

NEW ISSUE – BOOK ENTRY ONLY

RATINGS:

S&P: “ ”

Moody’s: “ ”

(See “RATINGS” herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolutions authorizing the Bonds and subject to the matters set forth under “TAX MATTERS” herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing alternative minimum tax imposed on certain corporations. See “TAX MATTERS” herein.

\$150,000,000*

SAN JOSÉ UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
2024 ELECTION, 2025 SERIES A

\$ _____*

SAN JOSÉ UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
2025 GENERAL OBLIGATION REFUNDING BONDS

Dated: Date of Delivery

Due: August 1, as shown on inside cover.

The San José Unified School District (Santa Clara County, California) General Obligation Bonds, 2024 Election, 2025 Series A (the “Series A Bonds”) are being issued by the San José Unified School District (the “District”) to (i) finance the acquisition, construction, furnishing and equipping of District facilities, as more fully described herein under the caption “PLAN OF FINANCE – The Projects” and (ii) pay certain costs of issuance associated therewith. The Series A Bonds were authorized at an election within the District held on November 5, 2024 (the “Election”), at which more than fifty-five percent of the requisite registered voters voting on the proposition voted to authorize the issuance and sale of \$1,150,000,000 aggregate principal amount of general obligation bonds of the District (the “Authorization”). The Series A Bonds are the first series of general obligation bonds issued under the Authorization.

The San José Unified School District 2025 General Obligation Refunding Bonds (the “Refunding Bonds”) are being issued by the District to (i) refund certain outstanding general obligation bonds of the District described herein, and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption “PLAN OF FINANCE – The Refunding.” The Series A Bonds and the Refunding Bonds (together, the “Bonds”) are issued on a parity basis with each other and with all other outstanding general obligation bonds of the District.

The Bonds are general obligations of the District only and are not obligations of the County of Santa Clara (the “County”), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property within the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable.

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2026. See “THE BONDS” herein.

The Bonds will be issued in book-entry form only, in denominations of \$5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by U.S. Bank Trust Company, National Association, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry Only System.”

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

MATURITY SCHEDULE
On Inside Cover Pages

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting as Disclosure Counsel for the issue and Orrick, Herrington & Sutcliffe LLP, San Francisco, California is acting as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about July 29, 2025.

[STIFEL LOGO]

The Date of this Official Statement is: _____, 2025.

* 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 prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

\$150,000,000*
SAN JOSÉ UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, 2024 ELECTION, 2025 SERIES A

\$ _____ Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP¹</u> <u>(798186)</u>
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\$ _____ % Term Bonds due August 1, 20__ ; Yield ____ %, CUSIP¹ 798186

* Preliminary, subject to change.

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MATURITY SCHEDULE

\$ _____ *

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
2025 GENERAL OBLIGATION REFUNDING BONDS**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ (798186)</u>
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* Preliminary, subject to change.

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SAN JOSÉ UNIFIED SCHOOL DISTRICT
Santa Clara County, State of California

Board of Education

Teresa Castellanos, *President*

José Magaña, *Vice President*

Carla Collins, *Member*

Nicole Gribstad, *Member*

Brian Wheatley, *Member*

District Administrators

Nancy Albarrán, *Superintendent*

Seth Reddy, *Chief Business Officer*

Jodi Lax, *Associate Superintendent of Instruction*

J. Dominic Bejarano, *Assistant Superintendent of Administrative Services*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley

Long Beach, California

Municipal Advisor

KNN Public Finance

Berkeley, California

Paying Agent, Transfer Agent and Registration Agent and Escrow Agent

U.S. Bank Trust Company, National Association

Los Angeles, California

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No dealer, broker, salesperson or other person has been authorized by the San José Unified School District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, 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 described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion 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. Although certain information set forth in this Official Statement has been provided by the County of Santa Clara, the County of Santa Clara has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE SANTA CLARA COUNTY INVESTMENT POOL."

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website. 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.

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

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.

\$150,000,000*
SAN JOSÉ UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
2024 ELECTION, 2025 SERIES A

\$ _____**
SAN JOSÉ UNIFIED SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
2025 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

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

General

The San José Unified School District (the “District”) proposes to issue \$150,000,000* aggregate principal amount of its General Obligation Bonds, 2024 Election, 2025 Series A (the “Series A Bonds”) under and pursuant to a bond authorization known as Measure “R” (the “2024 Authorization”) for the issuance and sale of not more than \$1,150,000,000 of general obligation bonds approved by more than 55% of the requisite qualified voters of the District voting on the proposition at a general election held on November 5, 2024 (the “Election”). The Series A Bonds are the first series of bonds to be issued pursuant to the 2024 Authorization. Subsequent to the issuance of the Series A Bonds, \$1,000,000,000* aggregate principal amount of general obligation bonds will remain for issuance pursuant to the 2024 Authorization.

Proceeds from the sale of the Series A Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith. See “THE BONDS – Purpose of Issue” and “PLAN OF FINANCE – The Projects” herein.

The District also proposes to issue \$ _____* aggregate principal amount of its 2025 General Obligation Refunding Bonds (the “Refunding Bonds” and, together with the Series A Bonds, the “Bonds”) in order to: (i) refund all or a portion of the District’s outstanding 2016 General Obligation Refunding Bonds (the “Refunded Bonds”) and (ii) pay certain costs of issuance associated therewith. See “PLAN OF FINANCE – The Refunding” herein.

