

NEW ISSUE – FULL BOOK-ENTRY

Rating: Moody's: “___”
 (See “MISCELLANEOUS – Rating” herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein with respect to tax consequences relating to the Bonds.)

§ _____*
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 (Santa Clara County, California)
2019 General Obligation Refunding Bonds
 (Federally Taxable)

Dated: Date of Delivery

Due: September 1, as shown on inside cover

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Mountain View Whisman School District (Santa Clara County, California) 2019 General Obligation Refunding Bonds (the “Bonds”), are being issued by the Mountain View Whisman School District (the “District”) to (i) advance refund a portion of the District’s Election of 2012 General Obligation Bonds, Series A and (ii) pay the costs associated with the issuance of the Bonds.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Santa Clara County is empowered and obligated to annually levy such *ad valorem* property taxes upon all property subject to taxation by 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.

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

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery and be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2020. The Bonds are issuable as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the paying agent, bond registrar and transfer agent for the Bonds (the “Paying Agent”), to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See “APPENDIX D – Book-Entry Only System” herein.

The Bonds are subject to optional redemption as further described herein. The Bonds are further subject to mandatory sinking fund redemption as provided herein*

Maturity Schedule*
 (See inside front cover)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about _____, 2019.*

RBC Capital Markets

Dated: _____, 2019

* Preliminary, subject to change.

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

MATURITY SCHEDULE

Base CUSIP⁽¹⁾: 62451F

\$ _____^{*}
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
(Santa Clara County, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

\$ _____ **Serial Bonds**

| <u>Maturity</u> <u>(September 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>CUSIP⁽¹⁾</u> |
|---|---|--|---------------------|-----------------------------------|
|---|---|--|---------------------|-----------------------------------|

^{*}Preliminary, subject to change.

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District, the Municipal Advisor nor the Underwriter are responsible for the selection or uses of these CUSIP 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 execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

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

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

Board of Trustees

Tamara Wilson, *President*
José Gutiérrez, Jr., *Vice President*
Devon Conley, *Clerk*
Laura Blakely, *Member*
Ellen Wheeler, *Member*

District Administration

Dr. Ayindé Rudolph, *Superintendent*
Dr. Rebecca Westover, *Chief Business Officer*
Nadia Pongo, *Director of Fiscal Services*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

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

Municipal Advisor

Keygent LLC
El Segundo, California

Paying Agent, Registrar, and Transfer Agent

U.S. Bank National Association
San Francisco, California

Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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\$ _____ *

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
(Santa Clara County, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Mountain View Whisman School District (Santa Clara County, California) 2019 General Obligation Refunding Bonds in the principal amount of \$ _____* (the “Bonds”).

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

The District

The Mountain View Whisman School District (the “District”), as currently constituted, was created by the merger of the former Mountain View School District (referred to herein as the “Mountain View District”) with the former Whisman Elementary School District (referred to herein as the “Whisman District,” and, together with the Mountain View District, the “Former Districts”), as approved by the Santa Clara County Office of Education and by the registered voters of the Former Districts at the November 2000 general election, and by virtue of a territory transfer from such Former Districts effective as of July 1, 2001. As such, as of July 1, 2001, the Mountain View District and the Whisman District ceased to exist as separate school districts and were replaced by the District as the successor to each.

The District currently covers approximately 11.8 square miles in the northwest corner of Santa Clara County (the “County”), with nearly all of its territory within the City of Mountain View. The District currently operates eight elementary schools, two middle schools and a preschool. For fiscal year 2019-20, the District has budgeted total average daily attendance (“ADA”) and enrollment to be _____ and _____ students, respectively. Taxable property within the District has a total fiscal year 2019-20 assessed valuation of \$29,368,739,836.

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

See “TAX BASE FOR REPAYMENT OF BONDS” herein for more information regarding the District’s assessed valuation, and “DISTRICT FINANCIAL INFORMATION” and “MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT” herein for more information regarding the District generally.

* Preliminary, subject to change.

Purpose of Issue

The Bonds are being issued to (i) advance refund a portion of the District's Election of 2012 General Obligation Bonds, Series A (the "Prior Bonds") and (ii) pay the costs associated with the issuance of the Bonds. The Prior Bonds to be refunded with proceeds of the Bonds are collectively referred to herein as the "Refunded Bonds."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the District Board. See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

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

Description of the Bonds

Form, Registration and Denomination. The Bonds will only be issued in fully registered book-entry form (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry only system maintained by DTC, and only through brokers and dealers who are or act through DTC Participants as described herein. See "APPENDIX D – Book-Entry Only System" attached hereto. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Registration, Transfer and Exchange of Bonds" herein.

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

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

Redemption.* The Bonds maturing on or after September 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on September 1, 20__ or on any date thereafter, as a whole or in part. See also "THE BONDS–Redemption" herein.

* Preliminary, subject to change.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds (the “Date of Delivery”), and be payable semiannually on each March 1 and September 1 (each a “Bond Payment Date”), commencing March 1, 2020. Principal of the Bonds is payable on September 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the “Paying Agent”) to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. See “APPENDIX D – Book-Entry Only System” attached hereto.

Tax Matters

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California (the “State”) personal income tax. See “TAX MATTERS” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2019* (the “Closing Date”).

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property in the District subject to taxation thereby. For more complete information regarding the taxation of property within the District, and certain other considerations related thereto, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein

Continuing Disclosure

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Keygent LLC, El Segundo, California is acting as Municipal Advisor to the District with respect to the Bonds. Norton Rose Fulbright US LLP, Los Angeles, California is acting as counsel to the Underwriter for the Bonds. In addition to acting as Paying Agent, U.S. Bank National Association will act as Escrow Agent (the

* Preliminary, subject to change.

“Escrow Agent”) for the Refunded Bonds. Causey Demgen & Moore P.C., Denver, Colorado is acting as verification agent for the Bonds.

Forward Looking Statements

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

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Mountain View Whisman School District, 1400 Montecito Avenue, Mountain View, California 94043, Attention: Chief Business Officer. The District may impose a charge for copying, mailing and handling.

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

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

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

in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Government Code Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 and other applicable law, and pursuant to a resolution adopted by the District Board on October 10, 2019 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that the County will do so.

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

Ad valorem property taxes for the payment of the Bonds, when collected, will be deposited by the County into the fund known as the "Mountain View Whisman School District 2019 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund"), which is segregated and held by the County and which is available for the payment of principal of and interest on the Bonds when due, and for no other purpose. Pursuant to the Resolution, the District has pledged amounts on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy an *ad valorem* property tax for the payment of the Bonds, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County. See "TAX BASE FOR REPAYMENT OF BONDS" herein.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent which, in turn, shall pay such moneys to DTC to pay, as the case may be, the principal of and interest on the Bonds. DTC will thereupon make payment of principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the

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

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive certificates representing their interests in the Bonds.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each March 1 and September 1, commencing March 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before February 15, 2020, in which event it shall bear interest from its dated date. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof and mature on September 1 in the years and amounts set forth on the inside cover page hereof.

Payment. Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds will be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds.

Annual Debt Service

The following table summarizes the debt service requirements of the District for the Bonds (assuming no optional redemptions):

| Year Ending (September 1) | Annual Principal Payment | Annual Interest Payment⁽¹⁾ | Total Annual Debt Service |
|--|---|--|--------------------------------------|
|--|---|--|--------------------------------------|

Total:

⁽¹⁾ Interest payments on the Bonds will be made semiannually on March 1 and September 1 of each year, commencing March 1, 2020.

See also “MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

Redemption

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

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

Notice of Redemption. When optional redemption is authorized pursuant to the Resolution, upon written instruction from the District, the Paying Agent will give notice (a “Redemption Notice”) of the redemption of the Bonds (or portions thereof). Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole

* Preliminary, subject to change.

or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

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

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

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

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided herein will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds.

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

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

Effect of Notice of Redemption. If notice of redemption is given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in “—Defeasance” herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

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

Registration, Transfer and Exchange of Bonds

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

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

The principal of the Bonds and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person’s address appearing on the registration books as of the close of business on the Record Date.

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

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

Defeasance

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

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

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

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

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”) or Moody’s Investors Service (“Moody’s”) at least as high as direct and general obligations of the United States of America.

Application and Investment of Bond Proceeds

The proceeds of the Bonds will be used to (i) advance refund a portion of the outstanding Election of 2012 General Obligation Bonds, Series A and (ii) pay certain costs associated with the issuance of the Bonds.

The Refunded Bonds consist of those maturities of the Prior Bonds listed in the following table:

REFUNDED BONDS*
Mountain View Whisman School District
Election of 2012 General Obligation Bonds, Series A

| Maturities to be Refunded (September 1) | CUSIP⁽¹⁾ | Original Principal Amount | Principal Amount to be Refunded | Redemption Date | Redemption Price (% of Par Amount) |
|--|----------------------------|----------------------------------|--|------------------------|---|
| 2024 | 62451FFX3 | \$685,000 | | 9/1/2023 | 100% |
| 2025 | 62451FFY1 | 830,000 | | 9/1/2023 | 100 |
| 2026 | 62451FFZ8 | 980,000 | | 9/1/2023 | 100 |
| 2027 | 62451FGA2 | 1,150,000 | | 9/1/2023 | 100 |
| 2028 | 62451FGB0 | 1,320,000 | | 9/1/2023 | 100 |
| 2029 | 62451FGC8 | 1,505,000 | | 9/1/2023 | 100 |
| 2030 | 62451FGD6 | 1,705,000 | | 9/1/2023 | 100 |
| 2033 | 62451FGG9 | 6,440,000 | | 9/1/2023 | 100 |
| 2037 | 62451FGH7 | 12,340,000 | | 9/1/2023 | 100 |

The net proceeds from the sale of the Bonds shall be paid to the Escrow Agent, to the credit of the “Mountain View Whisman School District 2019 Refunding Bonds Escrow Fund” (the “Escrow Fund”). Pursuant to an escrow agreement (the “Escrow Agreement”) by and between the District and the Escrow Agent, the amounts deposited in the Escrow Fund will be used to purchase certain Federal Securities, as defined in the Escrow Agreement, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal and redemption premium (if any) on the Refunded Bonds on their respective first available optional redemption date, as well as interest on the Refunded Bonds due on and before such dates.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, if any, to pay principal of and interest on the Refunded Bonds, as described above will be verified by Causey Demgen & Moore P.C. as the Verification Agent. See “LEGAL MATTERS – Verification” herein. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Verification Agent’s computations, the Refunded Bonds

* Preliminary, subject to change.

