract of Purchase for the redemption of the
22 Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction
23 from the District given at least 45 days prior to the payment date designated for such redemption, shall select
24 maturities of Bonds for redemption in the manner directed by the District.

25 Within a maturity, the Paying Agent shall select such Bonds for redemption as directed by the District, or,
26 in the absence of such direction, by lot. Redemption by lot shall be in such manner as the Paying Agent
27 shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the
28 Principal Amount of \$5,000 or any integral multiple thereof.

1 **Notice of Redemption.** When redemption is authorized or required pursuant to this Resolution or the
2 Contract of Purchase, the Paying Agent, upon written instruction from the District given at least 45 days
3 prior to the payment date designated for such redemption, shall give notice (each, a "Redemption Notice")
4 of the redemption of the Bonds. Such Redemption Notice shall specify:

5 (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but
6 not in whole) which are to be redeemed,

7 (b) the date of redemption,

8 (c) the place or places where the redemption will be made, including the name and address of
9 the Paying Agent,

10 (d) the redemption price,

11 (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed,

12 (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any
13 Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and

14 (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in
15 whole or in part.

16 Such Redemption Notice shall further state

17 (a) that on the specified date there shall become due and payable upon each Bond or portion
18 thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and

19 (b) that from and after such date interest with respect thereto shall cease to accrue and be payable.

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

21 At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given
22 to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their
23 addresses appearing on the Bond Register, and to the Information Services.

24 In the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than
25 45 days before the redemption date, such Redemption Notice shall be given (x) by

26 (i) first-class mail, postage prepaid,

27 (ii) telephonically confirmed facsimile transmission, or
28

1 (iii) overnight delivery service, to each of the Securities Depositories, and (y) (i) first-class mail,
2 postage prepaid, or (ii) overnight delivery service, to the Information Services.

3 Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given
4 shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued
5 or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the
6 CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such
7 check or other transfer.

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

13 **Conditional Notice of Redemption.** Any Redemption Notice given hereunder may be made conditional
14 upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption
15 price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date
16 of redemption by so notifying the Paying Agent, who shall notify the Owners of affected Bonds and the
17 Information Services in the event such conditions are not met or are not expected to be met and/or such
18 funds are not received or are not expected to be received, in the same manner in which the Redemption
19 Notice was originally given. In the event that such Redemption Notice contains such a condition and such
20 moneys are not so received and/or such conditions are not met, the redemption shall not be made and the
21 Paying Agent shall, within a reasonable time thereafter give notice, to the persons to whom and in the
22 manner in which the Redemption Notice was given, that such moneys were not so received and/or such
23 condition was not met.

24 **Effect of Notice of Redemption.** Notice having been given as aforesaid, and the moneys for the redemption
25 (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund,
26 or a suitable escrow fund established pursuant to Section 42(b), the Bonds to be redeemed shall become due
27 and payable on such date of redemption.
28

1 If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in this
2 Resolution and the Contract of Purchase, together with interest to such redemption date, shall be held by the
3 Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof
4 shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be
5 redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent
6 for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be
7 redeemed.

8 All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Resolution and
9 the Contract of Purchase shall be cancelled upon surrender thereof and delivered to or upon the order of the
10 District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon
11 written notice by the District given to the Paying Agent.

12 **Paying Agent; Appointment and Acceptance of Duties.**

13 Zions Bancorporation, National Association, is hereby appointed as the initial authenticating agent, bond
14 registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds. All fees and
15 expenses incurred for services of the Paying Agent, including its third-party agents, shall be the sole
16 responsibility of the District. The Paying Agent shall keep accurate records of all funds administered by it
17 and all of the Bonds paid and discharged by it.

18 Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place
19 for the payment of Principal of, premium, if any, and interest on the Bonds.

20 **Liability of Paying Agent.** The Paying Agent makes no representations as to the validity or sufficiency of
21 this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the
22 Paying Agent shall incur no liability in respect hereof or thereof.

23 **Evidence on Which Paying Agent May Act.** The Paying Agent, upon receipt of any notice, resolution,
24 request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant
25 to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the
26 requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to
27 be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may
28 consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall

1 be full and complete authorization and protection in respect of any action taken or suffered by it under this
2 Resolution in good faith and in accordance therewith.

3 **Compensation.** The District shall pay to the Paying Agent from time to time reasonable compensation for
4 all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other
5 disbursements, including those of its attorneys, agents, and employees, incurred in and about the
6 performance of their powers and duties under this Resolution, all of which may, pursuant to Education Code
7 Section 15232, be paid from the County's annual levy of ad valorem taxes.

8 **Ownership of Bonds Permitted.** The Paying Agent or the Underwriter may become the Owner of any
9 Bonds.

10 **Resignation or Removal of Paying Agent and Appointment of Successor.**

11 The initially appointed Paying Agent may resign from service as Paying Agent at any time. Prior to such
12 resignation a new Paying Agent shall be appointed by the District in accordance with applicable law, which
13 shall be the Treasurer or a bank or trust company doing business in and having a corporate trust office in
14 Los Angeles or San Francisco, California, with at least \$100,000,000 in net assets. Such successor Paying
15 Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the
16 District a written acceptance thereof. Resignation of the initial or a successor Paying Agent shall be effective
17 upon appointment and acceptance of a successor Paying Agent.

18 Any Paying Agent appointed may resign from service as Paying Agent and may be removed at any time by
19 the District as provided in the Paying Agent's service agreement. If at any time the Paying Agent shall
20 resign or be removed, a new Paying Agent shall be appointed in accordance with applicable law, which shall
21 be either the Treasurer or a bank or trust company doing business in and having a corporate trust office in
22 Los Angeles or San Francisco, California, with at least \$100,000,000 in net assets. Such successor Paying
23 Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the
24 District a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon
25 appointment and acceptance of a successor Paying Agent.

26 In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign
27 and deliver any moneys held by it as Paying Agent to its successor. The District shall promptly provide
28 notice of the name and principal corporate trust office address of the Paying Agent appointed to replace any

1 resigned or removed Paying Agent to the Owners of the Bonds by first-class mail, postage prepaid, at their
2 addresses appearing on the Bond Register.

3 **Investment of Certain Funds.** Moneys held in all funds and accounts established hereunder shall be
4 invested and reinvested in Authorized Investments to the fullest extent practicable as shall be necessary to
5 provide moneys when needed for payments to be made from such funds and accounts, subject to any
6 conditions in the Nonarbitrage Certificate. Nothing in this Resolution shall prevent any investment securities
7 acquired as investments of funds held hereunder from being issued or held in book entry form on the books
8 of the Department of Treasury of the United States. All investment earnings on amounts on deposit in the
9 Debt Service Fund shall remain on deposit in such fund.

10 All funds held in the Debt Service Fund of the District shall be invested at the sole discretion of the
11 Treasurer. Proceeds of the Bonds held by the Treasurer shall be invested at the sole discretion of the
12 Treasurer pursuant to law and the investment policy of the County, unless otherwise directed in writing by
13 the District. The Treasurer is hereby authorized and requested to invest any or all funds held hereunder at
14 the Treasurer's discretion pursuant to law and the investment policy of the County, both of which may be
15 amended or supplemented from time to time, and in other investments, defined as Authorized Investments
16 herein. In addition, to the extent permitted by law, (a) at the written request of an Authorized Officer of
17 the District, all or any portion of the Building Fund may be invested on behalf of the District in Authorized
18 Investments, (b) at the written request of an Authorized Officer of the District, the Treasurer shall deposit
19 any investment of all or any portion of the Building Fund made in accordance with the instructions of such
20 Authorized Officer of the District.

21 **Valuation and Sale of Investments.** Obligations purchased as an investment of moneys in any fund or
22 account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to
23 any fund or account shall be credited or charged to such fund or account. In computing the amount in any
24 fund or account created under the provisions of this Resolution for any purpose provided in this Resolution,
25 obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable,
26 accrued interest.

27 **Supplemental Resolutions with Consent of Owners.** This Resolution, and the rights and obligations of
28 the County, the District and of the Owners of the Bonds issued hereunder, may be modified or amended at

1 any time by a Supplemental Resolution adopted by the Board at the request of the District with the written
2 consent of the Owners owning at least 60% in aggregate Principal Amount of the Outstanding Bonds,
3 exclusive of Bonds, if any, owned by the District. Notwithstanding the foregoing, no such modification or
4 amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal
5 Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof,
6 extend its maturity or the times for paying interest thereon or change the monetary medium in which
7 Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents
8 required for amendment or modification. No such Supplemental Resolution shall change or modify any of
9 the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything
10 herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected
11 by such amendment or modification.

12 **Supplemental Resolutions Effective Without Consent of Owners.** For any one or more of the following
13 purposes and at any time or from time to time, a Supplemental Resolution of the County may be adopted,
14 which, without the requirement of consent of the Owners, shall be fully effective in accordance with its
15 terms:

16 To add to the covenants and agreements to be observed by the District which are not contrary to or
17 inconsistent with this Resolution as theretofore in effect;

18 To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed
19 by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

20 To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be
21 created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or
22 accounts to be held under this Resolution;

23 To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this
24 Resolution; or

25 To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does
26 not, in the opinion of Bond Counsel, adversely affect the interests of the Owners.

27 **Effect of Supplemental Resolution.** Any act done pursuant to a modification or amendment so consented
28 to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the

1 provisions of this Resolution, whatever the character of such act may be, and may be done and performed
2 as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to
3 such specified matters has been given, no Owner shall have any right or interest to object to such action or
4 in any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent
5 thereof from taking any action pursuant thereto.

6 **Discharge and Defeasance.** If any or all Outstanding Bonds shall be paid and discharged in any one or
7 more of the following ways:

8 by paying or causing to be paid the Principal, premium, if any, and interest on such Bonds, and when the
9 same become due and payable;

10 by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts
11 then on deposit in the escrow fund and amounts transferred from or on deposit in the Debt Service Fund
12 (and the accounts therein other than amounts that are not available to pay Debt Service), together with the
13 interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at
14 maturity or earlier redemption thereof, including any principal, premium, if any, and all interest thereon,
15 notwithstanding that any Bonds shall not have been surrendered for payment; or

16 by depositing with an institution that meets the requirements of serving as successor Paying Agent pursuant
17 to Section 36, selected by the District, in trust, lawful money or noncallable direct obligations issued by the
18 United States Treasury (including State and Local Government Series) or obligations which are
19 unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code
20 and Regulations which, in the opinion of Bond Counsel, will not impair the exclusion from gross income
21 for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest
22 to accrue thereon without the need for further investment, be fully sufficient, as fully verified by the report
23 of an independent certified public accountant, to pay and discharge such Bonds at maturity or earlier
24 redemption thereof, for which notice has been given or provided for, including any premium and all interest
25 thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

26 then all obligations of the County, the District and the Paying Agent under this Resolution with respect to
27 such Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be
28

1 paid to the Owners of such Bonds all sums due thereon, and the obligation of the District to pay to the
2 Paying Agent amounts owing to the Paying Agent under Section 34 hereof.

3 **Approval of Actions; Miscellaneous.**

4 The Authorized Officers of the County are hereby authorized and directed, jointly and severally, to do any
5 and all things and to execute and deliver any and all documents which they may deem necessary or advisable
6 in order to proceed with the issuance of the Bonds or otherwise carry out, give effect to and comply with
7 the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff
8 are hereby ratified, confirmed and approved.

9 The County, the Board, and their officers, agents, and employees shall not be responsible for any
10 proceedings or the preparation or contents of any resolutions, certificates, statements, disclosures, notices,
11 contracts, or other documents relating to the sale and issuance of the Bonds.

12 The Principal Amount of and premium, if any, and interest on the Bonds shall not constitute debt or an
13 obligation of the County, the Board or the officers, agents, or employees, and the County, the Board, and
14 the officers, agents, and employees thereof shall not be liable thereon. In no event shall the Principal of and
15 interest and redemption premium, if any, or interest on any Bond be payable out of any funds or property
16 of the County.

17 **Conflicts.** If there is any inconsistency or conflict between any provision of this Resolution and any
18 provision of the Contract of Purchase, the Contract of Purchase prevails to the extent of the inconsistency
19 or conflict. If there is any inconsistency or conflict between any provision of this Resolution and any
20 provision of the Nonarbitrage Certificate, the Nonarbitrage Certificate prevails to the extent of the
21 inconsistency or conflict.

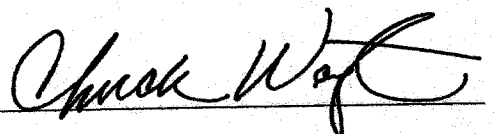
22 **Effective Date.** This Resolution shall take effect immediately upon its passage.
23
24
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1 **Clerk's Certificate.** The Clerk of the Board is hereby directed to provide certified copies of this Resolution
2 to the Treasurer, the County Auditor-Controller and to Bond Counsel immediately following its adoption at
3 the following address:

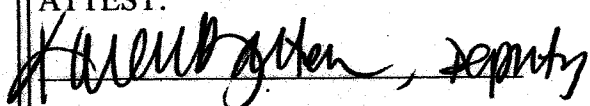
4
5 Nixon Peabody LLP
6 One Embarcadero Center, 18th Floor
7 San Francisco, CA 94111
8 Attn: Graham Beck
9

10
11 The foregoing Resolution was on the 11th day of December, 2018, adopted by the Board of Supervisors of
12 the County of Riverside.

13
14 BOARD OF SUPERVISORS OF THE
15 COUNTY OF RIVERSIDE:

16
17 By: 
18 Chairman

19 ATTEST:

20  deputy
21 KECIA HARPER-IHEM, Clerk to the
22 Board of Supervisors of the County of Riverside

23 ROLL CALL:

24 Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
25 Nays: None
26 Absent: None

27
28 The foregoing is certified to be a true copy of a
resolution duly adopted by said Board of Super-
visors on the date therein set forth.

By:  Deputy

1 EXHIBIT A
2 FORM OF BOND

3
4 UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE
5 DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR
6 REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS
7 REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY
8 AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE
9 TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED
10 REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF
11 FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE
12 REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

13 STATE OF CALIFORNIA COUNTY OF RIVERSIDE

14 REGISTERED

15 No. _____

16 JURUPA UNIFIED SCHOOL DISTRICT
17 (COUNTY OF RIVERSIDE, CALIFORNIA)
18 GENERAL OBLIGATION BONDS
19 2014 ELECTION, 2019 SERIES C
20

21 Interest Rate: Maturity Date: Dated Date: CUSIP:
22 _____% August 1, 20__ Date of Delivery

23
24 REGISTERED OWNER: CEDE & CO.

25 PRINCIPAL AMOUNT:

26 The Jurupa Unified School District (the "District") of the County of Riverside (the "County"), State of
27 California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered
28 Owner named above, or registered assigns, the Principal Amount set forth above, on the Maturity Date set

1 forth above, together with interest thereon from the Dated Date set forth above until the Principal Amount
2 hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the
3 Interest Rate set forth above. Interest on this Bond is payable on August 1, 2019, and semiannually
4 thereafter on the first day of February and August (each, an "Interest Payment Date") in each year to the
5 registered owner hereof (the "Owner") from the Interest Payment Date next preceding the date on which
6 this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the
7 month preceding any Interest Payment Date (a "Record Date") and before the close of business on the
8 immediately following Interest Payment Date, in which event it shall bear interest from such following
9 Interest Payment Date, or unless this Bond is registered prior to the close of business on July 15, 2019, in
10 which event it shall bear interest from its date; provided, however, that if at the time of registration of this
11 Bond, interest hereon is in default, interest hereon shall be payable from the Interest Payment Date to which
12 interest has previously been paid or made available for payment. The Principal Amount hereof is payable
13 at the office of Zions Bancorporation, National Association, as paying agent (the "Paying Agent"), in Los
14 Angeles, California. The interest hereon is payable by check or draft mailed by first-class mail to each
15 Owner, at the address as it appears on the registration books kept by the Paying Agent as of the Record
16 Date, or by wire transfer to any Owner of \$1,000,000 aggregate principal amount of Bonds, to the account
17 specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date
18 for such Interest Payment Date.

19 This Bond is issued by the County on behalf of the District under and in accordance with the provisions of
20 collectively, Article 1 of Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the California Education
21 Code; and Article XIII A of the California Constitution, and pursuant to the Resolution of the Board of
22 Education of the District approved on November 5, 2018 (the "District Resolution") and a resolution of the
23 Board of Supervisors of the County adopted on December 11, 2018 (the "County Resolution"). Reference
24 is hereby made to the County Resolution, a copy of which is on file at the District, for a description of the
25 terms on which the Bonds are delivered, and the rights thereunder of the Owners of the Bonds and the rights
26 and duties of the Paying Agent and the District, to all of the provisions of which the Owner of this Bond,
27 by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall
28 have the respective meanings set forth in the County Resolution. The Bonds were authorized at an election

1 conducted on November 4, 2014, by a vote of 55% or more of the qualified electors of the District voting
 2 on the proposition at a general election held therein to determine whether such Bonds should be issued.
 3 Reference is made to the Resolution for a more complete description of the provisions, among others, with
 4 respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations
 5 of the District, the County, the Paying Agent and the Owners, and the terms and conditions upon which the
 6 Bonds are issued and secured. The Owner of this Bond assents, by acceptance hereof, to all of the provisions
 7 of the Resolution.

8 This Bond is a general obligation of the District, payable as to both principal and interest from ad valorem
 9 taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of
 10 the taxable property in the District. Neither the payment of the principal of this Bond, or any part thereof,
 11 nor any interest or premium hereon constitute a debt, liability or obligation of the County.

12 [The Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity
 13 dates. The Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of
 14 the District, from any source of funds, on August 1, 20__ or on any date thereafter as a whole, or in part, at
 15 a redemption price equal to the principal amount of the Bonds called for redemption, together with interest
 16 accrued thereon to the date of redemption, without premium. For the purposes of such selection, Bonds will
 17 be deemed to consist of \$5,000 portions by principal amount, and any such portion may be separately
 18 redeemed.]

19 [Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption on August 1 of each
 20 year, commencing August 1, 20__, in the following principal amounts, at a redemption price of par, plus
 21 accrued interest to the redemption date:]

Mandatory	Sinking	Fund
Payment	Date	Mandatory Sinking
(August 1)		Fund Payment
20__		\$
20__		
20__		
20__		

1 Whenever less than all the outstanding Bonds are to be redeemed, the Paying Agent, upon written direction
2 from the District, shall select the Bonds to be redeemed as so directed by the District. Within a maturity, the
3 Paying Agent shall select the Bonds, as directed by the District, or in the absence of such direction, by lot.
4 Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that
5 the portion of any Bond to be redeemed in part shall be redeemed in the principal amount of \$5,000 or any
6 integral multiple thereof.

7 This Bond is issued in fully registered form. Registration of this Bond is transferable by the Owner hereof,
8 in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only
9 in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and
10 upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds of
11 like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the
12 transferee in exchange herefor. The District and the Paying Agent may treat the Owner hereof as the absolute
13 owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any
14 notice to the contrary.

15 The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period
16 beginning at the close of business on any Record Date through the close of business on the immediately
17 following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption,
18 during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed
19 through the close of business on the applicable redemption date, except for the unredeemed portion of any
20 Bond to be redeemed only in part.

21 The rights and obligations of the District and of the Owners of the Bonds may be amended at any time, and
22 in certain cases without the consent of the Owners to the extent and upon the terms and conditions provided
23 in the County Resolution.

24 The County Resolution contains provisions permitting the District to make provision for the payment of the
25 Principal Amount of and premium, if any, and interest on any of the Bonds so that the Bonds shall no longer
26 be deemed to be outstanding under the terms of the County Resolution.

27
28

1 If this Bond is called for redemption and the Principal Amount of this Bond, plus premium, if any, and
2 accrued interest due hereon are duly provided therefor as specified in the County Resolution, then interest
3 shall cease to accrue hereon from and after the date fixed for redemption.

4 This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon
5 endorsed shall have been dated and executed manually by the Paying Agent.

6 IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called,
7 held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in
8 accordance with the provisions of the Authorizing Law and that all of the proceedings of the Board of
9 Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance
10 with the provisions of the Authorizing Law, including the Constitution of the State of California, that the
11 total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed
12 any limit prescribed by said Act, and that due provision has been made for levying and collecting ad valorem
13 property taxes on all of the taxable property within the District (except for certain property which is taxable
14 at limited rates) in an amount sufficient to pay Principal and interest when due.

15
16 [Reminder of this page is blank.]
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1 IN WITNESS WHEREOF, the County of Riverside, California, has caused this Bond to be executed
2 on behalf of the Jurupa Unified School District and in their official capacities by the manual or facsimile
3 signatures of the Chairperson of the Riverside County Board of Supervisors, and to be countersigned by the
4 manual or facsimile signature of the Clerk of the Riverside County Board of Supervisors, and has caused
5 the seal of the County to be affixed hereto, all as of the date stated above.

6
7
8
9 BOARD OF SUPERVISORS OF COUNTY
10 OF RIVERSIDE

11
12 By: _____

13 Chairman, Board of Supervisors
14
15
16
17
18

19 -EXHIBIT-

20 By: _____

21 Clerk of the Board of Supervisors
22
23
24
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26
27
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NEW ISSUE – FULL BOOK-ENTRY

RATINGS: (See “RATINGS” herein.)

Moody’s: “_____”

[Fitch: “_____”]

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the District (defined below) described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS” herein regarding certain other tax considerations.

\$48,360,000*

**JURUPA UNIFIED SCHOOL DISTRICT
(Riverside County, California)
GENERAL OBLIGATION BONDS, 2014 ELECTION, 2019 SERIES C**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

This Official Statement describes the \$48,360,000* Jurupa Unified School District General Obligation Bonds, 2014 Election, 2019 Series C (the “Bonds”). The Bonds are being issued by the Jurupa Unified School District (the “District”) to finance the construction of new facilities and renovation and improvement at existing schools, to fund capitalized interest on the Bonds, which will be applied to interest due through August 1, 2022,* and to pay costs of issuance of the Bonds. See “INTRODUCTION – Purpose of Issue.”

The Bonds represent a general obligation of the District and are secured by taxes levied against taxable property within the District. The Board of Supervisors of the County of Riverside (the “County”) has the power and is obligated to annually levy *ad valorem* taxes upon property within the boundaries of the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds when due. Pursuant to a regularly scheduled election of the registered voters of the District held on November 4, 2014, at least 55% of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed \$144,000,000 principal amount of general obligation bonds of the District (the “2014 Authorization”) to finance authorized school facilities. The Bonds will be the third and final* series of bonds sold under the 2014 Authorization. See “INTRODUCTION – Sources of Payment for the Bonds,” “THE BONDS – Security,” and “TAX BASE FOR REPAYMENT OF THE BONDS – Ad Valorem Property Taxation.”

The Bonds will be issued as fully-registered Bonds in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers of beneficial ownership interests in the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds.

Interest on the Bonds accrues from their date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019. Payment to registered owners of \$1,000.000 or more in principal amount of the Bonds, at the registered owner’s written request, will be by wire transfer to an account in the United States of America. The Bonds will be delivered in principal denominations of \$5,000 and any integral multiple thereof. Principal of the Bonds and interest on the Bonds are payable directly to DTC by Zions Bancorporation, National Association, as Paying Agent, Registrar and Transfer Agent (the “Paying Agent”). Upon receipt of payments of principal and interest, DTC will in turn distribute such payments through DTC Participants to the Beneficial Owners of the Bonds. (See “THE BONDS – Book-Entry-Only System.”)

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See “THE BONDS – Redemption.”

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

MATURITY SCHEDULE
on inside cover.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, is acting as Disclosure Counsel to the District. Certain legal matters will be passed on for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2019.

STIFEL

The date of this Official Statement is: January _____, 2019

* Preliminary, subject to change.

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

\$48,360,000 *

JURUPA UNIFIED SCHOOL DISTRICT
(Riverside County, California)
GENERAL OBLIGATION BONDS, 2014 ELECTION, 2019 SERIES C

Base CUSIP[†] No.: 482124

MATURITY SCHEDULE

\$ _____ Serial Bonds

<u>Maturity August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†] No.</u>
2020	\$	%	%	
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
20__				

\$ _____ % Term Bonds due August 1, 2043 Yield _____ % CUSIP[†] 482124 _____

* Preliminary, subject to change.

[†] CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP[®] data is not intended to create a database and does not serve in any way as a substitute for the CUSIP[®] Service Bureau. CUSIP[®] numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are provided for convenience of reference only. The District and the Underwriter take no responsibility for the accuracy or usage of such numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance 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.

JURUPA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Robert Garcia, *President*
Linda Chard, *Clerk*
Karen Bradford, *Member*
Memo Mendez, *Member*
Silvia Ortega, *Member*

DISTRICT ADMINISTRATION

Elliott Duchon, *Superintendent*
Paula Ford, *Assistant Superintendent of Business Services*
Jackie Benson, *Director of Fiscal Services*

PROFESSIONAL SERVICES

BOND COUNSEL/DISTRICT COUNSEL

Nixon Peabody LLP
San Francisco, California

DISCLOSURE COUNSEL

James F. Anderson Law Firm, A Professional Corporation
Laguna Hills, California

MUNICIPAL ADVISOR

Cooperative Strategies, LLC
Irvine, California

PAYING AGENT

Zions Bancorporation, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THE OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. All information for investors regarding the District and the Bonds is contained in this Official Statement. While the District maintains an internet website for various purposes, none of the information on such website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the District.

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 Official Statement.

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

Authorized Information. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation with respect to the Bonds, other than as contained in this Official Statement, and if given or made, any such information or representation must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Involvement of Underwriter. The Underwriter has submitted the following statement 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."

Information Subject to Change. 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 or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with offering the Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those that 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 securities dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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\$48,360,000 *
**JURUPA UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, 2014 ELECTION, 2019 SERIES C**

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, 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 Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement, which includes the cover page, inside cover and appendices hereto, provides information in connection with the sale of Jurupa Unified School District General Obligation Bonds, 2014 Election, 2019 Series C (the "**Bonds**"), in the aggregate principal amount of \$48,360,000. See "THE BONDS."

The District

The Jurupa Unified School District (the "**District**"), a school district organized under the laws of the State of California (the "**State**"), was established in 1963 and is comprised of an area of approximately 44 square miles. The District is located in the western region of Riverside County (the "**County**"), encompassing the City of Jurupa Valley, a portion of the City of Eastvale and a small portion of the City of Riverside, and enrollment in Fiscal Year 2018-19 is expected to be approximately 19,275 students in grades K-12, including students in the adult education and other alternative programs. The District is currently operating 16 elementary schools for grades K-6, three middle schools for grades 7-8, one K-8 Academy, three comprehensive high schools for grades 9-12, one on-line high school, one continuation high school and a Learning Center that provides an independent study program and an adult education program. See APPENDIX C – "GENERAL INFORMATION ABOUT THE CITY OF JURUPA VALLEY, THE CITY OF EASTVALE AND RIVERSIDE COUNTY" herein.

For more complete information concerning the District, including certain financial information, see APPENDIX A – "INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET." The District's audited financial statements for the Fiscal Year ending June 30, [2018, are included as APPENDIX B and should be read in their entirety.

Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County on taxable property located within the boundaries of the District. The Board of Supervisors (the "**Board of Supervisors**") of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the principal of the Bonds, and the interest thereon, upon all property within the boundaries of the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds and the Bonds are issued by the County on behalf of the District, the Bonds are not a debt of the County.

* Preliminary, subject to change.

The District received authorization at an election held on November 4, 2014, by an affirmative vote of 55% or more of the votes cast by eligible voters within the District (the "**2014 Authorization**") to issue not to exceed \$144,000,000 of general obligation bonds. On May 27, 2015, the Jurupa Unified School District (Riverside County, California) General Obligation Bonds, 2014 Election, 2015 Series A (the "**Series A Bonds**") in the amount of \$30,000,000 were the first series of bonds sold under the 2014 Authorization. On January 26, 2017, the Jurupa Unified School District (Riverside County, California) General Obligation Bonds, 2014 Election, 2017 Series B (the "**Series B Bonds**") in the amount of \$65,640,000 were the second series of bonds sold under the 2014 Authorization. The Bonds will be the third series of bonds sold under the 2014 Authorization. After the issuance of the Bonds, [no portion of the 2014 Authorization will remain unissued.* See "THE BONDS – Security" and "TAX BASE FOR REPAYMENT OF BONDS – *Ad Valorem* Property Taxation."