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District, the Municipal Advisor nor the Underwriter are responsible for the selection or uses of these CUSIP 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 execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment of the Refunded Bonds will also be defeased.

Surplus moneys in the Escrow Fund, when received by the District from the sale of the Bonds or following the redemption of the Refunded Bonds, shall be kept separate and apart in a fund designated as the “Mountain View Whisman School District 2019 General Obligation Refunding Bonds Debt Service Fund” (the “Debt Service Fund”), to be held by the County and used only for payment of principal of and interest on the Bonds. 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.

Moneys in the Debt Service Fund are expected to be invested through the County’s commingled investment pool. See “APPENDIX F - SANTA CLARA COUNTY INVESTMENT POOL” attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount
Original Issue Premium
Total Sources

Uses of Funds

Escrow Fund
Underwriter’s Discount
Costs of Issuance⁽¹⁾
Total Uses

(1) Reflects the costs of issuance, including, but not limited to, legal fees, Municipal Advisory fees, printing costs, rating agency fees and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a minimum \$10 cost on the second installment, plus any additional amount determined by the County Treasurer. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also " – Tax Levies, Collections and Delinquencies" herein.

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

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

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is 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.

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full cash value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

Property within the District has a total assessed valuation for fiscal year 2019-20 of \$29,368,739,836. The following table represents a 10-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year:

**ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2019-20
Mountain View Whisman School District**

| | <u>Secured</u> | <u>Utility</u> | <u>Unsecured</u> | <u>Total</u> | <u>% Change⁽¹⁾</u> |
|------------------------|------------------|----------------|------------------|------------------|-------------------------------|
| 2010-11 | \$12,864,846,018 | \$274,660 | \$1,532,420,732 | \$14,397,541,410 | -- |
| 2011-12 | 13,159,151,354 | 300,280 | 1,722,299,889 | 14,881,751,523 | 3.36% |
| 2012-13 | 13,572,776,763 | 300,820 | 2,282,020,843 | 15,855,098,426 | 6.54 |
| 2013-14 | 14,726,997,086 | 300,820 | 2,428,206,083 | 17,155,503,989 | 8.20 |
| 2014-15 | 16,408,518,082 | 26,160 | 1,942,743,524 | 18,351,287,766 | 6.97 |
| 2015-16 | 18,416,803,916 | 20,160 | 2,240,277,105 | 20,657,107,181 | 12.56 |
| 2016-17 | 21,016,045,949 | 26,160 | 2,500,644,770 | 23,516,716,879 | 13.84 |
| 2017-18 | 22,999,583,865 | 26,160 | 2,996,572,849 | 25,996,182,874 | 10.54 |
| 2018-19 ⁽²⁾ | 24,698,734,967 | 0 | 2,405,281,064 | 27,104,016,031 | 4.26 |
| 2019-20 ⁽²⁾ | 26,976,064,535 | 0 | 2,392,675,301 | 29,368,739,836 | 8.36 |

⁽¹⁾ Percent change calculated from figures provided by California Municipal Statistics, Inc.

⁽²⁾ Utility decrease due to _____.

Source: California Municipal Statistics, Inc.

The assessed valuation of property in the District is established by the tax assessing authority for the County, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

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.

Economic and other factors beyond the District's control, such as 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 the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" herein.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A.

No assurance can be given that property tax appeals, actions by a county assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to

property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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Assessed Valuation by Jurisdiction. The following table shows the District's assessed valuation by jurisdiction for fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2019-20
Mountain View Whisman School District

| <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> |
|-----------------------------|--|---------------------------------|--|---|
|-----------------------------|--|---------------------------------|--|---|

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Mountain View Whisman School District

| <u>Non-Residential:</u> | <u>2019-20 Assessed Valuation⁽¹⁾</u> | <u>% of Total</u> | <u>No. of Parcels</u> | <u>% of Total</u> |
|-----------------------------------|--|------------------------------|----------------------------------|------------------------------|
| Agricultural/Rural | \$415,818 | 0.00% | 3 | 0.02% |
| Commercial/Office | 6,550,782,959 | 24.28 | 792 | 4.43 |
| Industrial/Research & Development | 4,315,788,062 | 16.00 | 368 | 2.06 |
| Recreational | 24,927,058 | 0.09 | 10 | 0.06 |
| Government/Social/Institutional | 785,271,366 | 2.91 | 130 | 0.73 |
| Miscellaneous | <u>27,369,470</u> | <u>0.10</u> | <u>40</u> | <u>0.22</u> |
| Subtotal Non-Residential | \$11,704,554,733 | 43.39% | 1,343 | 7.51% |
| <u>Residential:</u> | | | | |
| Single Family Residence | \$7,007,159,916 | 25.98% | 7,700 | 43.07% |
| Condominium/Townhouse | 4,277,295,582 | 15.86 | 6,418 | 35.90 |
| Mobile Home | 64,276,569 | 0.24 | 809 | 4.53 |
| 2-4 Residential Units | 716,381,605 | 2.66 | 933 | 5.22 |
| 5+ Residential Units/Apartments | <u>2,951,754,484</u> | <u>10.94</u> | <u>496</u> | <u>2.77</u> |
| Subtotal Residential | \$15,016,868,156 | 55.67% | 16,356 | 91.50% |
| Vacant Parcels | \$254,641,646 | 0.94% | 177 | 0.99% |
| Total | \$26,976,064,535 | 100.00% | 17,876 | 100.00% |

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

Tax Levies, Collections and Delinquencies

The tables below show annual secured tax levies within the boundaries of the District, and amounts delinquent as of June 30, for the payment of (i) District bonds issued under the 2012 Authorization, during fiscal years 2012-13 through 2018-19, and (ii) bonds of the Former Districts, during fiscal years 2010-11 through 2018-19.

SECURED TAX CHARGES AND DELINQUENCY RATES Mountain View Whisman School District Fiscal Years 2012-13 to 2014-15

| <u>Tax Year</u> | <u>Secured Tax Charge⁽¹⁾</u> | <u>Amount Delinquent June 30⁽¹⁾</u> | <u>Percent Delinquent June 30</u> |
|-----------------|---|--|-----------------------------------|
| 2012-13 | -- | -- | 0.46% |
| 2013-14 | \$3,780,409.52 | \$17,671.45 | 0.47 |
| 2014-15 | 1,328,405.06 | 5,900.98 | 0.44 |
| 2015-16 | 1,256,128.30 | 11,206.20 | 0.89 |
| 2016-17 | 5,305,506.98 | 17,089.85 | 0.32 |
| 2017-18 | 5,306,571.71 | 12,305.58 | 0.23 |
| 2018-19 | | | |

⁽¹⁾ District general obligation bond debt service levy only. Dollar amounts for fiscal year 2012-13 are unavailable.
Source: California Municipal Statistics, Inc.

SECURED TAX CHARGES AND DELINQUENCY RATES Former Mountain View School District Area Fiscal Years 2010-11 to 2018-19

| <u>Tax Year</u> | <u>Secured Tax Charge⁽¹⁾</u> | <u>Amount Delinquent June 30⁽¹⁾</u> | <u>Percent Delinquent June 30</u> |
|-----------------|---|--|-----------------------------------|
| 2010-11 | \$2,649,482.86 | \$25,487.19 | 0.965 |
| 2011-12 | 2,505,472.41 | 19,486.63 | 0.78 |
| 2012-13 | -- | -- | 0.46 |
| 2013-14 | 2,684,603.65 | 15,165.18 | 0.56 |
| 2014-15 | 2,766,241.52 | 13,007.45 | 0.47 |
| 2015-16 | 2,519,693.50 | 17,993.17 | 0.71 |
| 2016-17 | 2,347,279.17 | 8,725.27 | 0.37 |
| 2017-18 | 2,553,278.82 | 6,384.04 | 0.25 |
| 2018-19 | | | |

⁽¹⁾ Mountain View School District general obligation bond debt service levy only. Dollar amounts for fiscal year 2012-13 are unavailable.
Source: California Municipal Statistics, Inc.

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SECURED TAX CHARGES AND DELINQUENCY RATES
Former Whisman School District Area
Fiscal Years 2010-11 to 2018-19

| <u>Tax Year</u> | <u>Secured Tax Charge⁽¹⁾</u> | <u>Amount Delinquent June 30⁽¹⁾</u> | <u>Percent Delinquent June 30</u> |
|-----------------|---|--|-----------------------------------|
| 2010-11 | \$1,581,043.51 | \$14,189.33 | 0.90% |
| 2011-12 | 2,003,936.27 | 16,367.47 | 0.82 |
| 2012-13 | -- | -- | 0.46 |
| 2013-14 | 1,975,007.11 | 5,602.14 | 0.28 |
| 2014-15 | 2,529,758.20 | 10,038.50 | 0.40 |
| 2015-16 | 2,691,378.73 | 33,003.08 | 1.23 |
| 2016-17 | 2,546,387.35 | 5,887.20 | 0.23 |
| 2017-18 | 2,621,047.29 | 5,210.01 | 0.20 |
| 2018-19 | | | |

⁽¹⁾ Whisman School District general obligation bond debt service levy only. Dollar amounts for fiscal year 2012-13 are unavailable.

Source: California Municipal Statistics, Inc.

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Alternative Method of Tax Apportionment - Teeter Plan

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

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive the benefit of 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.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax Rates

Representative tax rate areas (each, a “TRA”) located within the boundaries of the District are TRAs 05-000 and 05-010. The tables on the following page show the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in these TRAs during the five-year period from fiscal years 2014-15 through 2018-19.

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**SUMMARY OF AD VALOREM TAX RATES
Mountain View Whisman School District
Fiscal Years 2014-15 through 2018-19**

TRA 05-000 – 2018-19 Assessed Valuation: \$14,744,588,760⁽¹⁾

| | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Tax Rate | 1.0000% | 1.0000% | 1.00000 | 1.00000 | 1.00000 |
| County Retirement Levy | .0388 | .0388 | .03880 | .03880 | .03880 |
| County Hospital Bonds | .0091 | .0088 | .00860 | .02086 | .01770 |
| Mountain View School District | .0258 | .0206 | .01730 | .01750 | .01750 |
| Mountain View Whisman School District | .0080 | .0067 | .02530 | .02350 | .02500 |
| El Camino Hospital District | .0129 | .0129 | .01290 | .01000 | .01000 |
| Foothill-De Anza Community College District | .0276 | .0240 | .02340 | .02200 | .02170 |
| Mountain View-Los Altos Union High School District | .0133 | .0119 | .01120 | .01070 | .04090 |
| Mid-Peninsula Regional Open Space District | <u> --</u> | <u> .0008</u> | <u> .00060</u> | <u> .00090</u> | <u> .00180</u> |
| Total Tax Rate | 1.1355% | 1.1245% | 1.13810 | 1.14426 | 1.17340 |
| Santa Clara Valley Water District – State Water Project | <u> .0065%</u> | <u> .0057%</u> | <u> .00860</u> | <u> .00620</u> | <u> .00420</u> |
| Total Tax Rate | .0065% | .0057% | .00860 | .00620 | .00420 |

TRA 05-010 – 2018-19 Assessed Valuation: \$5,980,251,715⁽¹⁾

| | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Tax Rate | 1.0000% | 1.0000% | 1.00000 | 1.00000 | 1.00000 |
| County Retirement Levy | .0388 | .0388 | .03880 | .03880 | .03880 |
| County Hospital Bonds | .0091 | .0088 | .00860 | .02086 | .01770 |
| Whisman Elementary School District | .0080 | .0067 | .02530 | .02350 | .02500 |
| Mountain View Whisman School District | .0430 | .0413 | .03440 | .03280 | .03830 |
| El Camino Hospital District | .0129 | .0129 | .01290 | .01000 | .01000 |
| Foothill-De Anza Community College District | .0276 | .0240 | .02340 | .02200 | .02170 |
| Mountain View-Los Altos Union High School District | .0133 | .0119 | .01120 | .01070 | .04090 |
| Mid-Peninsula Regional Open Space District | <u> --</u> | <u> .0008</u> | <u> .00060</u> | <u> .00090</u> | <u> .00180</u> |
| Total Tax Rate | 1.1527% | 1.1452% | 1.15520 | 1.15956 | 1.19420 |
| Santa Clara Valley Water District – State Water Project | <u> .0065%</u> | <u> .0057%</u> | <u> .00860</u> | <u> .00620</u> | <u> .00420</u> |
| Total Tax Rate | .0065% | .0057% | .00860 | .00620 | .00420 |

⁽¹⁾ The fiscal year 2018-19 assessed valuations of TRA 05-000 and TRA 05-10 represent approximately ___% and ___%, respectively, of the total assessed valuation of property within the District.

Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2019-20 Mountain View Whisman School District

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2019-20 Assessed Valuation</u> | <u>% of Total ⁽¹⁾</u> |
|-----|--|--------------------------|---------------------------------------|--------------------------------------|
| 1. | Google Inc. | Office Building | \$3,755,315,058 | 13.92% |
| 2. | Linkedin Corporation | Office Building | 331,903,667 | 1.23 |
| 3. | Planetary Ventures LLC | Airfield/Hangers | 305,645,989 | 1.13 |
| 4. | MT SPE LL | Office Building | 303,799,645 | 1.13 |
| 5. | Samsung Electronics America Inc. | Office Building | 268,738,227 | 1.00 |
| 6. | MT3 EFG Real Estate LLC | Office Building | 268,647,560 | 1.00 |
| 7. | Symantec Corporation | Office Building | 248,642,480 | 0.92 |
| 8. | KR 690 Middlefield LLC | Office Building | 221,384,677 | 0.82 |
| 9. | MT3D LLC | Office Building | 192,269,116 | 0.71 |
| 10. | MCC Castro Station LLC | Office Building | 179,650,000 | 0.67 |
| 11. | LH Shoreline LP | Office Building | 173,345,175 | 0.64 |
| 12. | MV Campus Owner | Research and Development | 169,155,300 | 0.63 |
| 13. | Richard Tod and Catherine R. Spieker, Trustees | Apartments | 166,797,645 | 0.62 |
| 14. | Mountain View Owner LLC | Apartments | 153,440,064 | 0.57 |
| 15. | SI 62 LLC | Office Building | 147,924,376 | 0.55 |
| 16. | Tishman Speyer Archstone-Smith | Apartments | 143,255,588 | 0.53 |
| 17. | PREG Middlefield LP | Office Building | 135,150,000 | 0.50 |
| 18. | Nor Cal Plymouth Realty LLC | Office Building | 134,419,772 | 0.50 |
| 19. | BXP Research Park LLC | Research and Development | 130,820,011 | 0.48 |
| 20. | Intuit Inc. | Research and Development | <u>121,629,284</u> | <u>0.45</u> |
| | | | <u>\$7,551,933,634</u> | <u>27.99%</u> |

⁽¹⁾ Fiscal year 2019-20 local secured assessed valuation: \$26,976,064,535.

Source: California Municipal Statistics, Inc.

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Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., effective as of September 17, 2019 for debt outstanding as of September 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The 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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STATEMENT OF DIRECT AND OVERLAPPING DEBT
Mountain View Whisman School District

2019-20 Assessed Valuation: \$29,368,739,836

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> ⁽¹⁾ | <u>Debt 9/1/19</u> |
|---|------------------------------------|-----------------------------------|
| Santa Clara County | 5.613% | \$49,476,069 |
| Foothill-DeAnza Community College District | 16.193 | 97,977,461 |
| Mountain View-Los Altos Union High School District | 52.934 | 69,505,944 |
| Mountain View-Whisman School District | 100.000 | 180,175,000 ⁽²⁾ |
| Mountain View School District | 100.000 | 7,450,000 |
| Whisman School District | 100.000 | 10,802,557 |
| City of Palo Alto | 0.532 | 312,683 |
| El Camino Hospital District | 29.498 | 35,601,136 |
| Midpeninsula Regional Open Space District | 9.468 | 8,408,531 |
| Santa Clara Valley Water District Benefit Assessment District | 5.613 | 4,129,484 |
| City of Mountain View Project Assessment District No. 96-43 | 100.000 | 25,000 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$463,863,865 |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | |
|--|----------------|----------------------|
| Santa Clara County General Fund Obligations | 5.613% | \$ 55,430,010 |
| Santa Clara County Pension Obligation Bonds | 5.613 | 19,476,921 |
| Santa Clara County Board of Education Certificates of Participation | 5.613 | 238,833 |
| Foothill-De Anza Community College District Certificates of Participation | 16.193 | 4,236,133 |
| Mountain View-Los Altos Union High School District Certificates of Participation | 52.934 | 868,118 |
| Mountain View-Whisman School District Certificates of Participation | 100.000 | 31,645,000 |
| City of Palo Alto General Fund Obligations | 0.532 | 246,343 |
| City of Sunnyvale General Fund Obligations | 2.799 | 415,931 |
| Santa Clara County Vector Control District Certificates of Participation | 5.613 | 126,012 |
| Midpeninsula Regional Open Space District General Fund Obligations | 9.468 | 10,602,797 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$123,286,098 |
| Less: Santa Clara County supported obligations | | 18,055,812 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$105,230,286 |

OVERLAPPING TAX INCREMENT DEBT: \$89,665,000

GROSS COMBINED TOTAL DEBT \$676,814,963⁽³⁾
NET COMBINED TOTAL DEBT \$658,759,151

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$198,427,557)..... 0.68%

Total Direct and Overlapping Tax and Assessment Debt..... 1.58%

Combined Direct Debt (\$230,072,557) 0.78%

Gross Combined Total Debt..... 2.30%

Net Combined Total Debt..... 2.24%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$4,187,143,407):

Total Overlapping Tax Increment Debt..... 2.14%

(1) Reflects fiscal year 2018-19 ratios.

(2) Excludes the Bonds described herein and includes the Refunded Bonds.

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

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Article XIII A of the California Constitution

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

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

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIII A requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the “2020 Ballot Measure”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIII A such that the “full cash value” of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the “full cash value” of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIII A

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

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

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

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

Proposition 50 and Proposition 171

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

correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is a basic aid district, taxes lost through any reduction in assessed valuation will not be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

Article XIII B of the California Constitution

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

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance (“ADA”) of the school district from the preceding fiscal year.

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

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

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

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

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit

or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIC and Article XIID of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Propositions 98 and 111

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

however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-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 the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

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

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

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

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

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for

State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in the State per capita personal income. Under Test 3, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another State-wide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district) per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See “-Article XIII A of the California Constitution” herein.

Proposition 1A and Proposition 22

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

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

Jarvis vs. Connell

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

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Since the District is a Basic Aid district (as defined herein), the revenues the District received from the EPA do not offset State apportionment revenues. The District receives approximately \$984,000 a year from the EPA. [To confirm]

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the

operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

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

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

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

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

Proposition 51

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

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state

grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

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

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

Future Initiatives

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

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of \$138 billion and total expenditures of \$142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$20.7 billion, including \$5.4 billion in the traditional general fund reserve, \$14.4 billion in the BSA and \$900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of \$143.8 billion and authorizes expenditures of \$147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$18.8 billion, including \$1.4 billion in the traditional general fund reserve, \$16.5 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of \$376.5

million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751.”

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at \$81.1 billion. With respect to K-12 education, ongoing per-pupil spending is set at \$11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA.
- *Settle-Up Payment* – An increase of \$686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.
- *Special Education* – \$645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocates (i) \$152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) \$492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.
- *Pension Costs* – A \$3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, \$850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining \$2.3 billion would be paid towards employers’ long-term unfunded liability. See also “MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT – Retirement Programs” herein.
- *After School Programs* - \$50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.
- *Teacher Support* - \$43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also includes \$89.8 in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.
- *Broadband Infrastructure* - \$7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.
- *Full-Day Kindergarten* - \$300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.