Purpose of Issue

The proceeds of the Bonds are authorized to be used to finance the construction of new facilities and renovation and improvement at existing schools as identified by the 2014 Authorization, to fund capitalized interest on the Bonds, which will be applied to interest due through August 1, 2022,* and to pay costs of issuance of the Bonds. See "THE BONDS" and "PLAN OF FINANCE" herein.

Description of the Bonds

Payments. The Bonds will pay principal on August 1 in each of the years and in the amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2019.

Registration. The Bonds will be issued in fully-registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth on the cover page of this Official Statement, under the book-entry-only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS – Book-Entry-Only System" and APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM." 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 (as defined below). See "THE BONDS – Registration, Transfer and Exchange of Bonds."

Denominations. The Bonds will be delivered in principal denominations of \$5,000 and any integral multiple thereof.

Redemption. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. See "THE BONDS – Redemption."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State Constitution and the California Education Code ("**Education Code**"), and other applicable law, and pursuant to a resolution adopted by the Board on November 5, 2018 (the "**District Resolution**"), and a resolution adopted by the County Board of Supervisors on December 11, 2018 (the "**Resolution**"). See "THE BONDS – Authority for Issuance" herein.

* Preliminary, subject to change.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about February [], 2019.

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Nixon Peabody LLP, San Francisco, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in APPENDIX D. James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, is serving as Disclosure Counsel to the District with respect to the Bonds. Kutak Rock LLP, Irvine, California, is serving as Underwriter's Counsel. Cooperative Strategies, LLC, Irvine, California, is serving as Municipal Advisor to the District. Zions Bancorporation, National Association, Los Angeles, California, is acting as the initial Paying Agent with respect to the Bonds. The District's financial statements for the Fiscal Year ending June 30, [2018], have been audited by Nigro & Nigro, PC, Murrieta, California. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE JURUPA UNIFIED SCHOOL DISTRICT FOR FISCAL YEAR ENDING JUNE 30, [2018]."

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS" herein.

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 Assistant Superintendent of Business Services, Jurupa Unified School District, 4850 Pedley Road, Jurupa Valley, California 92509, telephone number (951) 360-4168. The District may impose a charge for copying, mailing and handling.

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

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

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

to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

THE BONDS

Authority for Issuance

The Bonds are issued and sold by the County in the name and on behalf of the District pursuant to the State Constitution, the Election, the 2014 Authorization, the District Resolution, the Resolution and the provisions of Education Code Sections 15100 *et seq.* and 15264 *et seq.*

Security

The Board of Supervisors of the County has the power to and is obligated to annually levy *ad valorem* taxes for the payment of the principal of and the interest on the Bonds upon all property within the boundaries of the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such 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. Such taxes, when collected, will be deposited into the Debt Service Fund (the "**Debt Service Fund**"), which is maintained by the County and is kept separate and distinct from all other District and County funds and which is required by State law to be applied for the payment of principal of the Bonds and interest on the Bonds when due. The District's general fund is not a source of repayment of the Bonds. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds and the Bonds are issued by the County on behalf of the District, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of, and redemption premium, if any, and interest on the Bonds, as the same becomes due and payable, shall be transferred by the County to the Paying Agent (as defined herein). The Paying Agent will in turn remit the funds to DTC for subsequent disbursement of such principal, premium, if any, and interest to its Direct Participants (as defined herein) who in turn disburse funds to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Variations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought, fire or toxic contamination, could cause a reduction in the assessed value of taxable property within the boundaries of the District and necessitate a corresponding increase in the annual tax rate. The District expects to issue additional series of bonds pursuant to the 2014 Authorization and for refunding purposes. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien on *Ad Valorem* Tax Revenues – SB 222

Senate Bill 222 (“**SB 222**”) was enacted into law to clarify the process of lien perfection for general obligation bonds issued by or on behalf of State school and community college districts, including the District. SB 222 removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a “statutory” lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds.

The *ad valorem* property tax is levied by the County on taxable property in the District in an amount sufficient to pay the principal of and interest on the Bonds when due. When collected, moneys will be placed in the Debt Service Fund of the District, which fund is irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. For more information on SB 222, see “OTHER LEGAL MATTERS – Limitations on Remedies; Amounts Held in the County Pooled Investment Fund,” – State Senate Bill 222,” and “ – Special Revenues” herein.

Description of the Bonds

The Bonds will pay principal of the Bonds on August 1 in each of the years and in the amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year (each, an “**Interest Payment Date**”), commencing on August 1, 2019, at the annual interest rates shown on the inside cover of this Official Statement.

See the Maturity Schedule on the inside cover for the maturity schedule of the Bonds and “DEBT SERVICE SCHEDULE” for the debt service schedule for the Bonds and for a schedule of combined debt service of the Bonds and the District’s other outstanding general obligation bonds.

Book-Entry-Only System

The Depository Trust Company (defined above as “**DTC**”), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in book-entry form only and will initially be issued and 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, and will be deposited through the facilities of DTC. Principal of, premium, if any, on the Bonds and payment of interest on the Bonds is payable by the Paying Agent to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry-only system. See APPENDIX H – “**BOOK-ENTRY-ONLY SYSTEM.**”

Paying Agent

Zions Bancorporation, National Association, currently located in Los Angeles, California, will act as the initial registrar, transfer agent, authentication agent and paying agent for the Bonds (the “**Paying Agent**”). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC.

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

Payment

Each Bond shall mature on the dates, in the years and in the principal amounts and interest shall be computed at the rates set forth on the inside cover of this Official Statement. Interest on the Bonds shall be computed using a year of 360 days, comprised of twelve 30-day months, and shall be payable on each Interest Payment Date to the Owners thereof as of the close of business on the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date, whether or not such day is a Business Day (the "**Record Date**"). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond, interest with respect thereto is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 aggregate principal amount or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Principal of, premium, if any, and interest on any Bond shall be payable in lawful money of the United States of America. Principal of, and premium, if any, shall be payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent.

The Bonds are general obligations of the District secured by *ad valorem* tax revenues levied and collected pursuant to the State Constitution, the 2014 Authorization and State law and do not constitute an obligation of the County, except as provided in the Resolution. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 20__, are not subject to redemption. The Bonds maturing on or after August 1, 20__, may be redeemed before maturity at the option of the District, from any source of funds on August 1, 20__, or on any date thereafter as a whole or in part, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20__, in the following principal amounts, at a redemption price of par, plus accrued interest to the redemption date:

TERM BOND

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__	
20__	
20__ [†]	

[†] (Maturity)

Selection of Bonds for Redemption

Whenever less than all the outstanding Bonds are to be redeemed, the Paying Agent, upon written direction from the District, shall select the Bonds to be redeemed as so directed. Within a maturity, the Paying Agent shall select the Bonds, as directed by the District, or in the absence of such direction by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however,* that the portion of any Bond to be redeemed in part shall be redeemed in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption

While the Bonds are subject to DTC's book-entry system, the Paying Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Resolution.

The Paying Agent shall give notice of the redemption (a "**Redemption Notice**") of the Bonds at the expense of the District. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state (a) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and (b) that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to 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 first class mail, postage prepaid, at their addresses appearing on the Bond Register, and to the Information Services (as defined in the Resolution).
- (b) In the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given (x) by (i) first-class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories (as defined in the Resolution), and (y) (i) first-class mail, postage prepaid, or (ii) overnight delivery service, to the Information Services.

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.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in aggregate principal amount 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.

Conditional Notice of Redemption

Any Redemption Notice may be made conditional upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Information Services in the event such conditions are not met or are not expected to be met and/or such funds are not received or are not expected to be received.

Effect of Notice of Redemption

Notice having been given pursuant to the Resolution and not rescinded, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund or a suitable escrow fund established pursuant to the Resolution, 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 the Resolution, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given (and not rescinded) pursuant to the Resolution, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the Resolution 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 upon written notice by the District given to the Paying Agent.

Defeasance

If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

- (i) by paying or causing to be paid the principal, premium, if any, and interest on such Bonds, and when the same become due and payable;
- (ii) by depositing with the Paying Agent, in trust, at or before maturity, cash which together with the amounts then on deposit in the escrow fund, and amounts transferred from or on deposit in the Debt Service Fund (and accounts therein other than amounts that are not available to pay debt service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity or earlier redemption thereof, including, any principal, premium, if any, and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or
- (iii) by depositing with an institution that meets the requirements of serving as successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or non-callable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of Bond Counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption

thereof, for which notice has been given or provided for, including any principal, premium, if any, and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the County, the District and the Paying Agent under the Resolution with respect to such Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of such Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the Resolution.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the Paying Agent will keep at its office sufficient books for the registration, exchange and transfer of the Bonds as provided in the Resolution (the "**Bond Register**"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered in the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; 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 the Resolution. 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.

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

The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer duly executed by the Owner or his or her duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same principal amount and in authorized denominations will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of principal of, premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon his or her order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and principal amount. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to

be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

PLAN OF FINANCE

A portion of the proceeds of the Bonds will be utilized to fund modernization, new construction, technology upgrades, equipment and furnishing at several elementary schools and high schools within the District authorized pursuant to the 2014 Authorization. The financing has taken into consideration useful lives of equipment and facilities financed, so that the term of the Bonds allocable to items with shorter useful lives, is shorter than the useful lives of such items.

Other Uses of Bonds. The remaining proceeds derived from the issuance of the Bonds will also be used to fund capitalized interest on the Bonds, which will be applied to interest due through August 1, 2022,* and to pay the costs incurred in connection with the issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources:

Principal Amount of Bonds	\$
[Less/Plus Net Original Issue Discount/Premium]	
Less: Underwriter's Discount	(_____)
Total Sources	\$ _____

Uses:

Building Fund Deposit ⁽¹⁾	\$
Debt Service Fund Deposit ⁽²⁾	
Costs of Issuance ⁽³⁾	
Total Uses	\$ _____

- ⁽¹⁾ Approximately \$6,700,000* of the Building Fund deposit is anticipated to be expended on equipment and facilities which are part of the District-wide technology program and such equipment and facilities have a shorter useful life than other equipment and facilities financed with Bond proceeds]. [The Bonds maturing August 1, 2022, and August 1, 2023, and a portion of the Bonds maturing August 1, 2024, are allocated to the equipment and facilities which are part of the technology program. The term of such Bonds is shorter than the useful life of the equipment and facilities which are part of Phase 3 of the technology program.
- ⁽²⁾ Represents capitalized interest on the Bonds, which will be applied to interest due through August 1, 2022.*
- ⁽³⁾ A portion of the proceeds of the Bonds will be used to pay costs of issuance, including, but not limited to, Bond Counsel and Disclosure Counsel fees, municipal advisor fees, County expenses, Paying Agent fees, credit rating fees, printing costs and certain other miscellaneous costs of issuance.

* Preliminary, subject to change.

DEBT SERVICE SCHEDULE

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

Year Ending August 1	Annual Principal Payment	Annual Interest Payment ⁽¹⁾	Total Annual Debt Service
2019	\$	\$	\$
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
	\$	\$	\$

(1) A portion of the proceeds of the Bonds will fund capitalized interest, which will be applied to interest due through August 1, 2022 (preliminary, subject to change.)

AGGREGATE DEBT SERVICE SCHEDULE

The following table displays the annual debt service requirements of the District for all of its outstanding general obligation bonds (assuming no optional redemptions), including general obligation bonds issued under the \$58,000,000 authorization received on November 6, 2001 (the "2001 Authorization") and the 2014 Authorization.

JURUPA UNIFIED SCHOOL DISTRICT Aggregate Debt Service of District General Obligation Bonds

Period Ending August 1	2001 Authorization			2014 Authorization			Aggregate General Obligation Bond Debt Service
	Series 2002 Bonds Annual Debt Service	Series 2011 Refunding Bonds Annual Debt Service	Series 2012 Refunding Bonds Annual Debt Service	Series A 2015 Bonds Annual Debt Service	Series B 2017 Bonds Annual Debt Service	Series C 2018 Bonds Annual Debt Service	
2019	—	\$2,605,450.00	\$1,745,925.00	\$1,065,700.00	\$6,238,800.00	—	\$11,655,875.00
2020	—	2,730,250.00	1,720,125.00	1,110,700.00	2,611,050.00	\$	8,172,125.00
2021	—	2,868,250.00	1,813,375.00	1,154,350.00	2,611,050.00		8,447,025.00
2022	—	3,013,500.00	1,899,375.00	1,221,650.00	2,611,050.00		8,745,575.00
2023	\$3,470,000.00	—	1,993,125.00	1,305,250.00	2,611,050.00		9,379,425.00
2024	3,645,000.00	—	2,093,875.00	1,387,750.00	2,611,050.00		9,737,675.00
2025	3,825,000.00	—	2,195,875.00	1,455,500.00	2,611,050.00		10,087,425.00
2026	4,020,000.00	—	2,302,075.00	1,514,000.00	2,611,050.00		10,447,125.00
2027 ⁽¹⁾	4,175,000.00	—	2,443,918.76	1,558,500.00	2,611,050.00		10,788,468.76
2028	—	—	5,827,868.76	1,634,500.00	3,881,050.00		11,343,418.76
2029	—	—	—	1,750,250.00	4,152,550.00		5,902,800.00
2030	—	—	—	1,858,500.00	4,397,300.00		6,255,800.00
2031	—	—	—	1,949,250.00	4,620,800.00		6,570,050.00
2032	—	—	—	2,028,000.00	4,803,300.00		6,831,300.00
2033	—	—	—	2,085,000.00	4,951,050.00		7,036,050.00
2034	—	—	—	2,191,000.00	5,195,050.00		7,386,050.00
2035	—	—	—	2,343,250.00	5,559,800.00		7,903,050.00
2036	—	—	—	2,484,000.00	5,893,300.00		8,377,300.00
2037	—	—	—	2,608,250.00	6,190,800.00		8,799,050.00
2038	—	—	—	2,716,250.00	6,432,800.00		9,149,050.00
2039	—	—	—	2,798,250.00	6,623,200.00		9,421,450.00
2040	—	—	—	—	9,802,600.00		9,802,600.00
2041	—	—	—	—	10,290,800.00		10,290,800.00
2042	—	—	—	—	—		—
2043	—	—	—	—	—		—
	\$19,135,000.00	\$11,217,450.00	24,035,537.52	\$38,219,900.00	\$109,921,600.00	\$	\$84,996,700.00

⁽¹⁾ The 2027 maturity of the Series 2002 Bonds is due on May 1, 2027, whereas the other outstanding general obligation bonds are due on August 1 of their respective maturity dates.

For information regarding the outstanding general obligation bonds of the District, see APPENDIX A – “INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT’S OPERATIONS AND BUDGET – DISTRICT FINANCIAL INFORMATION – *District Debt Structure* – General Obligation Bonds.”

APPLICATION OF PROCEEDS OF BONDS

Building Fund

A portion of the proceeds from the sale of the Bonds shall be paid to the County to the credit of the fund known as the Building Fund (the “**Building Fund**”) and shall be kept separate and distinct from all other District and County funds. The proceeds shall be used solely for authorized purposes which include, among other things, the construction of new facilities and renovation and improvement at existing schools. Bond proceeds may be used to reimburse the District for eligible costs previously incurred. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earned on the investment of moneys held in the Building Fund shall be retained in the Building Fund.

Debt Service Fund

Premium, if any, received by the District from the sale of the Bonds shall be kept separate and apart in the Debt Service Fund (the “**Debt Service Fund**”) and shall be used only for payment of principal of and interest on the Bonds. The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be deposited into the Debt Service Fund. The Bonds shall be paid from the Debt Service Fund. Interest earnings on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the District to pay principal of and interest on the Bonds when due (subject to compliance with applicable federal tax code requirements).

Permitted Investments

The County Treasurer is authorized to invest the proceeds of the sale of the Bonds and all proceeds of taxes for payment of the Bonds in the County Pooled Investment Fund (as defined below), or other investment pools of the County into which District funds may lawfully be invested, the Local Agent Investment Fund of the State, any investment authorized pursuant to Section 16429.1 and Section 53601 of the California Government Code, or in shares in a State common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of the California Government Code, or in guaranteed investment contracts in general obligations of the United States of America (including State and Local Government Securities of the Department of the Treasury), provided that such investments comply with the requirements of Section 148 of the Code as shall be applicable.

RIVERSIDE COUNTY TREASURY POOL

Unless the District provides the County Treasurer with other instructions, all amounts held in the Debt Service Fund will be invested in the County Pooled Investment Fund (the "**County Pooled Investment Fund**"). In addition, in accordance with Education Code Section 41001, substantially all District operating funds are required to be held by the County Treasurer. See APPENDIX F and APPENDIX G for a description of the County Pooled Investment Fund and the current County Treasurer Statement of Investment Policy.

The information in APPENDIX F and APPENDIX G has been provided by the County Treasurer. Neither the District nor the Underwriter has made an independent investigation of the investments in the County Pooled Investment Fund, and neither the District nor the Underwriter has made any assessment of the current County Treasurer's Statement of Investment Policy. The value of the various investments in the County Pooled Investment Fund will fluctuate on a daily basis as a result of a multitude of factors, including the investments in the County Pooled Investment Fund, generally prevailing interest rates and other economic conditions. The County Treasurer's Statement of Investment Policy is approved annually by the County Board of Supervisors as required by California Government Code Section 53646(a)(1) and reviewed annually by the Investment Oversight Committee, pursuant to the requirements of California Government Code Section 27133. The County Treasurer, with the consent of the Investment Oversight Committee and the approval of the County Board of Supervisors, may change the County Treasurer's Statement of Investment Policy at any time. Finally, there are proposed, from time to time in the State Legislature, bills which could modify the currently authorized investments and/or place restrictions on the ability of public agencies, including the County, to invest in various securities. Therefore, there can be no assurance that the values of the various investments in the County Pooled Investment Fund will not vary significantly from the values described herein.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the County Board of Supervisors will levy and collect *ad valorem* taxes on all taxable parcels within the District which are pledged specifically to the repayment of the Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIII A of the State Constitution and its implementing legislation is taken into account in connection with the State's Local Control Funding Formula ("**LCFF**"), which determines the amount of funding received by the District from the State to operate the District's educational programs. The LCFF replaces revenue limit and most categorical program funding previously used to determine the amount of funding received by the District from the State. The LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographics. See APPENDIX A - "INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET - EFFECT OF STATE BUDGET ON REVENUES - Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System" below. As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in Fiscal Year 1978-79, Article XIII A and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed the way in which levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using "full cash value" as defined by Article XIII A of the State Constitution. State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals and charitable institutions.

For purposes of allocating a county's 1% base property tax levy, future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, up to 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 and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in the tax bases of such entities may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. See APPENDIX A - "INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET - DISTRICT FINANCIAL INFORMATION - Revenue Sources - *Redevelopment Revenues*" and "EFFECT ON STATE BUDGET REVENUES - *Dissolution of Redevelopment Agencies*" regarding dissolution of redevelopment agencies. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

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

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 utility property, and property (real or personal) for which there is a tax lien on such property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Boats and airplanes are examples of unsecured property. Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and if unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% per month begins to accrue on November 1 and a lien may be recorded against the assessee. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action

against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the assessee. See also " - Tax Levies, Collections and Delinquencies" herein.

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 and K-14 school districts 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. The availability of revenue from growth in tax bases to such entities may be affected by the existence of successor agencies to redevelopment agencies or by similar entities which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values in the District.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). See " - *Taxation of State-Assessed Utility Property*" below and APPENDIX A. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the State Constitution. For a discussion of how properties currently are assessed, see APPENDIX A - "INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Bonds are based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and County taxing purposes. The valuation of secured property by the County Assessor is established as of January 1, and is subsequently equalized in September of each year.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the District is derived from utility property subject to assessment by the SBE. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. This may include railways, telephone companies and companies transmitting or selling gas or electricity. The assessed value of unitary and certain other state-assessed 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. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating non-unitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as occurred under electric power deregulation in the State, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the

District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

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

[Confirm: The County only provides information for tax charges and corresponding delinquencies by local agencies with respect to debt service levies for voter approved indebtedness. [Confirm: It does not provide such information for the 1% general tax levy. See " – Alternative Method of Tax Distribution – Teeter Plan" and " – Tax Levies, Collections and Delinquencies" below.

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Assessed Valuation of Property Within District. Property within the District had a total assessed valuation for Fiscal Year 2018-19 of \$10,825,023,779. The table below shows the assessed valuation in the District for Fiscal Years 1989-90 through 2018-19.

Table 1
JURUPA UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 1989-90 through 2018-19

<u>Fiscal Year</u>	<u>Secured Valuation</u>	<u>Utility</u>	<u>Unsecured Valuation</u>	<u>Total</u>	<u>% Change</u>
1989-90	\$1,837,062,796	\$7,197,632	\$58,480,649	\$1,902,741,077	-
1990-91	2,099,403,934	18,076,001	71,446,009	2,188,925,944	15.04%
1991-92	2,370,615,417	18,213,134	79,960,210	2,468,788,761	12.79
1992-93	2,526,431,249	17,447,656	86,257,465	2,630,136,370	6.54
1993-94	2,628,782,667	26,867,510	88,606,143	2,744,256,320	4.34
1994-95	2,673,152,345	29,422,046	107,387,849	2,809,962,240	2.39
1995-96	2,765,922,164	43,800,966	98,101,113	2,907,824,243	3.48
1996-97	2,747,686,669	38,785,152	153,971,858	2,940,443,679	1.12
1997-98	2,824,983,450	31,062,423	131,209,320	2,987,255,193	1.59
1998-99	2,863,669,230	35,544,240	125,772,518	3,024,985,988	1.26
1999-00	3,101,972,323	28,174,106	166,750,932	3,296,897,361	8.99
2000-01	3,553,141,128	19,887,853	206,385,485	3,779,414,466	14.64
2001-02	3,892,056,876	19,956,198	249,983,585	4,161,996,659	10.12
2002-03	4,228,054,944	18,843,904	279,334,308	4,526,233,156	8.75
2003-04	4,428,443,211	15,548,570	326,595,986	4,770,587,767	5.40
2004-05	4,832,419,815	23,279,335	337,086,876	5,192,786,026	8.85
2005-06	5,481,632,051	14,431,350	374,630,813	5,870,694,214	13.05
2006-07	6,341,242,908	13,971,539	381,387,401	6,736,601,848	14.75
2007-08	7,368,005,924	11,059,377	425,454,643	7,804,519,944	15.85
2008-09	7,644,897,843	11,010,814	489,268,853	8,145,177,510	4.36
2009-10	7,100,474,894	7,540,012	503,661,045	7,611,675,951	(6.55)
2010-11	6,852,159,799	7,246,702	493,662,686	7,353,069,187	(3.40)
2011-12	6,857,717,634	8,316,432	537,353,222	7,403,387,288	0.68
2012-13	6,934,961,217	7,956,527	520,802,428	7,463,720,172	0.81
2013-14	7,225,660,310	7,675,505	541,381,700	7,774,717,515	4.17
2014-15	7,549,068,407	8,225,034	515,747,579	8,073,041,020	3.84
2015-16	8,060,418,140	8,190,100	519,976,525	8,588,584,765	6.39
2016-17	8,646,914,936	7,266,137	555,235,538	9,209,416,611	7.23
2017-18	9,372,542,877	6,906,152	584,419,671	9,963,868,700	8.19
2018-19	10,095,601,468	9,438,948	719,983,363	10,825,023,779	8.64

Source: California Municipal Statistics, Inc.

Adjustments to Assessed Values. As indicated above, assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, disruption in financial markets that may reduce 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 State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the

complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought, fire, toxic contamination, dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds.

The State recently experienced a 5-year drought; however, from October 1, 2016 through the spring of 2017, most of the State experienced above-average rainfall. On April 7, 2017, Governor Brown issued an executive order which lifted the drought emergency in all State counties, except Fresno, Kings, Tulare and Tuolumne, where emergency drinking water projects will continue to help address diminished groundwater supplies. In a related action, State agencies on April 7, 2017, issued a plan to continue to make conservation a way of life in the State, as directed by Governor Brown in May 2016. The framework requires new legislation to establish long-term water conservation measures and improved planning for more frequent and severe droughts. As of March 1, 2018, urban areas of Southern California and areas in central California continued to experience largely dry conditions. The State's five-year drought underscored the need for permanent improvements in long-term efficient water use and drought preparedness, as called for in a previous executive order made by Governor Brown. On May 31, 2018, the Governor signed Assembly Bill 1668 and Senate Bill 606, which impose new and expanded requirements on state water agencies and local water suppliers, including provisions for the establishment by the State Water Resources Control Board of long-term urban water use efficiency standards by June 30, 2022, and starting in 2027, authorization of fines for failure to comply with the State Water Resources Control Board's adopted long-term standards. The actions taken over the last several years are intended to help to ensure all communities have sufficient water supplies and are conserving water regardless of the conditions of any one year. The District cannot predict if and when the State will experience drought conditions again in the future, what effect such conditions may have on property values or whether or to what extent any water reduction requirements may affect homeowners within the District or their ability or willingness to pay *ad valorem* taxes.

Wildfires in recent years burned in the State, destroying thousands of structures. The District has not been affected by such fires, but there can be no assurance that the District or structures within the boundaries of the District will not be impacted by wildfires in the future.

Assessed Valuation by Land Use

Table 2 below provides a distribution of taxable property located in the District on the 2018-19 tax roll by principal purpose for which the land is used, as measured by assessed value and number of parcels.

**Table 2
JURUPA UNIFIED SCHOOL DISTRICT
2018-19 Assessed Valuation and Parcels by Land Use**

	2018-19 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	\$ 55,160,732	0.55%	162	0.64%
Commercial and Industrial	4,034,842,293	39.97	1,347	5.33
Government/Social/Institutional	<u>3,102,369</u>	<u>0.03</u>	<u>325</u>	<u>1.29</u>
Subtotal Non-Residential	\$4,093,105,394	40.54%	1,834	7.25%
Residential:				
Single Family Residence	\$4,966,993,135	49.20%	19,344	76.49%
Condominium/Townhouse	30,983,765	0.31	180	0.71
Mobile Home	29,728,887	0.29	193	0.76
2-4 Residential Units	154,977,575	1.54	576	2.28
5+ Residential Units/Apartments	277,794,222	2.75	132	0.52
Miscellaneous Residential	<u>1,789,036</u>	<u>0.02</u>	<u>6</u>	<u>0.02</u>
Subtotal Residential	\$5,462,266,620	54.11%	20,431	80.79%
Vacant Parcels	\$540,229,454	5.35%	3,025	11.96%
Total	\$10,095,601,468	100.00%	25,290	100.00%

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

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes

Table 3 below shows the assessed valuation of single-family homes in the District for tax year 2018-19, including the average and median assessed value per single-family residential parcel.