- *Wildfire-Related Cost Adjustments* – An increase of \$2 million in one-time Proposition 98 funding to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.
- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The 2019-20 Budget allocates \$1.5 billion of such bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy ad valorem property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District’s general fund 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 will be payable solely from the proceeds of an ad valorem property tax which is required to be levied by the County in an amount sufficient for the payment thereof.

State Funding of Education

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

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

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

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

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

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such district’s percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2018-19, and budgeted amounts for fiscal year 2019-20.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20
Mountain View Whisman School District

| Fiscal Year | Average Daily Attendance⁽¹⁾ | | | Enrollment | | |
|------------------------|---|------------|------------|-------------------|---------------------------------------|------------------------------|
| | K-3 | 4-6 | 7-8 | Total ADA | Total Enrollment⁽²⁾ | % of EL/LI Enrollment |
| 2013-14 | 2,424 | 1,531 | 914 | 4,869 | 5,052 | 51.0% |
| 2014-15 | 2,401 | 1,607 | 872 | 4,883 | 5,069 | 49.1 |
| 2015-16 | | | | | | |
| 2016-17 | | | | | | |
| 2017-18 | | | | | | |
| 2018-19 | | | | | | |
| 2019-20 ⁽³⁾ | | | | | | |

⁽¹⁾ Reflects P-2 ADA. Excludes students enrolled in the Charter School. See “MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT - Charter School” herein.

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

⁽³⁾ Budgeted.

Source: Mountain View Whisman School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementation period of the LCFF. The District does not qualify for the ERT add-on.

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

Basic Aid. Certain schools districts, known as “Basic Aid” or “community supported” districts, have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Basic Aid school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for Basic Aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District has qualified as a Basic Aid district for the past eight fiscal years, and expects to remain a Basic Aid district through at least fiscal year 2019-20. For fiscal year 2018-19, the District’s estimates the local property tax receipts exceeded the District’s total LCFF allocation by approximately \$__ million, and the District projects that local property tax receipts will exceed the District’s total LCFF allocation by approximately \$__ million in fiscal year 2019-20.

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

School districts are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs covering a three-year period were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

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

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

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

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

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several school district programs, including specialized programs such as Every Student Succeeds Act, special education programs, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees and other local sources. With respect to the District, certain of these are discussed below.

Leases. The District has entered into lease agreements with various lessees for use and possession of certain surplus District facilities. None of the agreements contain purchase options. The District expects to receive approximately [\$3.4] million annually from such leases.

Shoreline Agreement. The District has entered into an agreement dated as of June 20, 2013 (the “Shoreline Agreement”) with the Mountain View-Los Altos Union High School District (the “High School District”) and the Mountain View Shoreline Regional Park Community (the “Shoreline Community”) to create a joint powers authority under Government Code Sections 6502 *et seq.* for the purpose of distributing to the District and the High School District certain tax-increment revenues received by the Shoreline Community.

The Shoreline Community is a public body created by the Shoreline Regional Park Community Act of 1969 (the “Shoreline Act”) for the purpose of developing bayfront lands within the City of Mountain View, including the construction and rehabilitation of necessary infrastructure and the construction and operation of a regional park. The assessed value of property within the Shoreline Community was frozen after its creation, and, pursuant to the Shoreline Act, all subsequent tax increment generated by increases to assessed valuation has been directed back to the Shoreline Community in order to achieve its purposes. The Shoreline Community is not a redevelopment agency for purposes of California law.

Pursuant to prior agreements, the Shoreline Community has distributed tax increment revenues to the District and the High School District. Under the Shoreline Agreement, the amount of revenues distributed to the District was increased to a minimum of \$2,874,000 beginning in fiscal year 2013-14 (the “Minimum Payment”). In subsequent fiscal years, the Minimum Payment is subject to adjustment based on the percentage change in property tax revenues received by the Shoreline Community. The joint powers authority created under the Shoreline Agreements administers payments made to the District and the High School District, and each district is required to use such funds for expenditures consistent with

the goals of the joint powers authority. All payments received by the District pursuant to the Shoreline Agreement are accounted for within the its general fund, and do not count as a local property tax offset to the State-paid portion of the District’s LCFF allocation.

The Shoreline Agreement runs through June 30, 2023. All payments made by the Shoreline Community to the District and the High School District are made expressly subordinate to the payment of any existing or future debt obligations issued by the Shoreline Community (as of June 30, 2018, the Shoreline Community had \$___ million of outstanding tax allocation bonds, revenue bonds and loans). Payments may also be suspended as a result of any financial, environmental or natural disaster which prevents the Shoreline Community from making payments to the districts.

Developer Fees. The District collects developer fees to finance essential school facilities within the District. Residential development is assessed a fee of \$2.24 per square foot, while commercial development is assessed a fee of \$0.36 per square foot. [To update] The following table of developer fee revenues reflects the collection of fees since fiscal year 2011-12.

DEVELOPER FEES
Fiscal Years 2011-12 through 2019-20
Mountain View Whisman School District

| <u>Fiscal Year</u> | <u>Amount</u> |
|------------------------|---------------|
| 2011-12 | \$677,998 |
| 2012-13 | 250,000 |
| 2013-14 | 1,746,110 |
| 2014-15 | 1,698,768 |
| 2015-16 | |
| 2016-17 | |
| 2017-18 | |
| 2018-19 | |
| 2019-20 ⁽¹⁾ | |

⁽¹⁾ Projected.

Source: Mountain View Whisman School District.

Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been

allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed \$250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities, including to the District. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs to the District are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values . . . and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its revenue limit apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Budget Process

State Budgeting Requirements. The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (requiring budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (requiring budgets’ ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, which became State law on September 9, 2014 (eliminating the dual budget cycle option for school districts).

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget’s ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent’s recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent’s recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district’s budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reporting. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

Within the past five years, the District has submitted, and the County superintendent of schools has accepted, positive certifications on all of the District's interim financial reports. The District has never had an adopted budget disapproved by the County superintendent of schools, and has never submitted or received a negative certification of an interim financial report pursuant to AB 1200.

Budgeting Trends. The following table sets forth the District's general fund adopted budgets for fiscal years 2015-16 through 2019-20, audited ending results for fiscal years 2015-16 through 2017-18, and unaudited ending results for fiscal year 2018-19.

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GENERAL FUND BUDGETING⁽¹⁾
Fiscal Years 2015-16 through 2019-20
Mountain View Whisman School District

| | Fiscal Year 2015-16 | | Fiscal Year 2016-17 | | Fiscal Year 2017-18 | | Fiscal Year 2018-19 | | Fiscal Year 2019-20 |
|--|------------------------|------------------------------|------------------------|------------------------------|------------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | <u>Budgeted</u> | <u>Audited⁽²⁾</u> | <u>Budgeted</u> | <u>Audited⁽²⁾</u> | <u>Budgeted</u> | <u>Audited⁽²⁾</u> | <u>Budgeted⁽³⁾</u> | <u>Unaudited⁽³⁾</u> | <u>Budgeted⁽⁴⁾</u> |
| REVENUES | | | | | | | | | |
| Local Control Funding Formula (LCFF) | \$38,471,469 | \$43,125,746 | \$45,704,317 | 48,498,975 | \$51,276,336 | \$53,078,371 | | | |
| Federal Sources | 1,885,759 | 1,767,458 | 1,929,020 | 2,482,960 | 1,822,611 | 1,752,855 | | | |
| Other State Sources | 4,768,475 | 6,300,823 | 4,176,615 | 4,263,187 | 3,574,958 | 5,866,616 | | | |
| Other Local Sources | <u>11,378,783</u> | <u>10,616,299</u> | <u>10,767,640</u> | <u>11,436,472</u> | <u>9,967,167</u> | <u>12,059,970</u> | | | |
| Total Revenues | <u>56,504,486</u> | <u>61,810,326</u> | <u>62,577,592</u> | <u>66,681,594</u> | <u>66,641,072</u> | <u>72,757,812</u> | | | |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| Certificated Salaries | 24,160,165 | 23,626,885 | 25,690,440 | 26,273,405 | 28,130,524 | 29,147,870 | | | |
| Classified Salaries | 8,600,764 | 9,352,880 | 10,291,114 | 10,874,346 | 11,120,396 | 11,833,037 | | | |
| Employee Benefits | 11,184,067 | 12,221,775 | 14,269,929 | 13,846,900 | 16,363,306 | 16,322,780 | | | |
| Books & Supplies | 2,205,269 | 2,307,814 | 4,142,427 | 4,131,271 | 3,332,322 | 2,202,848 | | | |
| Services & Operating Expenditures | 9,574,710 | 8,991,944 | 9,437,309 | 10,880,706 | 10,177,462 | 12,149,518 | | | |
| Capital Outlay | 623,163 | 7,447,536 | 623,163 | 164,935 | 25,000 | 46,177 | | | |
| Other Outgo | (62,658) | (32,451) | (27,877) | (17,964) | (27,998) | (35,760) | | | |
| Intergovernmental | -- | -- | -- | -- | -- | -- | | | |
| Debt Service | -- | -- | -- | -- | -- | -- | | | |
| Total Expenditures | <u>56,285,480</u> | <u>63,916,383</u> | <u>64,426,505</u> | <u>66,153,599</u> | <u>69,121,012</u> | <u>71,666,470</u> | | | |
| Excess (Deficiency) of Revenues Over Expenditures | 219,006 | (2,106,057) | (1,848,913) | 527,995 | (2,479,940) | 1,091,342 | | | |
| Other Financing Sources (Uses) | | | | | | | | | |
| Interfund Transfers In | -- | 119,929 | -- | 44,546 | -- | 1,444,219 | | | |
| Interfund Transfers Out | (551,484) | (517,853) | (614,444) | (407,192) | (486,299) | (634,905) | | | |
| Other Sources | -- | -- | -- | -- | -- | -- | | | |
| Total Other Financing Sources (Uses) | <u>(551,484)</u> | <u>(397,924)</u> | <u>(614,444)</u> | <u>(362,646)</u> | <u>(486,299)</u> | <u>809,314</u> | | | |
| Net Change in Fund Balance | (332,478) | (2,503,981) | (2,463,357) | 165,349 | (2,966,239) | 1,900,656 | | | |
| Fund Balance, July 1 | <u>27,397,572</u> | <u>27,397,572</u> | <u>24,893,591</u> | <u>24,964,056</u> | <u>25,129,405</u> | <u>25,129,405</u> | | | |
| Fund Balance, June 30 | <u>\$27,065,094</u> | <u>\$24,893,591</u> | <u>\$22,430,234</u> | <u>\$25,129,405</u> | <u>\$22,163,166</u> | <u>\$27,030,061</u> | | | |

⁽¹⁾ From the audited financial statements of the District for fiscal year 2015-16 through 2017-18. Numbers rounded to nearest whole.