**Table 3
JURUPA UNIFIED SCHOOL DISTRICT
Per Parcel 2018-19 Assessed Valuation of Single-Family Homes**

Single Family Residential	No. of <u>Parcels</u>	2018-19 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>		
	19,344	\$4,966,993,135	\$256,772	\$234,704		
2018-19 <u>Assessed Valuation</u>	No. of <u>Parcels</u> ⁽¹⁾	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$24,999	67	0.346%	0.346%	\$ 1,145,253	0.023%	0.023%
\$25,000 - \$49,999	456	2.357	2.704	17,748,345	0.357	0.380
\$50,000 - \$74,999	449	2.321	5.025	28,214,700	0.568	0.948
\$75,000 - \$99,999	732	3.784	8.809	64,934,082	1.307	2.256
\$100,000 - \$124,999	1,087	5.619	14.428	122,940,058	2.475	4.731
\$125,000 - \$149,999	1,297	6.705	21.133	178,960,769	3.603	8.334
\$150,000 - \$174,999	1,479	7.646	28.779	241,309,385	4.858	13.192
\$175,000 - \$199,999	1,720	8.892	37.671	322,315,522	6.489	19.681
\$200,000 - \$224,999	1,750	9.047	46.717	371,458,811	7.479	27.160
\$225,000 - \$249,999	1,621	8.380	55.097	384,900,999	7.749	34.909
\$250,000 - \$274,999	1,374	7.103	62.200	360,366,546	7.255	42.164
\$275,000 - \$299,999	1,149	5.940	68.140	329,529,603	6.634	48.799
\$300,000 - \$324,999	953	4.927	73.067	297,853,627	5.997	54.795
\$325,000 - \$349,999	803	4.151	77.218	270,792,972	5.452	60.247
\$350,000 - \$374,999	794	4.105	81.322	287,678,524	5.792	66.039
\$375,000 - \$399,999	736	3.805	85.127	284,741,693	5.733	71.772
\$400,000 - \$424,999	559	2.890	88.017	230,063,414	4.632	76.403
\$425,000 - \$449,999	495	2.559	90.576	216,380,442	4.356	80.760
\$450,000 - \$474,999	430	2.223	92.799	198,808,776	4.003	84.762
\$475,000 - \$499,999	359	1.856	94.655	174,706,950	3.517	88.280
\$500,000 and greater	<u>1,034</u>	<u>5.345</u>	100.000	<u>582,142,664</u>	<u>11.720</u>	100.000
	19,344	100.000%		\$4,966,993,135	100.000%	

⁽¹⁾ Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Table 4 below shows the Fiscal Year 2018-19 assessed valuations for each jurisdiction within the District.

Table 4
JURUPA UNIFIED SCHOOL DISTRICT
2018-19 Assessed Valuation by Jurisdiction

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Eastvale	\$ 1,595,938,960	14.74%	\$9,786,845,343	16.31%
City of Jurupa Valley	9,228,957,891	85.26	9,794,348,618	94.23
City of Riverside	<u>126,928</u>	<u>0.00</u>	30,212,791,874	0.00
Total District	\$10,825,023,779	100.00%		
Total Riverside County	\$10,825,023,779	100.00%	\$280,327,986,244	3.86%

Source: California Municipal Statistics, Inc.

Largest Property Owners

Table 5 below lists the 20 largest owners of taxable property within the District as determined by secured assessed valuation for Fiscal Year 2018-19.

Table 5
JURUPA UNIFIED SCHOOL DISTRICT
Largest 2018-19 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1. Tarpon Prop Ownership 2	Industrial	\$226,356,334	2.24%
2. Costco Wholesale Corp.	Industrial	182,314,671	1.81
3. Teachers Insurance and Annuity Association of America	Industrial	181,574,668	1.80
4. BPP Pacific Industrial CA REIT Owner 2	Industrial	153,167,059	1.52
5. AMB Institutional Alliance Fund III	Industrial	142,000,000	1.41
6. Homecoming at Eastvale	Apartments	138,545,644	1.37
7. UPS Supply Chain Solutions General Services Inc.	Industrial	95,865,764	0.95
8. Eastvale Gateway I, II & III	Industrial	94,393,240	0.93
9. Lesso Mall Developers Jurupa Valley Ltd.	Undeveloped	71,400,000	0.71
10. Nestle Food Co.	Industrial	67,366,596	0.67
11. Comref So CA Industrial Sub A	Industrial	66,781,840	0.66
12. Metal Container Corp.	Industrial	66,647,795	0.66
13. Lineage Master RE 3	Industrial	66,234,383	0.66
14. Ontario Warehouse 1 Inc.	Industrial	55,946,919	0.55
15. Cella	Industrial	54,634,498	0.54
16. Space Center Mira Loma	Industrial	52,691,553	0.52
17. William Lyon Homes Inc.	Residential Development	52,104,882	0.52
18. Industrial Prop Fund VII	Industrial	51,740,194	0.51
19. Vesada Apartments	Apartments	48,230,982	0.48
20. Millard Refrigerated Service Atlanta II	Industrial	<u>46,852,414</u>	<u>0.46</u>
		\$1,914,849,436	18.97%

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$10,095,601,468

Source: California Municipal Statistics, Inc.

Appeals and Adjustments of Assessed Valuations

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

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

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on an annual basis, and applied as the assessment roll inflation factor for the assessment roll for the calendar year commencing on the next succeeding January 1. According to representatives of the County assessor's office, the County has in the past, pursuant to Proposition 8, ordered blanket reductions of assessed property values and corresponding property tax bills on single-family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future. See APPENDIX A – "INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the State Constitution" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Alternative Method of Tax Distribution – “Teeter Plan”

The County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the “Teeter Plan.” The Teeter Plan provisions are now set forth in Sections 4701 to 4717 of the State Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The Board of Supervisors of the County adopted the Teeter Plan in 1993. The County’s Teeter Plan applies to the District and to the *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds. The School District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

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

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the county as an interest-free offset against future advances of tax levies under the Teeter Plan. The *ad valorem* taxes for payment of the Bonds are included in the County’s Teeter Plan.

Tax Levies, Collections, and Delinquencies

On June 6, 1978, State voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy and collect all property taxes, and prescribed how levies on county-wide property values (except for levies to support prior voter-approved indebtedness) are to be shared with local taxing entities within each county.

Table 6 below summarizes the annual secured tax charges for debt service within the District and the amount delinquent as of June 30 for the previous seven fiscal years. Under the terms of the County's Teeter Plan, the District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest.

Table 6
JURUPA UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2011-12 through 2017-18

<u>Fiscal Year</u>	<u>Secured Tax Charge</u> ⁽¹⁾	<u>Delinquent Taxes Secured as of June 30</u>	<u>% Delinquent June 30</u>
2011-12	\$3,321,285.27	\$76,547.73	2.30%
2012-13	3,259,025.19	52,641.83	1.62
2013-14	3,503,967.86	32,717.05	0.93
2014-15	3,455,804.76	53,705.63	1.55
2015-16	8,297,104.57	31,913.44	0.38
2016-17	8,842,317.26	79,731.46	0.90
2017-18	9,005,748.84	71,669.11	0.80

⁽¹⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Tax Rates

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

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

There are a total of 123 tax rate areas in the District. A representative tax rate area in the District, Tax Rate Area 28-033, had a Fiscal Year 2018-19 assessed valuation of \$1,452,420,933, which is 13.42% of the total District's assessed valuation. Table 7 below shows the *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 28-033 within the District from Fiscal Years 2014-15 through 2018-19.

Table 7
JURUPA UNIFIED SCHOOL DISTRICT
Typical Total Ad Valorem Tax Rates as a Percentage of Assessed Valuation (TRA 28-033)
Fiscal Years 2014-15 through 2018-19

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Jurupa Unified School District	.04619	.10368	.10279	.09633	.08717
Riverside Community College District	.01791	.01725	.01649	.01616	.01478
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
Total	1.06760%	1.12443%	1.12278%	1.11599%	1.10545%

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Bonds to be approved by a 55% popular vote on November 4, 2014, Bonds may not be issued unless the District projects that repayment of all outstanding bonds approved at such election will require an annual tax rate no greater than \$60.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay the Bonds will be within that legal limit. This tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Bonds in each year.

Direct and Overlapping Debt

Set forth below in Table 8 is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. with information dated as of October 1, 2018. The Debt Report is included for general information purposes only. The District and the Underwriter have 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 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. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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Table 8
JURUPA UNIFIED SCHOOL DISTRICT
Estimated Direct and Overlapping Bonded Debt
as of October 1, 2018

2018-19 Assessed Valuation: \$10,825,023,779

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/18</u>
Metropolitan Water District	0.369%	\$ 223,545
Riverside City Community College District	10.230	25,725,491
Jurupa Unified School District	100.000	117,357,972⁽¹⁾
Agua Mansa Industrial Growth Association Community Facilities District No. 2002-1	47.697	5,277,673
Jurupa Community Services District Community Facilities District Nos. 1 and 34	100.000	18,635,000
Jurupa Unified School District Community Facilities District No. 3	100.000	1,120,000
Jurupa Unified School District Community Facilities District No. 4, Zone 2	100.000	2,435,000
Jurupa Unified School District Community Facilities District No. 6, Zone 1	100.000	1,995,000
Jurupa Unified School District Community Facilities District No. 7	100.000	3,545,000
Jurupa Unified School District Community Facilities District No. 8	100.000	8,255,000
Jurupa Unified School District Community Facilities District No. 9	100.000	9,135,000
Jurupa Unified School District Community Facilities District No. 10	100.000	7,435,000
Jurupa Unified School District Community Facilities District No. 11, I.A. A and B	100.000	27,200,000
Jurupa Unified School District Community Facilities District No. 12	100.000	7,275,000
Jurupa Unified School District Community Facilities District No. 13	100.000	4,325,000
Jurupa Unified School District Community Facilities District No. 15	100.000	6,480,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$246,419,681

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	3.862%	\$ 31,388,610
Riverside County Pension Obligation Bonds	3.862	10,287,016
Jurupa Unified School District General Fund Obligations	100.000	60,133,719
Western Municipal Water District General Fund Obligations	11.867	1,140,704
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$102,950,049
Less: Riverside County supported obligations		(129,505)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$102,820,544

<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Riverside County Redevelopment Agency Project Area No. 2 (Jurupa Valley)	94.317%	\$179,756,885
Riverside County Redevelopment Agency Project Area No. 4 (Desert Communities Project)	0.386	478,022
Riverside County Redevelopment Agency Combined Housing Bonds	42.207	62,210,175
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$242,445,082

GROSS COMBINED TOTAL DEBT	\$591,814,812⁽²⁾
NET COMBINED TOTAL DEBT	\$591,685,307

<u>Ratios to 2018-19 Assessed Valuation:</u>	
Direct Debt (\$117,357,972)	1.08%
Total Direct and Overlapping Tax and Assessment Debt	2.28%
Combined Direct Debt (\$177,491,691)	1.64%
Gross Combined Total Debt	5.47%
Net Combined Total Debt	5.47%

<u>Ratios to Redevelopment Incremental Valuation (\$5,089,876,187):</u>	
Total Overlapping Tax Increment Debt	4.76%

⁽¹⁾ Excludes the Bonds to be sold.

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

Source: California Municipal Statistics, Inc.

See APPENDIX A – “INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT’S OPERATIONS AND BUDGET – District Debt Structure.”

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the District Resolution and the tax and nonarbitrage certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the District Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State under present State law. Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than the State.

Original Issue Premium

Bonds sold at prices in excess of their principal amounts are "**Premium Bonds**." An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Owners of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. In recent years, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. Prospective purchasers of the Bonds

should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion. As discussed in this Official Statement, under the above caption " – Federal Income Taxes," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date such Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the District Resolution. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Resolution.

Internal Revenue Service Audit of Municipal Bond Issues

The IRS has initiated an expanded program for the auditing or examination of tax-exempt securities issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit or examination 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 or securities).

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including original issue discount) paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner's federal income tax once the required information is furnished to the IRS. Bond Counsel provides no opinion concerning such reporting or withholding with respect to the Bonds.

OTHER LEGAL MATTERS

Continuing Disclosure

The District will agree for the benefit of current registered owners of any Bonds (the "Owners") to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of significant events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

District Prior Disclosure Compliance. A review of previous disclosure filings during the last five years with respect to financings by the District (and community facilities districts formed by the District)

indicates that the District (or community facilities district formed by the District) did not fully comply in all respects with its prior continuing disclosure undertakings under the Rule. Identification of the below described events does not constitute a representation by the District that the late filings were material. The review indicates [review: (i) the District in some instances did not specifically file an interim budget report with respect to a particular financing, (ii) the District filed audit and annual reports up to approximately three months after the date required under the applicable disclosure undertaking or in some instances the District (or a community facilities district) did not specifically file an audit and/or an annual report with respect to a particular financing and in each of such cases, a notice that the filing would not be made by the applicable filing deadline was not made, (iii) some annual reports filed by the District (or community facilities districts formed by the District) did not include each of the specifically listed items in the applicable annual report, and (iv) the financial statements posted for the Fiscal Year ending June 30, 2013 did not include the final version of the auditor's letter. Finally, the District did not provide notice relating to each rating change that may have occurred with respect to a rated financing. The District (or applicable community facilities district) has since filed the foregoing items for currently outstanding financings. In order to remain in compliance with its undertakings in the future, the District has implemented procedures to file its annual reports on a timely basis and consolidated the personnel or firm responsible for preparing and/or monitoring compliance with the respective disclosure undertakings.

Limitations on Remedies; Amounts Held in the County Pooled Investment Fund

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial 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.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "**Bankruptcy Code**"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolution and the California Government Code require the County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in "RIVERSIDE COUNTY TREASURY POOL" herein. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are

invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

State Senate Bill 222

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of State school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the California Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

Special Revenues

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted to the repayment of the Bonds, the District believes that those taxes are "special revenues" as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition has historically been understood not to stay the application of special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal and interest to Owners of the Bonds likely would continue under 11 U.S.C. § 922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes should be determined to be special revenues in a Chapter 9 proceeding, and thus Owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the bondholders. However, bankruptcy courts are courts of equity and as such have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the bankruptcy court could find that the automatic stay exception for special revenues does not apply, and the parties to the proceedings may thus be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues), or to enforce any obligation of the District, without the bankruptcy court's permission. It is also possible that the bankruptcy court may not enforce the state law use restriction imposed on *ad valorem* property taxes.

Even if the *ad valorem* property tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds. It should also be noted that it is possible – in the context of confirming a Plan of Adjustment (the "Plan") in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds—a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the Bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds' terms are fair and equitable.

The Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual ad valorem taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in APPENDIX F – "COUNTY POOLED INVESTMENT FUND" AND APPENDIX G – "COUNTY OF RIVERSIDE OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY" herein. In the event the District or the County were to file for bankruptcy relief, a bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which might include taxes that have been collected and deposited in the Debt Service Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Further, 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, or what amount of time would be required for such procedures to be completed. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

Legality for Investment in California

Under provisions of the California 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 California Government Code, are eligible for security for deposits of public moneys in the State.