⁽²⁾ Audited amounts reported do not agree with amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because that schedule includes the figures from the Special Reserve Fund for Other than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, pursuant to GASB Statement No. 54.

⁽³⁾ From the District's Unaudited Actuals for fiscal year 2017-18, approved by the Board on _____, 2018.

⁽⁴⁾ From the District's Proposed Budget for fiscal year 2019-20, approved by the Board on _____, 2019.

Source: Mountain View Whisman School District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2018 are attached hereto as APPENDIX B. The table on the following page reflects the District's audited general fund revenues, expenditures and changes in fund balance for fiscal years 2013-14 through 2017-18.

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**AUDITED GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND FUND
BALANCES⁽¹⁾**

**Fiscal Years 2013-14 through 2017-18
Mountain View Whisman School District**

| | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | | |
| Revenue Limit/LCFF Sources | \$35,052,771 | \$38,261,607 | \$43,125,746 | \$48,498,975 | \$53,078,371 |
| Federal Revenues | 1,754,357 | 1,524,627 | 1,767,458 | 2,482,960 | 1,752,855 |
| Other State Revenues | 2,832,004 | 3,241,208 | 6,300,823 | 4,263,187 | 5,866,616 |
| Other Local Revenues | <u>12,263,720</u> | <u>11,790,469</u> | <u>10,652,038</u> | <u>11,486,291</u> | <u>12,133,407</u> |
| Total Revenues | 51,902,852 | 54,817,911 | 61,846,065 | 66,731,413 | 72,831,249 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 31,909,054 | 35,124,135 | 38,875,549 | 45,599,206 | 48,670,459 |
| Instruction-related activities | | | | | |
| Supervision of instruction | 1,037,468 | 1,398,321 | 2,025,842 | 2,629,111 | 2,796,241 |
| Instructional library, media and technology | 827,358 | 1,486,079 | 1,188,837 | 1,504,982 | 1,121,289 |
| School site administration | 3,335,623 | 3,463,311 | 3,695,957 | 4,305,800 | 4,959,844 |
| Pupil Services | | | | | |
| Home-to-school transportation | 1,018,155 | 1,147,598 | 710,015 | 893,748 | 1,268,421 |
| Food services | -- | 8,584 | 5,537 | 553 | 7,874 |
| All other pupil services | 1,279,994 | 1,625,805 | 1,550,726 | 1,443,604 | 1,939,970 |
| General administration | | | | | |
| Data processing | 558,627 | 721,406 | 738,034 | 858,711 | 968,426 |
| All other general administration | 1,984,719 | 2,663,735 | 3,047,932 | 4,135,440 | 4,386,910 |
| Plant services | 4,045,273 | 4,314,270 | 4,486,762 | 4,741,624 | 5,465,853 |
| Facility acquisition and construction | 133,406 | 72,103 | 7,484,905 | -- | 27,887 |
| Ancillary services | 79,358 | 18,216 | 106,287 | 40,820 | 46,525 |
| Transfers to other agencies | -- | -- | -- | -- | 6,771 |
| Total Expenditures | 46,209,035 | 52,044,563 | 63,916,383 | 66,153,599 | 1,164,779 |
| EXCESS (DEFICIENCY) OF REVENUES | 5,693,817 | 2,773,348 | (2,070,318) | 577,814 | 71,666,470 |
| OTHER FINANCING SOURCES/(USES) | | | | | |
| Transfers In | 869,235 | -- | -- | 115,011 | 1,444,219 |
| Transfers Out | <u>(869,235)</u> | <u>(59,483)</u> | <u>(517,853)</u> | <u>(407,192)</u> | <u>(634,905)</u> |
| Net Financing Sources (Uses) | -- | (59,483) | (517,853) | (292,181) | 809,314 |
| NET CHANGE IN FUND BALANCES | 5,693,817 | 2,713,865 | (2,588,171) | 285,633 | 1,974,093 |
| Beginning Fund Balance, July 1 | 24,153,496 | 29,796,432 | 32,510,297 | 29,922,126 | 30,207,759 |
| Prior Year Adjustments | (50,881) | -- | -- | -- | -- |
| Adjusted Beginning Balance | <u>24,102,615</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Ending Fund Balance, June 30 | <u>\$29,796,432</u> | <u>\$32,510,297</u> | <u>\$29,922,126</u> | <u>\$30,207,759</u> | <u>\$32,181,852</u> |

Source: Mountain View Whisman School District.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District’s operating budget are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds will be payable solely from the proceeds of an ad valorem property tax which is required to be levied by the County in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources for Payment” herein.

Introduction

The District, as currently constituted, was created by the merger of the School District with the former Whisman Elementary School District. The District currently covers approximately 11.8 square miles in the northwest corner of Santa Clara County, with nearly all of its territory within the City of Mountain View. The District currently operates eight elementary schools, two middle schools and a preschool. For fiscal year 2019-20, the District has budgeted total ADA and enrollment (net of the preschool, charter school and adult school students) to be _____ and _____ students, respectively. Taxable property within the District has a total fiscal year 2019-20 assessed valuation of \$29,368,739,836.

Administration

The District is governed by a Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

**BOARD OF TRUSTEES
Mountain View Whisman School District**

| <u>Name</u> | <u>Office</u> | <u>Term Expires</u> |
|---------------------|----------------|---------------------|
| Tamara Wilson | President | November 2020 |
| José Gutiérrez, Jr. | Vice President | November 2020 |
| Devon Conley | Clerk | November 2022 |
| Laura Blakely | Member | November 2020 |
| Ellen Wheeler | Member | November 2022 |

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Ayiné Rudolph is the current Superintendent of the District. Brief biographies of the Superintendent and Chief Business Officer follow:

Dr. Ayiné Rudolph, Superintendent. Dr. Rudolph was appointed as Superintendent of the District on June 4, 2015, and assumed his position effective July 1, 2015. Dr. Rudolph previously served as principal of Westminster Community Charter School in Buffalo, New York. Dr. Rudolph’s other prior positions include serving as both a teacher and administrator at the elementary, middle and high school levels, as well as at a county-wide art magnet school. He received his Master’s Degree from the George Washington University, and a Doctorate Degree from Vanderbilt University.

Dr. Rebecca Westover, Chief Business Officer. [To come]

District Enrollment

On average throughout the District, the regular education pupil-teacher ratio is approximately __:1 in grades K-3, __:1 in grades 4-6, and __:1 in grades 7-8. The following table shows a 10-year ADA and enrollment history for the District.

**AVERAGE DAILY ATTENDANCE AND ENROLLMENT
Fiscal Years 2010-11 through 2019-20
Mountain View Whisman School District**

| <u>Fiscal Year</u> | <u>ADA⁽¹⁾</u> | <u>Enrollment⁽²⁾</u> |
|------------------------|--------------------------|---------------------------------|
| 2010-11 | 4,824 | 2.9 |
| 2011-12 | 4,895 | 1.5 |
| 2012-13 | 5,010 | 2.4 |
| 2013-14 | 5,052 | 0.8 |
| 2014-15 | 5,069 | 0.3 |
| 2015-16 | | |
| 2016-17 | | |
| 2017-18 | | |
| 2018-19 | | |
| 2019-20 ⁽³⁾ | | |

⁽¹⁾ Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. Excludes students enrolled in the Charter School. See “- Charter School” herein.

⁽²⁾ Enrollment for years prior to fiscal 2013-14 is as of October CBEDS report. Fiscal years 2013-14 through 2018-19 reflects certified enrollment as of the fall census day (the first Wednesday in October) reported to CALPADS.

⁽³⁾ Budgeted.

Source: Mountain View Whisman School District.

Labor Relations

As of _____, 2019, the District employed _____ full-time equivalent (“FTE”) certificated employees and _____ FTE classified employees. District employees, except management and some part-time employees, are represented by two employee bargaining units, as noted below:

**BARGAINING UNITS
Mountain View Whisman School District**

| <u>Labor Organization</u> | <u>Number of Employees in Organization</u> | <u>Contract Expiration Date</u> |
|---|--|---------------------------------|
| Mountain View Educators’ Association, CTA/NEA | | June 30, 20__ |
| California School Employees Association | | June 30, 20__ |

Source: Mountain View Whisman School District.

Retirement Programs

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

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

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

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

MEMBER CONTRIBUTION RATES STRS (Defined Benefit Program)

| <u>Effective Date</u> | <u>STRS Members Hired Prior to January 1, 2013</u> | <u>STRS Members Hired After January 1, 2013</u> |
|-----------------------|--|---|
| July 1, 2014 | 8.150% | 8.150% |
| July 1, 2015 | 9.200 | 8.560 |
| July 1, 2016 | 10.250 | 9.205 |

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year

commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

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

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)**

| <u>Effective Date</u> | <u>K-14 school districts</u> |
|-----------------------|------------------------------|
| July 1, 2014 | 8.88% |
| July 1, 2015 | 10.73 |
| July 1, 2016 | 12.58 |
| July 1, 2017 | 14.43 |
| July 1, 2018 | 16.28 |
| July 1, 2019 | 18.13 |
| July 1, 2020 | 19.10 |

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also, "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – State Budget Measures" herein.

The District's contributions to STRS were \$1,677,638 in fiscal year 2013-14, \$1,634,064 in fiscal year 2014-15, \$2,461,735 in fiscal year 2015-16, \$3,225,298 in fiscal year 2016-17, and \$4,162,395 in fiscal year 2017-18, and \$ _____ (unaudited) in fiscal year 2018-19. The District has budgeted \$ _____ for its contribution to STRS for fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of

2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See also, "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – State Budget Measures" herein.