Information Related to Potential Community Reinvestment Act Credit

The National School Lunch Program (the "NSLP") provides free or reduced price school meals to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program) or whose median household incomes fall below certain federal poverty thresholds. The table below includes the participation of District students in the NSLP. The District makes no representation as to the status of any investment in the Bonds under the Community Reinvestment Act.

Facility	Eligibility Percent ⁽¹⁾
[Glen Avon Elementary School]	%
[West Riverside Elementary School]	
[Jurupa Middle School]	

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate or certificates to that effect will be executed by the School District 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* taxes or contesting the District's ability to issue and retire the Bonds.

RATINGS

Moody's Investors Service ("Moody's") has assigned a rating of "____" to the Bonds and [Fitch Ratings ("____") has assigned a rating of "____" to the Bonds]. A rating agency may have obtained and considered information and material which has not been included in this Official Statement. Generally, a rating agency bases its ratings on information and material so furnished and on investigations, studies and assumptions made by the rating agency. The rating is not a recommendation to buy, sell or hold the Bonds. The rating reflects only the view of the rating agency with respect to its rating and an explanation of the significance of such rating may be obtained from it at their respective address, as follows: Moody's, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, or its website at: www.moodys.com, and Fitch, One State Street Plaza, New York, New York 10004, or its website at: www.fitchratings.com. The information contained or referenced in such websites or otherwise provided by any rating agency is not incorporated herein by reference. No assurance can be given that the rating of a rating agency will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agency, if in its own judgment, circumstances warrant. Any such downward change in or withdrawal may have an adverse effect on the market price of the Bonds. The Underwriter and the District have not undertaken any responsibility after the offering of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), has agreed to purchase the Bonds at a price of \$____, consisting of the principal amount of the Bonds of \$____, [plus/less net premium/discount] of \$____, less an Underwriter's discount of \$____. The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions. [CONFIRM: A predecessor investment banking firm to the Underwriter made contributions to an organization for the support of the passage of the 2014 Authorization.]

⁽¹⁾ Program Year 2018 Eligibility Date as of [May 28, 2018].
Source: California State Board of Education.

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

FINANCIAL INTERESTS

Fees payable to certain professionals, including the Underwriter, Kutak Rock LLP, as Underwriter's Counsel, James F. Anderson Law Firm, A Professional Corporation, as Disclosure Counsel, Nixon Peabody LLP, as Bond Counsel, Cooperative Strategies, LLC, as Municipal Advisor, and Zions Bancorporation, National Association, as the Paying Agent, are contingent upon the issuance of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds. Disclosure Counsel has in the past worked as, and is currently working as, counsel to the Underwriter on matters unrelated to the Bonds.

ADDITIONAL INFORMATION

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.

Some of the data contained herein has been taken or constructed from District records. This Official Statement has been approved by the Board of Education of the District.

JURUPA UNIFIED SCHOOL DISTRICT

By: _____
Paula Ford, Assistant Superintendent, Business Services

APPENDIX A

INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET

Principal of and interest on the Bonds is payable from the proceeds of an ad valorem tax levied by the County (defined herein) for the payment thereof. (See "THE BONDS – Security" herein.) Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 39, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these constitutional and statutory measures on the ability of the County to levy taxes and of 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 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.

THE DISTRICT

The information in this section concerning the Jurupa Unified School District (the "District") is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County on taxable property within boundaries of the District in an amount sufficient for the payment thereof. See "THE BONDS – Security" herein.

History, Operation and Administration

The District was established in 1963, and is comprised of an area of approximately 44 square miles. The District is located in the western region of Riverside County (the "County"), encompassing the City of Jurupa Valley, a portion of the City of Eastvale, and a small portion of the City of Riverside. The District currently operates 16 elementary schools for grades K-6, three middle schools for grades 7-8, one K-8 Academy, three comprehensive high schools for grades 9-12, one on-line high school, one continuation high school and a Learning Center that provides an independent study program and an adult education program. Enrollment in the District in Fiscal Year 2017-18 (for purposes hereof, the term "Fiscal Year" is utilized when followed by reference to a specific fiscal year) was 19,077 students in grades K-12, including students in the adult education and other alternative programs. Enrollment in the District in grades K-12 in Fiscal Year 2018-19 is expected to be approximately 19,257 students, including students in the adult education and other alternative programs. For more complete information concerning the District, including certain financial information, see "Information Relating to the District's Operations and Budget" below. The District's current pupil/teacher ratio contractually for grades K-3 is an average of 24:1, for grade levels 4 through 6 is 32:1, for grade levels 7 and 8 is 33:1 and for grade levels 9 through 12 is 34:1.

Board of Education

The District is governed by a Board of Education (the "Board"), consisting of five members, each member of which is elected based on specified geographic trustee areas to overlapping four-year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. If a vacancy arises during any term, the vacancy is filled by an appointment by a majority vote of the remaining Board members and, if there is no majority, by a special election.

Current members of the Board, together with their offices and the dates their current terms expire, are listed below (confirm Trustee's and officers prior to printing Preliminary Official Statement):

**JURUPA UNIFIED SCHOOL DISTRICT
Board of Education**

Name	Office/Trustee Area	Current Term Expires
Robert Garcia	President, Trustee Area 1	December 2018
Linda Chard	Clerk, Trustee Area 4	December 2020
Karen Bradford	Member, Trustee Area 3	December 2018
Memo Mendez	Member, Trustee Area 5	December 2018
Silvia Ortega	Member, Trustee Area 2	December 2020

Source: Jurupa Unified School District.

Superintendent and Administrative Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other District administrators and supervisors. Brief biographies of the Superintendent and other administrative officers are set forth below.

Elliott Duchon, Superintendent. Elliott Duchon, Superintendent for the Jurupa Unified School District, is serving in his 15th year as Superintendent, which places him as the longest tenured Superintendent of the 23 school districts in Riverside County. Mr. Duchon holds Bachelor's (*Cum Laude*) and Master's degrees from the University of California, Riverside. He began his teaching career with Jurupa in 1977 and served as a teacher, and also supervised the work of parent volunteers and instructional aides. Following this, he served as a consultant for the Riverside County Office of Education ("RCOE") and then as an Administrator for RCOE. In his 20 years with RCOE, he held positions from Administrator, to Director, and in his last 10 years with RCOE, Mr. Duchon served as Assistant Superintendent of Schools. He has been involved with and supervised virtually every aspect of K-12 education. In 2001, Mr. Duchon became the Deputy Superintendent for the District and assumed his current role in 2004.

Paula Ford, Assistant Superintendent of Business Services. Paula Ford, Assistant Superintendent of Business Services, assumed the position of Assistant Superintendent of Business Services June 1, 2013, after serving as Director of Education-Information Technology for the District since May 2011 and Coordinator of Education Technology from July 1999 to April 2011. Ms. Ford holds a Chief Business Official Certification from University of California-Riverside, a Master's degree from National University, a Bachelor's degree in Business Administration from California State University-San Bernardino and a Teaching Credential from California Baptist University.

Jackie Benson, Director of Fiscal Services. Jackie Benson, Director of Fiscal Services, assumed the position of Director in March 2017 after serving as the Assistant Director of Fiscal Services at Temecula Valley Unified School District since 2015. Ms. Benson also served as a Coordinator for the Riverside County Office of Education in the District Fiscal Oversight department, and spent four years auditing California local education agencies with a local CPA firm. Ms. Benson has a Bachelor's degree from National University (Magna Cum Laude), holds an active CPA License, and is a Certified Governmental Financial Manager.

Employee Relations

The teachers of the District (certificated non-management personnel) are represented by the National Education Association. The contract for certificated personnel will expire on June 30, 2020. As of June 30, 2018, the District's certificated non-management employees had a total payroll of \$90,249,540, and for Fiscal Year 2018-19 have a budgeted total payroll of \$93,408,273.

The California School Employees Association ("CSEA") has been selected as the exclusive bargaining agent for non-teaching, non-management (classified) personnel. The contract for the classified personnel will expire on June 30, 2020. As of June 30, 2018, the District's classified non-management employees had a total payroll of \$34,875,089, and for Fiscal Year 2018-19 have budgeted total payroll of \$35,215,333.

Management, supervisory and confidential personnel are comprised of certificated and classified personnel who are self-represented. The Superintendent and upper-level management have employment contracts. As of June 30, 2018, the District's management, supervisory and confidential employees had a total payroll of \$11,960,103, and for Fiscal Year 2018-19 have a budgeted total payroll of \$12,378,707.

For Fiscal Year 2018-19, the estimated split among the number of certificated, classified and management employees is approximately 53.4% certificated, 41.1% classified, and 5.5% management. Table A-1 below sets forth the number of certificated, classified and management employees employed by the District for Fiscal Years 2009-10 through 2018-19.

Table A-1
JURUPA UNIFIED SCHOOL DISTRICT
Employees
Fiscal Years 2009-10 through 2018-19

<u>Fiscal Year</u>	<u>Total FTE Certificated Employees</u>	<u>Total FTE Classified Employees</u>	<u>Total FTE Management Employees</u>	<u>Total FT Employees</u>
2009-10	988	660	84	1,732
2010-11	923	660	84	1,667
2011-12	915	662	83	1,660
2012-13	899	657	84	1,640
2013-14	875	650	84	1,609
2014-15	893	690	87	1,670
2015-16	926	715	92	1,733
2016-17	959	735	98	1,792
2017-18 ⁽¹⁾	962	750	98	1,810
2018-19 ⁽²⁾	977	752	101	1,830

FTE: Full-Time Equivalent.

⁽¹⁾ [unaudited actuals].

⁽²⁾ Fiscal Year 2018-19 Budget.

Source: Jurupa Unified School District.

Retirement Programs

The District participates in the State of California Teachers' Retirement System ("STRS"), which provides benefits to full-time certificated personnel as well as certain classified employees. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. In order to receive STRS benefits, an employee must be at least 55 years of age and have provided five years of service to State public schools or, if the member is pre-PEPRA, an employee must be at least 50 years of age and have provided 30 years of service to State public schools. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

The District also participates in the State of California Public Employees' Retirement System ("PERS") which provides benefits to full-time classified personnel and part-time employees who are employed more than 1,000 hours during the year. 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, with the Public Employees' Retirement Laws.

The District's contributions in recent years, and budgeted contributions in Fiscal Year 2018-19, are set forth below:

Table A-2
JURUPA UNIFIED SCHOOL DISTRICT
District Contributions to STRS and PERS
Fiscal Years 2013-14 through 2018-19

<u>Fiscal Year</u>	<u>STRS</u>	<u>PERS</u>
2013-14	\$6,496,388	\$3,767,411
2014-15	12,025,478	4,134,797
2015-16	15,789,501	3,462,130
2016-17	20,001,601	4,428,090
2017-18 ⁽¹⁾	22,897,726	5,071,895
2018-19 ⁽²⁾	25,873,614	6,819,853

⁽¹⁾ [Unaudited actuals].

⁽²⁾ Fiscal Year 2018-19 budget.

Source: Jurupa Unified School District.

STRS. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to State public schools. The District contribution rates are established by State statutes. In addition, participants are required to contribute to STRS. Participant contribution rates and benefits differ depending on whether an employee was hired on or before December 31, 2012 or on or after January 1, 2013 (see " – Pension Reform Act of 2013 (Assembly Bill 340)" herein). Employer contribution rates, including those of the District, will increase through Fiscal Year 2020-21, as shown in the following table. Beginning Fiscal Year 2021-22, employer contribution rates will be set each year by the Governing Board of the State Teachers' Retirement System (the "**STRS Board**") to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

Table A-3
JUTUPA UNIFIED SCHOOL DISTRICT
Overview of STRS Contribution Rates

<u>A.B. 1469 Increases – Employer Rates</u>				<u>STRS Participant</u>	
<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>	<u>Required Contributions (Hired on or Before 12/31/2012 (Classic Members); 2% at 60 members)</u>	<u>Required Contributions (Hired on or After 1/1/2013 (New Members); 2% at 62 members)</u>
July 1, 2017	8.25%	6.18%	14.43%	10.25%	9.205%
July 1, 2018	8.25	8.03	16.28	10.25	10.205
July 1, 2019	8.25	9.88	18.13	10.25	10.205 ⁽¹⁾
July 1, 2020	8.25	10.85	19.10	10.25	10.205 ⁽¹⁾

⁽¹⁾ Projected, subject to change.

Source: STRS Employer Directive 2018-02.

The State also contributes to STRS. The State's contributions are set pursuant to the California Education Code. The State's contribution reflects a base contribution and a supplemental contribution that will vary from year to year based on statutory criteria. For Fiscal Year 2017-18, the State contributed 6.828% of members' annual earnings to the defined benefit plan. For Fiscal year 2018-19, the State will contribute 7.328% of members' annual earnings to the defined benefit plan. The State also contributes an amount based on a percentage of annual member earnings into the STRS Supplemental Benefits Maintenance Account, which is used to maintain the purchasing power of benefits.

Interested persons may review the STRS website for details regarding its programs – <http://www.calstrs.com>. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.)

PERS. The District also participates in PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System (defined above as "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, with the Public Employees' Retirement Laws. School districts are currently required to contribute to PERS at an actuarially determined rate. The information in the table below is derived from the PERS' Schools Pool Actuarial Valuation dated as of June 30, 2017. See " – Pension Reform Act of 2013 (Assembly Bill 340)" herein.

Table A-4
JURUPA UNIFIED SCHOOL DISTRICT
Overview of PERS Contribution Rates

<u>Effective Date</u>	<u>PERS District Statutory Contribution Rates</u>	<u>PERS Participant Required Contributions (Hired on or Before 12/31/2012; 2% at 55 members)</u>	<u>PERS Participant Contributions (Hired on or After 1/1/2013 (New Members); 2% at 62 members)</u>
July 1, 2015 ⁽¹⁾	11.847%	7.0%	6.00%
July 1, 2016 ⁽¹⁾	13.888	7.0	6.00
July 1, 2017 ⁽¹⁾	15.531	7.0	6.50
July 1, 2018 ⁽¹⁾	18.062	7.0	7.00
July 1, 2019 ⁽¹⁾⁽²⁾	20.700	7.0	7.00
July 1, 2020 ⁽¹⁾⁽²⁾	23.400	7.0	7.00

⁽¹⁾ Source: Schools Pool Actuarial Valuation as of June 30, 2017.