The District's contributions to PERS were \$862,738 in fiscal year 2013-14, \$1,038,983 in fiscal year 2014-15, \$1,169,814 in fiscal year 2015-16, \$1,646,687 in fiscal year 2016-17, \$1,960,977 in fiscal year 2017-18, and \$_____ (unaudited) in fiscal year 2018-19. The District has budgeted \$_____ for its contribution to PERS for fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703.

Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)⁽¹⁾
Fiscal Years 2010-11 through 2017-18

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

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

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by \$109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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

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

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

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those

amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be \$43,626,074 and \$22,157,000, respectively. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Other Post-Employment Benefits

Benefit Plan and Funding Policy. The District provides supplemental post-employment health care benefits (the “Post-Employment Benefits”) to eligible employees who retire from the District after the age of 55 with at least 10 years of service to the District. The District pays a portion of the monthly premiums for medical, dental and vision coverage for eligible employees and their dependents. Payments continue for a maximum of five years, or until such employee reaches Medicare/Medicaid eligibility, whichever occurs first.

The District currently finances Post-Employment Benefits on a “pay-as-you-go” basis, with additional amounts paid to prefund benefits as determined annually by the Board. The District’s contributions to Post-Employment Benefits were \$309,395 in fiscal year 2016-17 and \$673,244 in fiscal year 2017-18 (all of which were used for current premiums). \$226,700 was reported as deferred outflows related to OPEB in fiscal year 2017-18, resulting to contributions subsequent to the measurement date and recognized as a reduction of the total OPEB liability in fiscal year 2018-19. The District estimates \$_____ as its contribution to Post-Employment Benefits for fiscal year 2018-19, and projects \$_____ as its contribution for fiscal year 2019-20, all for current premiums.

The District has established a special reserve fund to begin prefunding its accrued liability for Post-Employment Benefits (as discussed below). As of June 30, 2019, the amount on deposit in this fund is approximately \$_____. However, this fund has not been irrevocably pledged to the payment of Post-Employment Benefits, and may be accessed by the Board upon formal action for other purposes. [The District has last budgeted a contribution to this fund in fiscal year _____.]

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the net OPEB Liability (NOL), to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the total OPEB liability (the TOL), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the

benefit payments and future Fiduciary Net Position (FNP) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2016-17. For fiscal year 2017-18, the District reported a Total OPEB Liability of \$9,484,718, a Fiduciary Net Position of \$_____ and a Net OPEB Liability of \$_____. See also “APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT” attached hereto.

Actuarial Valuation. The District’s most recent actuarial study, dated as of July 1, 2017, calculated the District’s accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2017 measurement date, the District’s Total OPEB Liability was \$_____, its Fiduciary Net Position was \$_____ and its Net OPEB Liability was \$_____.

Net OPEB Obligation. As of June 30, 2018, the District recognized a long-term obligation (the “Net OPEB Obligation”) of \$_____ with respect to its accrued liability for the Benefits. The Net OPEB Obligation is based on the District’s contributions towards the ARC during fiscal year 2017-18, plus interest on the prior year’s Net OPEB Obligation and minus any adjustments to reflect the amortization thereof. See “APPENDIX B –THE DISTRICT’S 2017-18 AUDITED FINANCIAL STATEMENTS – Note ___” attached hereto.

Risk Management

The District participates in joint powers agreements with the Santa Clara County School District Insurance Group (“SCCSIG”) and the South Bay Area Schools Insurance Authority (“SBASIA,” and together with SCCSIG, the “JPAs”). SCCSDIG provides worker’s compensation insurance, while SBASIA provides property and liability insurance. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provides coverage for its members. The JPAs are each governed by a board consisting of a representative from each member district. The board controls the operations of each JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

There are a number of claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years.

See “APPENDIX B – THE DISTRICT’S 2017-18 AUDITED FINANCIAL STATEMENTS – Notes 13” attached hereto.

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District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2018 is shown below:

| | <u>Balance</u> <u>July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2018</u> |
|-------------------------------------|---------------------------------------|---------------------|---------------------|--|
| General Obligation Bonds | \$221,959,832 | -- | \$8,486,663 | \$213,473,169 |
| Unamortized Bond Premium | 16,311,005 | -- | 797,733 | 15,513,272 |
| Accreted interest | <u>17,034,934</u> | <u>1,506,840</u> | <u>1,318,337</u> | <u>17,223,437</u> |
| Total General Obligation Bonds | 255,305,771 | 1,506,840 | 10,602,733 | 246,209,878 |
| Certificates of Participation | 34,020,000 | -- | 1,170,000 | 32,850,000 |
| Unamortized premium | <u>4,383,418</u> | -- | <u>230,706</u> | <u>4,152,712</u> |
| Total Certificates of Participation | 38,403,418 | -- | 1,400,706 | 37,002,712 |
| Compensated Absences | 55,912 | 19,122 | -- | 75,034 |
| Total OPEB liability | 9,316,525 | 168,193 | -- | 9,484,718 |
| Net pension liabilities | <u>53,346,618</u> | <u>12,436,456</u> | -- | <u>65,783,074</u> |
| Total Long-term Debt | <u>\$356,428,244</u> | <u>\$14,130,611</u> | <u>\$12,003,439</u> | <u>\$358,555,416</u> |

Source: Mountain View Whisman School District.

Certificates of Participation; Lease Obligations.

On November 15, 2016, the District executed and delivered its 2016 Lease (the “2016 Lease”) in the aggregate principal amount of \$35,840,000. As of June 30, 2018, the principal balance outstanding was \$32,850,000.

The following table displays the total annual debt service requirements of the District for the 2016 Lease:

LEASE OBLIGATIONS – ANNUAL DEBT SERVICE REQUIREMENTS **Mountain View Whisman School District**

| Year Ending June 30 | Principal | Interest | Total |
|--------------------------------------|------------------|-----------------|------------------|
| 2020 | \$1,255,000 | \$1,387,256 | \$2,642,256 |
| 2021 | 1,305,000 | 1,337,056 | 2,642,056 |
| 2022 | 1,370,000 | 1,271,806 | 2,641,806 |
| 2023 | 1,440,000 | 1,203,306 | 2,643,306 |
| 2024-2028 | 8,345,000 | 4,862,781 | 13,207,781 |
| 2029-2033 | 10,530,000 | 2,685,281 | 13,215,281 |
| 2034-2036 | <u>7,400,000</u> | <u>532,469</u> | <u>7,932,469</u> |
| Total | \$31,645,000 | \$13,279,955 | \$44,924,955 |

Source: Mountain View Whisman School District.

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General Obligation Bonds. On June 4, 1996 the voters of the Whisman District approved the issuance of \$34,000,000 of general obligation bonds, payable from *ad valorem* property taxes levied on taxable property within the boundaries of the former Whisman District (the “1996 Authorization”). Prior to its unification of the Former Districts, the Whisman District issued four series of bond comprising substantially the 1996 Authorization (collectively, the “Whisman Bonds”).

On April 14, 1998, the voters of the Mountain View District approved the issuance of \$36,000,000 of general obligation bonds, payable from *ad valorem* property taxes levied on taxable property within the former boundaries of the Mountain View District (the “1998 Authorization”). Five series of bonds comprising substantially all of the 1998 Authorization have been issued, including two series of bonds following the unification of the Former Districts (collectively, the “Mountain View Bonds”).

The District has also issued several series of general obligation refunding bonds to refinance portions of the outstanding Whisman Bonds and Mountain View Bonds.

Pursuant to the 2012 Authorization, the voters of the District approved the issuance of \$198,000,000 of general obligation bonds, payable form *ad valorem* property taxes levied on taxable property within the boundaries of the entire District. The District has previously issued two series of bonds under the 2012 Authorization.

The following table summarizes information on the outstanding bonds issuances of the District (not including the Bonds).

| Issuance | Initial Principal Amount | Principal Currently Outstanding⁽¹⁾ | Issuance Date |
|-------------------------------------|-------------------------------------|--|----------------------|
| Election of 1996 Bonds, Series B | \$6,784,645.65 | | December 10, 1997 |
| Election of 1996 Bonds, Series C | 6,499,471.25 | | April 15, 1999 |
| Election of 1996 Bonds, Series D | 5,298,641.45 | | April 27, 2000 |
| 2012 Refunding Bonds | 10,880,000.00 | | July 24, 2012 |
| Election of 2012 Bonds, Series A | 50,000,000.00 | | February 7, 2013 |
| 2015 Refunding Bonds | 4,895,000.00 | | June 25, 2015 |
| Election of 2012 Bond, Series B | 148,000,000 | | May 19, 2016 |
| 2016 Refunding Bonds ⁽²⁾ | 10,115,000.00 | | June 6, 2016 |

⁽¹⁾ As of September 1, 2019.

⁽²⁾ The 2016 Refunding Bonds were sold on a “delayed delivery” basis, and were executed and delivered on June 6, 2016.

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The table below shows the annual debt service requirements of all the District's bonded indebtedness, including the Bonds.

GENERAL OBLIGATION BONDS INDEBTEDNESS – ANNUAL DEBT SERVICE REQUIREMENTS
Mountain View Whisman School District

| Year Ending Sept. 1 | Election of 1996 Bonds, Series B⁽¹⁾ | Election of 1996 Bonds, Series C⁽¹⁾ | Election of 1996 Bonds, Series D⁽¹⁾ | 2012 Refunding Bonds⁽¹⁾ | Election of 2012 Bonds Series A⁽¹⁾ | 2015 Refunding Bonds⁽²⁾ | 2016 Refunding Bonds⁽²⁾ | Election of 2012 Bonds Series B⁽³⁾ | <u>The Bonds⁽³⁾</u> | <u>Total</u> |
|------------------------------------|---|---|---|---|--|---|---|--|---------------------------------------|---------------------|
| 2020 | \$1,125,000.00 | \$960,000.00 | \$720,000.00 | \$1,640,188.70 | \$1,847,050.00 | \$696,000.00 | \$2,596,500.00 | \$5,591,818.76 | | |
| 2021 | 1,220,000.00 | 1,060,000.00 | 800,000.00 | 1,688,757.20 | 1,939,850.00 | 683,250.00 | 2,378,250.00 | 5,858,418.76 | | |
| 2022 | 3,280,000.00 | 1,165,000.00 | 895,000.00 | -- | 2,029,650.00 | 674,750.00 | -- | 6,148,818.76 | | |
| 2023 | -- | 4,760,000.00 | 965,000.00 | -- | 2,131,450.00 | 675,250.00 | -- | 6,442,318.76 | | |
| 2024 | -- | 2,540,000.00 ⁽⁵⁾ | 3,590,000.00 | -- | 2,233,700.00 | 509,250.00 | -- | 6,753,818.76 | | |
| 2025 | -- | -- | 6,570,000.00 ⁽⁴⁾ | -- | 2,344,450.00 | -- | -- | 7,081,568.76 | | |
| 2026 | -- | -- | -- | -- | 2,452,950.00 | -- | -- | 7,428,818.76 | | |
| 2027 | -- | -- | -- | -- | 2,573,950.00 | -- | -- | 7,788,568.76 | | |
| 2028 | -- | -- | -- | -- | 2,697,950.00 | -- | -- | 8,169,068.76 | | |
| 2029 | -- | -- | -- | -- | 2,830,150.00 | -- | -- | 8,563,068.76 | | |
| 2030 | -- | -- | -- | -- | 2,969,950.00 | -- | -- | 8,978,568.76 | | |
| 2031 | -- | -- | -- | -- | 3,111,750.00 | -- | -- | 9,412,268.76 | | |
| 2032 | -- | -- | -- | -- | 3,260,150.00 | -- | -- | 9,868,718.76 | | |
| 2033 | -- | -- | -- | -- | 3,419,550.00 | -- | -- | 10,346,968.76 | | |
| 2034 | -- | -- | -- | -- | 3,584,150.00 | -- | -- | 10,848,443.76 | | |
| 2035 | -- | -- | -- | -- | 3,758,350.00 | -- | -- | 11,377,575.00 | | |
| 2036 | -- | -- | -- | -- | 3,941,350.00 | -- | -- | 11,925,550.00 | | |
| 2037 | -- | -- | -- | -- | 4,132,350.00 | -- | -- | 12,504,750.00 | | |
| 2038 | -- | -- | -- | -- | 4,335,550.00 | -- | -- | 13,112,800.00 | | |
| 2039 | -- | -- | -- | -- | 4,544,400.00 | -- | -- | 13,746,200.00 | | |
| 2040 | -- | -- | -- | -- | 4,766,175.00 | -- | -- | 14,414,200.00 | | |
| 2041 | -- | -- | -- | -- | -- | -- | -- | 20,086,800.00 | | |
| 2042 | -- | -- | -- | -- | -- | -- | -- | 8,632,000.00 | | |
| Total | <u>\$5,625,000.00</u> | <u>\$7,945,000.00</u> | <u>\$6,970,000.00</u> | <u>\$3,328,945.90</u> | <u>\$64,904,875.00</u> | <u>\$3,238,500.00</u> | <u>\$4,974,750.00</u> | <u>\$225,081,131.40</u> | | |

(1) Interest on such bonds payable semiannually on February 1 and August 1. Except where otherwise noted, principal payable on August 1.
(2) Interest on such bonds payable semiannually on January 1 and July 1. Principal payable on July 1.
(3) Interest on such bonds payable semiannually on March 1 and September 1. Principal payable on September 1.
(4) Reflects a February 1 maturity.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Bond will increase the Owner's basis in the Bond. Owners of Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Bonds.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the Owner of a Bond realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. The Owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the

automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the proceeds general obligation bonds can only be used to finance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s pooled investment fund, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX F – SANTA CLARA COUNTY INVESTMENT POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the

owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of certain enumerated events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of certain enumerated events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. [To come]

Future Undertakings. The District has retained Keygent LLC, El Segundo, California, to assist the District with the preparation and filing of future annual reports and event notices required under its existing continuing disclosure obligations with respect to the District's outstanding indebtedness, including the Bonds.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds. [To confirm]

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (“TIPRA”). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion are attached to this Official Statement as APPENDIX A.

Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel’s opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

MISCELLANEOUS

Rating

The Bonds have been assigned a rating of “___” by Moody’s. The rating reflects only the view of the rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds. See the caption “LEGAL MATTERS – Continuing Disclosure” below and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from Moody’s prior to such information being provided to the District and prior to the date the

District is obligated to file a notice of rating change pursuant to the Rule. Purchasers of the Bonds are directed to the website of Moody's, and official media outlets, for the most current ratings changes with respect to the Bonds after the initial issuance thereof.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated November 16, 2018 of Christy White Associates (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

Purchase of Bonds. The Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$ _____, which is equal to the initial principal amount of the Bonds of \$ _____, plus premium of \$ _____, and less the Underwriter's discount of \$ _____.

The Purchase Contract for 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. 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. The offering prices may be changed from time to time by the Underwriter.

Underwriter Disclosures. The Underwriter has provided the following information for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, 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. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds. This Official Statement and the delivery thereof have been duly approved and authorized by the District.

**MOUNTAIN VIEW WHISMAN SCHOOL
DISTRICT**

By _____
Dr. Ayindé Rudolph
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

_____, 2019

Board of Trustees
Mountain View Whisman School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ _____ Mountain View Whisman School District (Santa Clara County, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Government Code Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5, and a resolution (the “Resolution”) of the Board of Trustees of the Mountain View Whisman School District (the “District”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner’s basis in the applicable Bond.
6. The amount by which a Bond owner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the

owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Mountain View Whisman School District (the “District”) in connection with the issuance of \$ _____ of the District’s 2019 General Obligation Refunding Bonds (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the District adopted on October 10, 2019 (the “Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Sections 5(a) or (b) of this Disclosure Certificate.

“Official Statement” means the official statement dated as of _____, 2019 and relating to the primary offering and sale of the Bonds.

“Participating Underwriter” shall mean RBC Capital Markets, LLC or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, which shall be due no later than March 31, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District as of the last completed fiscal year;
- (b) Average daily attendance of the District for the last completed fiscal year;

- (c) Outstanding District indebtedness, as of the last completed fiscal year;
- (d) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) Assessed valuations of taxable property within the District for the current fiscal year; and
- (f) Secured *ad valorem* property tax delinquencies for the current year, to the extent that Santa Clara County discontinues the Teeter Plan (as such term is defined in the Official Statement).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.
2. tender offers.
3. optional, contingent or unscheduled Bond calls.
4. defeasances.
5. rating changes.
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
7. unscheduled draws on the debt service reserves reflecting financial difficulties.
8. unscheduled draws on credit enhancement reflecting financial difficulties.
9. substitution of the credit or liquidity providers or their failure to perform.
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.
11. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any

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

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
4. release, substitution or sale of property securing repayment of the Bonds.
5. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
7. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give

notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days' written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this

Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: _____, 2019

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By _____

Dr. Rebecca Westover
Chief Business Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

Name of Bond Issue: 2019 General Obligation Refunding Bonds (Federally Taxable)

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By _____ [form only; no signature required]

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

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

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

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

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

APPENDIX E

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR SANTA CLARA COUNTY AND THE CITY OF MOUNTAIN VIEW

Information in this Appendix has been assembled from various sources believed to be reliable; however, the District does not warrant the accuracy or thoroughness of this information.

The District is in Santa Clara County (the “County”), which lies immediately south of San Francisco Bay Area and is the fourth most populous county in the State of California (the “State”). It encompasses an area of approximately 1,300 square miles. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by County voters in 1950 and amended in 1976.

Santa Clara County. The County is one of the nine counties in the greater metropolitan San Francisco Bay Area, and occupies an area of 1,316 square miles. Established by State legislation in 1850, it was one of the original 27 counties in the State. The County is home to Silicon Valley, the birthplace of the semiconductor and computer industries in the United States, and operates under a Home Rule Charter adopted by its voters. The County Board of Supervisors is comprised of officials elected by each of the five districts to four-year staggered terms. The economy of the County is based largely on the primary and secondary businesses associated with the computer and technology industries.

City of Mountain View. The City of Mountain View (the “City”) is located on the San Francisco Peninsula, at the north end of State Route 85, where it meets U.S. Route 101. The historic route El Camino Real also runs through Mountain View. It is bounded to the northwest by Palo Alto, to the southwest by Los Altos, to the east by Sunnyvale, to the northeast by Moffett Federal Airfield, and to the north by the San Francisco Bay. It is surrounded by the Santa Cruz mountain range to the west and the Diablo mountain range to the east.

The City has a Council-Manager form of government. The City Council consists of the Mayor and four Council members who are elected at large and is responsible for the policy making decisions of the City. The City Manager is appointed by the City Council to serve as administrator of City government and is responsible for preparation of the annual budget, managing personnel and implementing Council policies.

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Population

The following table shows historical population figures for the City, the County, and the State for the last 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Mountain View, Santa Clara County, and the State of California

| <u>Year⁽¹⁾</u> | <u>City of Mountain View</u> | <u>Santa Clara County</u> | <u>State of California</u> |
|---------------------------|------------------------------|---------------------------|----------------------------|
| 2010 ⁽²⁾ | 74,066 | 1,781,642 | 37,253,956 |
| 2011 | 74,869 | 1,805,767 | 37,594,781 |
| 2012 | 75,736 | 1,832,983 | 37,971,427 |
| 2013 | 76,802 | 1,860,687 | 38,321,459 |
| 2014 | 77,126 | 1,882,230 | 38,622,301 |
| 2015 | 78,648 | 1,906,511 | 38,952,462 |
| 2016 | 79,760 | 1,925,306 | 39,214,803 |
| 2017 | 80,484 | 1,936,052 | 39,504,609 |
| 2018 | 80,800 | 1,947,798 | 39,740,508 |
| 2019 | 81,992 | 1,954,286 | 39,927,315 |

⁽¹⁾ As of January 1.

⁽²⁾ As of April 1.

Source: California Department of Finance.

Income

The following table shows the per capita personal income for the County, the State, and the United States from 2008 through 2017.