⁽²⁾ Subject to change.

Interested persons may review the PERS website for details regarding its programs – <http://www.calpers.ca.gov>. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.)

Contribution rates to STRS and PERS vary annually depending on changes in actuarial assumptions and other factors, such as changes in retirement benefits. The contribution rates are based on state-wide rates set by the STRS and PERS retirement boards. STRS has a substantial State-wide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District is unable to predict what the amounts of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE JURUPA UNIFIED SCHOOL DISTRICT FOR FISCAL YEAR ENDING JUNE 30, [2018]" for additional information concerning STRS and PERS contained in the notes to the financial statements.

Actuarial Valuations – STRS. The governing board of STRS adopts a valuation of its defined benefit plan and its defined benefit supplemental plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, STRS investments lost substantial value at that time. STRS uses an averaging process that recognizes gains and losses over a three-year period, as a result of which the fund is still being affected by losses incurred during the market downturn. Due to the revised actuarial assumptions, among other factors, in May 2018, STRS announced that the funded status declined to 62.6% on a smoothed actuarial basis as of June 30, 2017, from 63.7% as of June 30, 2016, with the unfunded actuarial obligation increasing to \$107.3 billion as of June 30, 2017 from \$96.7 billion as of June 30, 2016. Contributions to STRS are generally adjusted by State law. The information herein has been obtained from the information published by STRS and is believed to be reliable but is not guaranteed as to accuracy or completeness.

On February 1, 2017, the STRS Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016, actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017, actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor. Due to the revised actuarial assumptions, among other factors, as noted in the preceding paragraph the funded status declined to 62.6% on a smoothed actuarial basis as of June 30, 2017. Changes to the unfunded actuarial obligation affect the contributions by school districts, plan participants and the State in different ways.

In 2014, the Governor signed into law a comprehensive funding strategy to address the unfunded liability at STRS. Consistent with this strategy, the 2018-19 Budget (defined below) includes \$3.1 billion State general fund in 2018-19 for STRS. The 2018-19 Budget indicates that the funding strategy positions STRS on a sustainable path forward, eliminating the unfunded liability in about 30 years.

Actuarial Valuations – PERS. The governing board of the PERS adopts a valuation of its defined benefit plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, PERS investments lost substantial value at that time. In December 2009, the Governing Board of the Public Employees' Retirement System (the "PERS Board") adopted changes to its asset smoothing method in order to phase in over a three-year period the impact of the 24% investment loss experience by PERS in Fiscal Year 2008-09. Recent years have seen positive investment returns, however, the valuation for the 12-month period that ended June 30, 2017, indicated an 11.2% return on investments for the 12-month period that ended June 30, 2017. The valuation for the period ending June 30, 2017, identified the level of funding for the PERS defined benefit program for schools at 72.1% of full funding. The market value of assets increased from \$55,784,854,423 to \$60,865,459,800, the accrued liability increased from \$77,543,827,270 to \$84,416,060,617, and the unfunded accrued liability increased from \$21,758,972,847 to \$23,550,600,817.

PERS has adopted policies regarding contribution rates for the various plans and such plans are subject to modification as the PERS Board determines how to address the unfunded actuarial obligations. At its April 17, 2013, meeting, the PERS Board approved a change to the PERS amortization and smoothing policies. Beginning with the June 30, 2015, valuation, the newly adopted direct smoothing method would be used to set the 2015-16 rates for the State and Schools defined benefit plans. Under this new direct rate smoothing method, all gains and losses will be paid over a fixed 30-year period with the increases or decreases in the rate spread over a 5-year period. The PERS Board periodically adopts new assumptions regarding the longer life expectancy of state retirees. The June 30, 2016, valuation notes that the changes to the demographic assumptions approved by the Board would be used to set the Fiscal Year 2016-17 contribution rate for School employers. The increase in liability due to the new actuarial assumptions is calculated in the 2016 actuarial valuation and amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy. On December 21, 2016, the PERS Board voted to lower the discount rate from 7.5% to 7.0% incrementally over the next three years (7.375% in 2017-18, 7.25% in 2018-19, and 7.0% in 2019-20). Lowering the discount rate, means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities.

At its February 13, 2018 meeting, the PERS Board approved a recommendation to change the PERS amortization policy. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy will be used for the first time in the June 30, 2019, actuarial valuations.

In April 2018, the PERS Board approved increased school employer contribution rates for Fiscal Year 2018-19 to address the lowering of the discount rate and the continued phase-in of the effect of investment losses during the two-year period ending June 30, 2016 and various demographic changes. The information herein has been obtained from the information published by PERS and is believed to be reliable but is not guaranteed as to accuracy or completeness.

Pension Reform Act of 2013 (Assembly Bill 340)

On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013 (the "Implementation Date"). For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which was \$121,388 for 2018, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and school district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

GASB 67 and 68

On June 25, 2012, the Governmental Accounting Standards Board ("GASB") voted to approve two new standards that aimed to improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans ("Statement No. 67"), revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions ("Statement No. 68"), revised and established new financial reporting requirements for most governments that provide their employees with pension benefits.

Statement No. 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50, Pension Disclosures as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

Statement No. 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 also

enhances accountability and transparency through revised and new note disclosures and required supplementary information.

The provisions in Statement No. 67 became effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement No. 68 became effective for fiscal years beginning after June 15, 2014.

At Fiscal Year 2017-18 year end, the District had an outstanding pension liability of \$172.7 million with respect to STRS and \$58.6 million with respect to PERS, as a result of the adoption of GASB No. 68, Accounting Reporting for Pensions. The District has recorded its proportionate share of net pension liabilities for STRS and PERS. See APPENDIX B – “AUDITED FINANCIAL STATEMENTS OF THE JURUPA UNIFIED SCHOOL DISTRICT FOR FISCAL YEAR ENDING JUNE 30, [2018 – Note 11” attached hereto.

Post-Retirement Health Care Benefits

The District provides other post-employment benefits (“OPEB”), in accordance with District contracts, to eligible employees who retire from the District with at least 10 years of service and retirement benefits under STRS and PERS. The District administers a single-employer defined benefit OPEB plan that provides medical, dental and vision benefits to eligible retirees and their spouses. These medical benefits are provided at the same level employees are receiving at the time of retirement or to age 65 for eligible retirees and their eligible spouses. The District’s funding policy is based on the projected pay-as-you-go funding requirements, with additional amounts to prefund benefits as determined annually by the governing board. During Fiscal Years 2016-17 and 2017-18, the District contributed \$1.6 million and \$1.8 million, respectively, and for Fiscal Year 2018-19 budgeted \$1.8 million for retirees’ healthcare benefits. Fiscal Year 2018-19 includes recognition of the implicit rate subsidy as required by GASB No. 68. [The implicit subsidy is referenced in the audit report but is not funded in the pay-as-you-go amounts indicated above.] See paragraph B in Note 12 in APPENDIX B.

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“Statement No. 75”). OPEB (meaning other than pension benefits) generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long-term care benefits. The objective of Statement No. 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement No. 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement No. 75 replaces GASB Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.

The contribution requirements of plan members and the District are established and may be amended by the District and the District’s bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. The District has not established an irrevocable trust to prefund its OPEB liability, and no prefunding of benefits has been made by the District.

Pursuant to Statement No. 75, the District retained Nyhart Actuary & Employee Benefits to assess the District's liabilities in connection with Statement No. 75. The report was prepared on March 30, 2018, with a December 31, 2017 valuation date. The next report will be valued as of December 31, 2018, as an interim valuation. The report concluded that the amount of actuarial liability (past and present) for the District, as of July 1, 2018, was \$48.4 million. As of December 31, 2017, the most recent actuarial evaluation date, the District did not have a funded plan. The actuarial accrued liability ("AAL") for benefits was \$48.4 million and the unfunded actuarial accrued liability ("UAAL") was \$48.4 million. The District's annual OPEB cost in Fiscal Year 2017-18 was approximately \$2 million.

Supplemental Early Retirement Plans (SERP) and Early Retirement Incentives

Since July 1, 2008, the District has participated in a number of supplemental early retirement plans and incentives to the benefit of the employees. The plans vary in benefit and duration. Most plans came to term at the end of the Fiscal Year 2014-15, with the remaining plans ending by 2017-18.

Payments for all plans totaled \$857,483 in Fiscal Year 2015-16. The Fiscal Year 2016-17 liability was \$509,816 and was funded by the unrestricted general fund through salary savings of the retired employees. The Fiscal Year 2017-18 total liability was \$238,978 and was funded by the unrestricted general fund through salary savings of the retired employees. The Fiscal Year 2018-19 budgeted total liability is \$133,419 and will be funded by the unrestricted general fund through salary savings of the retired employees. The savings exceed the liability each year.

Risk Management

The District is exposed to various risks related to torts, theft, damage and destruction of assets, errors and omissions, personal injuries and natural disasters. The District is self-insured for property damage up to \$5,000 per claim and for general liability up to \$50,000 per claim. The general fund is charged premiums by the Self-Insurance Fund, which is accounted for as an Internal Service Fund. The District also participates in a joint powers authority, Southern California Relief ("SCR"), which provides excess liability and property coverage for the District. During Fiscal Year ending June 30, 2018, the District made payments of \$1,724,230 to SCR and the District has budgeted payments of \$952,846 for the Fiscal Year ending June 30, 2019. The policy has a \$50,000 deductible per liability claim, with the excess coverage provided by Schools Association for Excess Risk Joint Powers Authority ("SAFER") through SCR. Settled claims have not exceeded this commercial coverage in any of the past three years.

The District participates in a joint powers authority, Riverside Schools Risk Management Authority ("RSRMA"), for workers' compensation coverage. The excess coverage is provided by Protected Insurance Program for Schools & Community Colleges Joint Powers Authority (PIPS), a public entity risk pool through RSRMA.

The District additionally participates in a joint powers authority Riverside County Employer/Employee Partnership for Benefits ("REEP") to deliver health, dental and vision services to the employees. The District currently holds contracts with Kaiser, Blue Cross HMO, Blue Cross PPO, United Healthcare for medical and surgical benefits and with Met Life Dental, Anthem PPO Dental and Delta Dental for dental benefits through REEP. Basic life and disability insurance benefits are provided through American Fidelity, Prudential or Unum/Provident. Vision benefits are provided through Eye Med Services, Met Life Vision, VSP and Medical Eye Services.

Charter Schools

There are no charter schools in the School District.

The District can make no representations as to whether charter schools will be established within the boundaries of the District in the future, the amount of any future transfers of students from the District to charters schools and the corresponding financing impact on the District.

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EFFECT OF STATE BUDGET ON REVENUES

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

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

General. The District's operating income consists primarily of two components: a state portion funded from the State's general fund and a locally generated portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. State school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the State Legislature to school districts.

State Education Funding; Proposition 98. On November 8, 1988, State voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "**K-14 school districts**") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in Fiscal Year 1986-87, or (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 State Department of Finance indicates that Proposition 98's share of State general fund tax proceeds averages about 40%. As a percentage of new (additional) State general fund tax revenues, Proposition 98 gets approximately 60%. That is, for an increase in general fund tax proceeds of \$100 million, Proposition 98 would get about \$60 million on average.

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

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 budget in a different way than is proposed in the Governor's Budget. In any event, it is possible that the Accountability Act could place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes. (See

APPENDIX A – “INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT’S OPERATIONS AND BUDGET – EFFECT OF STATE BUDGET ON DISTRICT REVENUES” and “ – DISTRICT FINANCIAL INFORMATION” below.)

On June 5, 1990, the voters of the State approved the “Traffic Congestion Relief and Spending Limitation Act of 1990” (“Proposition 111”), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990. The most significant provisions of Proposition 111 are summarized herein. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Proposition 111” herein.

Local Control Funding Formula. The State Budget for Fiscal Year 2013-14 contained a new school funding allocation system (the “Local Control Funding Formula” or “LCFF” hereafter). State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”) was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49). Under the former system, the Proposition 98 funding was allocated in such a way that approximately two-thirds of the revenues received by school districts was allocated based on complex historical formulas (known as “revenue limit” funds), and approximately one-third of the revenues received by school districts was derived through numerous “categorical programs,” such as for summer school textbooks, staff development, gifted and talented students, and counselors for middle and high schools. The Local Control Funding Formula replaces revenue limit and most categorical program funding. The State budget provided funding commencing in Fiscal Year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in the categorical programs. The new system provides a more uniform base per-pupil rate for each of several grade levels. The base rates are augmented by several funding supplements for (1) students needing additional services, defined as English learners, students from lower income families, and foster youth; and (2) school districts with high concentrations of English learners and lower income families. The new funding system requires school districts to develop local plans describing how the school district intends to educate its students. Although in Fiscal Year 2013-14, full implementation of the LCFF was estimated to take approximately eight years, in Fiscal Year 2018-19, LCFF is now fully implemented.

With revenues based on per-pupil rates, as augmented by the funding supplements, changes in enrollment will cause a school district to gain or lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs. Enrollment can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs. The LCFF includes the following components:

- A Base Grant for each local education agency (“LEA”). The Base Grants are based on four uniform, grade-span rates. For Fiscal Year 2018-19, the LCFF provided to school districts and charter schools; (a) a Target Base Grant for each LEA equivalent to \$8,235 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$7,796 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to \$9,269 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes the higher costs of living adjustment of 3.70% authorized by the 2018-19 State Budget, which is known as the “Super COLA.”

- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income facilities and foster youth to reflect increased costs associated with educating those students.

- An additional Concentration Grant of up to 50% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target ("ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the Fiscal Year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, as full implementation of the LCFF. Upon full implementation, LEAs would receive the greater of the Base Grant or the ERT.

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

As indicated above, commencing with Fiscal Year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs.

The District received \$185,775,279 in local control funding from the State and local property taxes in Fiscal Year 2017-18 and projects receipt of approximately \$199,083,058 in local control funding from the State and local property taxes in Fiscal Year 2018-19. The District also projects receipt of approximately \$24,328,264 of Other State unrestricted funding in Fiscal Year 2018-19. Total State funding accounts for approximately 91% of the District's overall revenues in Fiscal Year 2018-19. As a result, decrease or deferrals in State revenues, or in State legislative appropriations made to fund education may significantly affect District operations.

Local Control Accountability Plans. Beginning July 1, 2014, school districts were required to develop a three-year Local Control and Accountability Plan (each, a "LCAP"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the school district's budget to ensure adequate funding is allocated for the planned actions.

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

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

For charter schools, the charter authorizer is required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Average Daily Attendance. As indicated above, commencing with the Fiscal Year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. Table A-6 below sets forth the District's enrollment and average daily attendance ("**ADA**"), for Fiscal Years 2013-14 through 2020-21.

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

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The following table shows a breakdown of the District's ADA for purposes of the Local Control Funding Formula by grade span, total enrollment and percentage of unduplicated English learner/low income ("EL/LI") student enrollment and Fiscal Year Average LCFF Entitlement Per Unit for Fiscal Years 2013-14 to 2020-21.

Table A-5
JURUPA UNIFIED SCHOOL DISTRICT
Local Control Funding Formula
ADA, Enrollment and EL/LI Enrollment Percentage
Fiscal Years 2013-14 to 2020-21

Fiscal Year	Average Daily Attendance ⁽¹⁾				Total ADA	Enrollment		Fiscal Year Average LCFF Entitlement Per Unit ⁽³⁾
	K-3	4-6	7-8	9-12		Total Enrollment	% of Unduplicated EL/LI Enrollment ⁽²⁾	
2013-14 ⁽⁴⁾	5,821	4,424	2,800	5,763	18,808	19,467	80.93%	\$6,729
2014-15 ⁽⁴⁾	5,687	4,394	2,865	5,541	18,487	19,330	80.39	7,781
2015-16 ⁽⁴⁾	5,635	4,446	2,899	5,540	18,520	19,282	80.27	9,113
2016-17 ⁽⁴⁾	5,757	4,429	2,916	5,483	18,585	19,352	79.94	9,767
2017-18 ⁽⁵⁾	5,767	4,439	2,925	5,483	18,614	19,382	79.96	10,080
2018-19 ⁽⁶⁾	5,575	4,316	2,836	5,669	18,469	19,275	79.99	10,839
2019-20 ⁽⁷⁾	5,383	4,226	2,883	5,817	18,309	19,078	80.13	11,138
2020-21 ⁽⁸⁾	5,383	4,226	2,883	5,817	18,309	19,078	80.13	11,431

⁽¹⁾ ADA is as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

⁽²⁾ As of the October report submitted to the California Longitudinal Pupil Achievement Data System ("CALPADS"), formerly California Basic Educational Data System ("CBEDS"). For purposes of calculating supplemental and concentration grants, a school district's Fiscal Year 2013-14 percentage of unduplicated EL/LI students is 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. Beginning in Fiscal Year 2015-16, a school district's percentage of unduplicated EL/LI students will be 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.

⁽³⁾ LCFF Entitlement per ADA is the aggregate average amount received by the School District per ADA unit, aggregating LCFF base amount (or portion thereof prior to full funding) plus supplemental entitlements, grade span funding and concentration funding.

⁽⁴⁾ Actual.

⁽⁵⁾ [Unaudited actuals.]

⁽⁶⁾ [Update Fiscal Year 2018-19 Budget.

⁽⁷⁾ [Update Projected by the District based on a ___ year average.]

⁽⁸⁾ [Update: Projected no change in K-8 grade levels from Fiscal Year 2018-19 budgeted estimates.

Source: Jurupa Unified School District.

Local Control Funding Formula calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among State school districts.

The following table sets forth the District's actual, funded and projected ADA for Fiscal Years 2014-15 through 2019-20, the District's projected target LCFF funding amounts at full implementation (which represents a combined total of base grant, K-3 class size reduction and supplemental grant funding, each calculated by grade span), projected annual LCFF allocation and gap funding for Fiscal Years 2014-15 through 2019-20. Funded ADA is the greater of current or prior years' ADA. Note the data assumes an

unduplicated count of EL, FRPM and foster youth of a rolling three-year average of 80.13% of enrollment for each of the projected fiscal years, based on current unduplicated counts which are projected to remain stable.

TABLE A-6

**JURUPA UNIFIED SCHOOL DISTRICT
LOCAL CONTROL FUNDING FORMULA PROJECTIONS
Fiscal Years 2013-14 through 2018-19 ⁽¹⁾**

<u>Fiscal Year</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Funded ADA	18,694.59	18,660.87	18,731.01	18,760.04	18,803.39	18,803.39
COLA	0.85%	1.02%	0.00%	1.56%	3.70% ⁽²⁾	2.57%
Total LCFF Target in Millions	193,601,650	192,682,574	192,469,343	194,877,805	199,861,010	203,919,979
Total LCFF Revenue in Millions	147,489,126	170,433,754	182,613,492	191,750,257	195,329,498	203,919,979

⁽¹⁾ Final figures for Fiscal Years 2014-15 through 2017-18, preliminary figures for Fiscal Year 2018-19, and projected figures for Fiscal Years 2019-20. For purposes of calculating supplemental and concentration grants for Fiscal Year 2014-15, the percentage of unduplicated EL, FRPM, and foster youth enrollment is based on the two-year average of EL, FRPM, and foster youth enrollment in Fiscal Years 2013-14 and 2014-15. Beginning in Fiscal Year 2015-16, a school district's percentage of unduplicated EL, FRPM and foster youth students will be based on a rolling average of such school district's EL, FRPM, and foster youth enrollment for the then-current fiscal year and the two immediately preceding fiscal years. This table assumes the three-year rolling average for 2018-19 of 79.99% of District enrollment is comprised of unduplicated EL, FRPM, and foster youth students for each of the fiscal years listed.

⁽²⁾ This number reflects "Super COLA" authorized by the 2018-19 State Budget (exceeding the Statutory 2.71% COLA).

Source: The District.

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

TABLE A-7

**JURUPA UNIFIED SCHOOL DISTRICT
GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION
LOCAL CONTROL TARGET FUNDING FORMULA 2018-19**

<u>Grade Levels</u>	<u>2018-19 Grant or ADA</u>	<u>Grade Span Adjustments</u>	<u>Supplemental Grant ⁽¹⁾</u>	<u>Concentration Grant ⁽²⁾</u>	<u>Total per ADA</u>
TK-3	7,459	776	1,317	1,029	\$10,581
4-6	7,571	-	1,211	946	9,728
7-8	7,796	-	1,247	974	10,017
9-12	9,034	235	1,483	1,158	11,910

⁽¹⁾ Based on the District's percent of eligible students of 79.99%.

⁽²⁾ Based on the District's percent of eligible students of 79.99%.

Source: California Department of Education: District.

Most public school districts in the State are dependent on revenues from the State for a large portion of their operating budgets. State school districts receive an average of about 55% of their operating revenues from various State sources. Prior to implementation in Fiscal Year 2013-14 of the Local Control Funding Formula, the primary source of funding for school districts was the revenue limit, which was a

combination of State funds and local property taxes (see APPENDIX A "INFORMATION RELATING TO THE JURUPA UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET – EFFECT OF STATE BUDGET ON REVENUES – Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System" below). Under the Local Control Funding Formula, State funds typically make up the majority of a district's funding, as was the case under the previous revenue limit funding. In the past, school districts also received substantial funding from the State for various categorical programs. Commencing with Fiscal Year 2008-09, various mandates and restrictions on local school districts were removed, allowing flexibility to spend funding for 42 categorical programs as school districts wished. These flexibility provisions were extended for a number of years through legislation and the Local Control Funding Formula replaces revenue limit and most categorical program funding. Revenues received by the District from all State sources accounted for approximately 88.9% of total general fund revenues in Fiscal Year 2015-16, for approximately 89.1% of total general fund revenues in Fiscal Year 2016-17, are estimated to account for approximately 89.6% of total general fund revenues in Fiscal Year 2017-18 and are projected to be 90.9% in Fiscal Year 2018-19.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State general fund) and the annual State budget process. As a result of the slow State and United States of America economies prior to the recent improvement in the economy, the State in recent years experienced serious budgetary shortfalls. The effect of the State revenue shortfalls on the local or State economy or on the demand for, or value of, the property within the boundaries of the District cannot be predicted.

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

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

In the past, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005 and 2009 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 ("QEIA"), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds one fiscal year to the next, by permanently deferring the year end apportionment from June 30 to July 2; by suspending Proposition 98, as the State did in 2004-05; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

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

Ballot Propositions. On November 2, 2010, voters approved Propositions 22, 25 and 26. Proposition 22 prohibits State legislators from using existing funds allocated to local government, public safety and transportation. Proposition 25 lowers the vote threshold for lawmakers to pass the State budget from two-thirds to a simple majority. Proposition 26 requires a two-thirds affirmative vote in the State Legislature and local governments to pass many fees, levies, charges and tax revenue allocations that under previous rules could be enacted by a simple majority vote.

Education Provisions of the State Budget. Following the enactment of Proposition 25 on November 2, 2010, the Governor is required by the State Constitution to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a majority vote of each house of the State Legislature no later than June 15. Prior to enactment of Proposition 25, the final budget was required to be approved by a 2/3rds majority vote of each house of the State Legislature and the June 15 deadline was routinely breached. For example, prior to enactment of Proposition 25, the State Budget approval occurred as late as September 23, 2008 for the Fiscal Year 2008-09 State Budget and October 8, 2010, for the Fiscal Year 2010-11 State Budget, the latest budget approval in State history. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. State income tax, sales tax, and other receipts can fluctuate significantly from year to year depending on economic conditions in the State and the nation. Because funding for K-12 education is closely related to overall State income, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. The District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds, and the District takes no responsibility for informing Owners of the Bonds as to any such annual fluctuations.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently

stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website www.sco.ca.gov. Neither the District nor the Underwriter take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference. Should the State Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

Information Regarding State Education Spending. Information about the State budgeting process, the State Budget and State spending for education is available at various State-maintained websites, including (i) the State's website <http://www.ebudget.ca.gov> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement), where recent official statements for State bonds are posted, (ii) the State Treasurer's Internet home page <http://www.treasurer.ca.gov> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement) which includes the State's audited financial statements, various State Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, the State's Rule 15c2-12 filings for State bond issues, financial information which includes an overview of the State economy and government, State finances, State indebtedness, litigation and discussion of the State budget and its impact on school districts, (iii) the California Department of Finance's internet home page <http://www.dof.ca.gov/budget> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement) which includes the text of the budget and information regarding the State budget, and (iv) the State Legislative Analyst's Office ("LAO") <http://www.lao.ca.gov.com> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement) which prepares analyses and reports regarding the proposed and adopted State budgets. *The State has not entered into any contractual commitment with the District, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although the State sources of information listed above are believed to be reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to therein.*

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites.

[2019-20 Proposed State Budget. As of January [], 2019, the Governor had not yet released his proposed State Budget for Fiscal Year 2019-20 (the "**2019-20 Proposed Budget**"). The Official Statement will be updated with information regarding the 2019-20 Proposed Budget, if the 2019-20 Proposed Budget is available at the time of printing the Official Statement. *As indicated above, the information in the Official Statement concerning the State budget and State finances is provided as supplementary information only, and it should not be inferred from the conclusion of this information in the Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment of the Bonds.*

2018-19 State Budget. On June 27, 2018, the Governor signed into law the State budget for Fiscal Year 2018-19 (the "**2018-19 State Budget**"). The following information is drawn from the Department of Finance's summary of the 2018-19 State Budget.

To protect against potential future economic recessions, the 2018-19 State Budget fully funds the Budget Stabilization Account ("BSA") with a total deposit of over \$4.35 billion and adds two additional reserves to State law: the Budget Deficit Savings Account, intended to facilitate supplemental payments to continue to fully fund the BSA; and the Safety Net Reserve Fund, intended to protect against potential future cuts to certain health and welfare programs.

For Fiscal Year 2017-18, the 2018-19 State Budget projects total general fund revenues and transfers of \$129.8 billion and total expenditures of \$127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of \$16.7 billion, including \$7.3 billion in the special fund for economic uncertainties and \$9.4 billion in the BSA. For Fiscal Year 2018-19, the 2018-19 State Budget projects total general fund revenues of \$133.3 billion and authorizes expenditures of \$138.7 billion. The State is projected to end Fiscal Year 2018-19 with total available general fund reserves of \$15.9 billion, including \$2.0 billion in the traditional general fund reserve and \$13.8 billion in the BSA. The projected ending balance in the BSA at the end of Fiscal Year 2018-19 is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for Fiscal Year 2018-19.

For Fiscal Year 2018-19, the 2018-19 State Budget sets the minimum funding guarantee at \$78.4 billion, reflecting a year-to-year increase of \$2.8 billion. With respect to K-12 education, ongoing Proposition 98 per-pupil expenditures in Fiscal Year 2018-19 are set at \$11,645. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$3.7 billion in Proposition 98 funding for the LCFF fully implementing the school district and charter school formula two years earlier than scheduled, including both a 2.71% cost of living adjustment and an additional \$570 million above the cost of living adjustment as an ongoing increase to the formula.
- *Low-Performing Students Block Grant* – \$300 million in one-time Proposition 98 funding to provide resources to local education agencies with students who (1) perform at the lowest levels on the State's academic assessments, and (2) do not generate supplemental LCFF funds or State or federal special education resources.
- *State System of Support* – An increase of \$57.8 million in Proposition 98 funding for county offices of education to provide technical assistance to local educational agencies.
- *Multi-Tiered Systems of Support (MTSS)* – \$15 million in one-time Proposition 98 funding to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.
- *California Collaborative for Educational Excellence* – \$13.3 million in one-time Proposition 98 funding for the Collaborative and a co-lead county office of education to help build capacity for community engagement in the LCAP process, as well as \$11.5 million in Proposition 98 funding to support the Collaborative in its role within the statewide system of support.
- *Special Education Local Plan Area (SELPA) Technical Assistance* – \$10 million in Proposition 98 funding for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance within the Statewide system of support.
- *Career Technical Education (CTE)* – \$164 million in ongoing Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by the California Community College Chancellor's Office, in consultation with