PER CAPITA PERSONAL INCOME
2008 through 2017
Santa Clara County, State of California, and the United States

| <u>Year</u> | <u>Santa Clara County</u> | <u>State of California</u> | <u>United States</u> |
|-------------|---------------------------|----------------------------|----------------------|
| 2008 | \$61,511 | \$43,895 | \$40,904 |
| 2009 | 57,106 | 42,050 | 39,284 |
| 2010 | 61,289 | 43,609 | 40,545 |
| 2011 | 66,366 | 46,145 | 42,727 |
| 2012 | 72,704 | 48,751 | 44,582 |
| 2013 | 72,754 | 49,173 | 44,826 |
| 2014 | 78,955 | 52,237 | 47,025 |
| 2015 | 86,141 | 55,679 | 48,940 |
| 2016 | 92,168 | 57,497 | 49,831 |
| 2017 | 98,032 | 59,796 | 51,640 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the civilian labor force, employment and unemployment figures for the last five years for the City, the County, the State, and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT 2014 through 2018

City of Mountain View, Santa Clara County, the State of California and the United States

| <u>Year</u> | <u>Area</u> | <u>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Unemployment Rate (%)</u> |
|-------------|-----------------------|--------------------|-------------------|---------------------|------------------------------|
| 2014 | City of Mountain View | 48,100 | 46,300 | 1,900 | 3.9 |
| | Santa Clara County | 989,900 | 938,900 | 51,000 | 5.2 |
| | State of California | 18,714,700 | 17,310,900 | 1,403,800 | 7.5 |
| 2015 | City of Mountain View | 49,400 | 47,900 | 1,600 | 3.2 |
| | Santa Clara County | 1,013,200 | 971,100 | 42,000 | 4.1 |
| | State of California | 18,851,100 | 17,681,800 | 1,169,200 | 6.2 |
| 2016 | City of Mountain View | 50,200 | 48,800 | 1,400 | 2.8 |
| | Santa Clara County | 1,028,700 | 989,900 | 38,800 | 3.8 |
| | State of California | 19,044,500 | 18,002,800 | 1,041,700 | 5.5 |
| 2017 | City of Mountain View | 51,000 | 49,700 | 1,200 | 2.4 |
| | Santa Clara County | 1,039,900 | 1,006,500 | 33,400 | 3.2 |
| | State of California | 19,205,300 | 18,285,500 | 919,800 | 4.8 |
| 2018 | City of Mountain View | 51,500 | 50,500 | 1,000 | 1.9 |
| | Santa Clara County | 1,048,800 | 1,021,500 | 27,300 | 2.6 |
| | State of California | 19,398,200 | 18,582,800 | 815,400 | 4.2 |

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Principal Employers

The following tables show the principal employers in the County and the City in 2018.

PRINCIPAL EMPLOYERS

As of June 30, 2018

Santa Clara County

| <u>Rank</u> | <u>Employer</u> | <u>Employees</u> |
|-------------|---|------------------|
| 1. | Apple Computer, Inc. | 25,000 |
| 2. | Google Inc. | 20,000 |
| 3. | County of Santa Clara | 18,806 |
| 4. | Stanford University | 16,919 |
| 5. | Cisco Systems Inc. | 14,120 |
| 6. | Kaiser Permanente | 12,500 |
| 7. | Stanford Healthcare (formerly Hospital & Clinics) | 10,034 |
| 8. | Tesla Motors Inc. | 10,000 |
| 9. | Intel Corporation | 8,450 |
| 10. | City of San Jose | 6,159 |

Source: County of Santa Clara 'Comprehensive Annual Financial Report' for the year ending June 30, 2018.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of Mountain View

| <u>Rank</u> | <u>Employer</u> | <u>Employees</u> |
|-------------|---------------------------------------|--------------------|
| 1. | Google LLC | 24,626 |
| 2. | Symantec | 2,789 |
| 3. | Intuit Inc. | 2,563 |
| 4. | El Camino Hospital | 2,500 |
| 5. | Microsoft Corporation | 1,610 |
| 6. | Synopsys Inc. | 1,521 |
| 7. | LinkedIn | 1,364 |
| 8. | Samsung Research America Inc. | 1,111 |
| 9. | Pure Storage | 950 |
| 10. | Mountain View Whisman School District | 736 ⁽¹⁾ |

⁽¹⁾ For updated District labor information, see “MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement

Source: *City of Mountain View 'Comprehensive Annual Financial Report' for the year ending June 30, 2018.*

Industry

The following table summarizes the annual average industry employment for the County from 2014 through 2018.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Santa Clara County

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Total Farm | 5,300 | 5,500 | 6,100 | 5,800 | 5,800 |
| Mining and Logging | 300 | 200 | 300 | 200 | 200 |
| Construction | 39,700 | 43,900 | 48,300 | 49,300 | 49,400 |
| Manufacturing | 161,700 | 164,800 | 166,600 | 166,400 | 172,300 |
| Wholesale Trade | 35,800 | 35,800 | 35,200 | 32,900 | 31,700 |
| Retail Trade | 85,300 | 86,600 | 85,800 | 85,800 | 86,300 |
| Transportation, Warehousing & Utilities | 14,400 | 14,600 | 15,500 | 15,400 | 16,000 |
| Information | 63,300 | 68,400 | 74,700 | 84,700 | 91,700 |
| Financial Activities | 34,100 | 34,600 | 35,600 | 36,100 | 37,100 |
| Professional and Business Services | 210,000 | 224,000 | 233,000 | 237,400 | 237,300 |
| Education and Health Services | 150,000 | 156,300 | 162,500 | 168,800 | 172,700 |
| Leisure and Hospitality | 92,900 | 96,800 | 100,600 | 103,400 | 105,000 |
| Other Services | 26,400 | 26,900 | 27,600 | 28,900 | 28,800 |
| Government | <u>93,400</u> | <u>92,900</u> | <u>94,100</u> | <u>95,500</u> | <u>96,800</u> |
| Total All Industries | 1,012,500 | 1,051,500 | 1,086,000 | 1,110,700 | 1,131,000 |

Note: The “Total, All Industries” data is not directly comparable to the employment data found herein.

Source: *State of California, Employment Development Department, Labor Market Information Division, Santa Clara County Annual Average Labor Force and Industry Employment, March 2018 Benchmark.*

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2014 through 2018 are shown in the following tables.

**TAXABLE SALES
2014 through 2018
City of Mountain View
(Dollars in Thousands)**

| <u>Year</u> | <u>Retail Permits</u> | <u>Retail Stores Taxable Transactions</u> | <u>Total Permits</u> | <u>Total Taxable Transactions</u> |
|---------------------|-----------------------|---|----------------------|---------------------------------------|
| 2014 | 1,404 | 1,122,844 | 2,197 | 1,520,196 |
| 2015 | 1,359 | 1,152,431 | 2,328 | 1,553,958 |
| 2016 | 1,367 | 1,172,623 | 2,323 | 1,654,106 |
| 2017 | 1,407 | 1,152,479 | 2,412 | 1,633,358 |
| 2018 ⁽¹⁾ | 1,401 | 1,204,455 | 2,527 | 1,899,598 |

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California (Sales & Use Tax)* - California State Board of Equalization for 2014., *Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA")* for 2015-18. Some previously reported data has been revised by the CDTFA.

**TAXABLE SALES
2014 through 2018
Santa Clara County
(Dollars in Thousands)**

| <u>Year</u> | <u>Retail Permits</u> | <u>Retail Stores Taxable Transactions</u> | <u>Total Permits</u> | <u>Total Taxable Transactions</u> |
|---------------------|-----------------------|---|----------------------|---------------------------------------|
| 2014 | 30,058 | \$23,271,753 | 45,852 | \$39,628,655 |
| 2015 | 29,976 | 23,993,909 | 50,036 | 41,524,760 |
| 2016 | 30,062 | 24,455,352 | 50,394 | 42,128,430 |
| 2017 | 30,263 | 25,206,495 | 50,812 | 43,149,031 |
| 2018 ⁽¹⁾ | 30,266 | 26,814,553 | 52,994 | 45,233,921 |

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California (Sales & Use Tax)* - California State Board of Equalization for 2014., *Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA")* for 2015-18. Some previously reported data has been revised by the CDTFA.

Construction Activity

The following tables summarize new building permits and valuations in the City and the County from 2014 through 2018.

BUILDING PERMITS AND VALUATIONS 2014 through 2018 City of Mountain View (Dollars in Thousands)

| <u>Valuation</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------|------------------|------------------|----------------|----------------|----------------|
| Residential | \$2,230,348 | \$1,866,596 | \$115,663 | \$261,627 | \$98,947 |
| Non-Residential | <u>2,655,413</u> | <u>3,589,801</u> | <u>318,292</u> | <u>492,528</u> | <u>603,582</u> |
| Total | \$4,887,775 | \$5,456,397 | \$433,955 | \$754,155 | 702,529 |

| <u>Units</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------|--------------|--------------|-------------|--------------|-------------|
| Single Family | 1,602 | 1,710 | 64 | 156 | 68 |
| Multiple Family | <u>8,310</u> | <u>3,906</u> | <u>388</u> | <u>1,235</u> | <u>291</u> |
| Total | 9,912 | 5,616 | 452 | 1,391 | 359 |

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS 2014 through 2018 Santa Clara County (Dollars in Thousands)

| <u>Valuation</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| Residential | \$2,230,348 | \$1,866,596 | \$1,709,883 | \$2,308,296 | \$2,385,259 |
| Non-Residential | <u>2,655,413</u> | <u>3,589,801</u> | <u>4,698,159</u> | <u>3,359,316</u> | <u>4,132,146</u> |
| Total | \$4,885,761 | \$5,456,397 | \$6,408,042 | \$5,667,612 | \$6,517,405 |

| <u>Units</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------|--------------|--------------|--------------|--------------|--------------|
| Single Family | 1,602 | 1,710 | 1,608 | 2,022 | 2,011 |
| Multiple Family | <u>8,310</u> | <u>3,906</u> | <u>3,297</u> | <u>6,629</u> | <u>6,342</u> |
| Total | 9,912 | 5,616 | 4,905 | 8,651 | 8,353 |

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

APPENDIX F

SANTA CLARA COUNTY INVESTMENT POOL

The following information concerning the Santa Clara County Investment Pool (the “Investment Pool”) has been provided by the Director of Finance (the “Director of Finance”) of Santa Clara County (the “County”), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Director of Finance, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Director of Finance at <http://www.sccgov.org>; however, the information presented on such website is not incorporated herein by any reference.