The Series A Bonds and the Refunding Bonds are issued on a parity basis with each other and all outstanding general obligation bonds of the District

Registration

U.S. Bank Trust Company, National Association will act as the initial registrar, transfer agent and paying agent for the Bonds (the “Paying Agent”). As long as The Depository Trust Company, New York, New York (“DTC”) is the registered owner of the Bonds and DTC’s book entry-method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. See “THE BONDS – Description of the Bonds” herein.

* Preliminary, subject to change.

The District

The San José Unified School District (the “District”) is one of the largest urban school districts in the State of California (the “State”), and the largest school district in Santa Clara County (the “County”), encompassing approximately 100 square miles, and serving approximately 24,000 students from pre-kindergarten through grade 12. The District is located 50 miles south of the city of San Francisco, in the heart of the Silicon Valley, serving a large portion of the city of San José which has a resident population of approximately 969,655. The District currently operates 24 elementary schools for transitional kindergarten through fifth grade, 2 elementary schools for kindergarten through fifth grade, 1 elementary school for kindergarten through eighth grade, 6 middle schools for sixth through eighth grade, 6 comprehensive high schools for ninth through twelfth grade, 1 alternative high school, and one continuation school. The District has sponsored three charter schools (two middle schools and one high school). For fiscal year 2025-26, the District has budgeted an average daily attendance (“ADA”) of 22,504.56, excluding County-funded District programs. The fiscal year 2024-25 assessed valuation of the District is \$78,009,370,652.

The District’s audited financial statements for the fiscal year ended June 30, 2024, are attached hereto as APPENDIX B. For further information concerning the District, see the caption “SAN JOSÉ UNIFIED SCHOOL DISTRICT” herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Bonds are not payable from the General Fund of the District. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes 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), for the payment of principal and interest on the Bonds when due. See “SECURITY FOR THE BONDS” and “TAX BASE FOR REPAYMENT OF THE BONDS” herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District in connection with the Bonds. See “THE BONDS – Continuing Disclosure Agreement,” “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel to the District with respect to the Bonds. Dannis Woliver Kelley, Long Beach, California is acting as Disclosure Counsel to the District with respect to the Bonds. KNN Public Finance is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Orrick, Herrington & Sutcliffe LLP is serving as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley and KNN Public Finance will receive compensation from the District contingent upon the sale and delivery of the Bonds. Orrick, Herrington & Sutcliffe LLP will receive compensation from the Underwriter contingent upon the sale and delivery of 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” 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.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about July 29, 2025.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Series A Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the “Government Code”) (commencing with Section 53506), applicable provisions of the Education Code of the State (the “Education Code”) and pursuant to a resolution of the Board of Education of the District (the “Board”) adopted on _____, 2025 (the “Series A Resolution”).

The Refunding Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on _____, 2025 (the “Refunding Resolution” and together with the Series A Resolution, the “Resolutions”).

Purpose of Issue

The net proceeds of the Series A Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the Election, which includes, among other things, improving school safety, upgrading neighborhood schools and classrooms for science, technology, engineering, math, athletics and multipurpose use; updating electrical, roofing, ventilation, and plumbing systems, and providing affordable housing to attract and retain high-quality teachers and staff. See “PLAN OF FINANCE - The Projects” herein.

The net proceeds of the Refunding Bonds will be applied to refund the Refunded Bonds. See “PLAN OF FINANCE – The Refunding” herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of \$5,000 principal amount or integral multiples thereof. The Bonds will mature on the

dates and in the amounts and bear interest at the rates per annum, all as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

Book-Entry Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in denominations of \$5,000 principal amount or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or by wire transfer of same day funds by U.S. Bank Trust Company, National Association, as Paying Agent, to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM” herein.

Payment of the Bonds

Interest on the Bonds is payable commencing February 1, 2026, and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date”). Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover pages hereto until maturity, or, with respect to the Series A Bonds, the earlier redemption thereof. The Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the “Record Date”). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered as of an Interest Payment Date, in which event interest shall be payable from such date, or (ii) it is registered prior to an Interest Payment Date and after a Record Date, in which event interest shall be payable from such Interest Payment Date, or (iii) it is registered prior to the close of business on January 15, 2026, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption*

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

Mandatory Redemption. The Series A Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
_____	_____

⁽¹⁾ Maturity.

In the event that a portion of the Series A Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount of such Series A Bonds optionally redeemed.

Selection of Bonds for Redemption

If less than all of the Bonds of a series shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the District and, in lieu of such direction, on a proportional basis. Within a maturity, the Paying Agent shall select the Bonds for redemption as directed by the District, and, in lieu of such direction by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of five thousand dollars (\$5,000) or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by five thousand dollars (\$5,000).

Notice of Redemption

When redemption is authorized, the Paying Agent, upon written instruction from the District, shall give notice of the redemption of such Bonds at least 20 but not more than 45 days prior to the redemption date to the respective Owners of such Bonds designated for redemption by first class mail, postage prepaid. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the to be redeemed including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion

* Preliminary; subject to change.

of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Any notice of redemption for an optional redemption of the Bonds delivered in accordance with the Resolution may be conditional, and, if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date: (i) the notice of redemption shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of redemption was given that such condition or conditions were not met and that the redemption was canceled.

Right to Rescind Notice of Redemption

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of and interest and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside for payment of the redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Following the termination or removal of DTC or successor depository, any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Bonds shall be surrendered for transfer, the designated District officials shall execute and the Paying Agent shall authenticate and deliver, new Bonds, of the same maturity and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by any Owner of Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Neither the District nor the Paying Agent will be required to transfer any Bonds (a) during the period from the Record Date next preceding any Bond Payment Date to such Bond Payment Date, (b) during the period beginning with the opening of business on the 15th business day next preceding any date

of selection of Bonds to be redeemed and ending with the close of business on the day on which the applicable notice of redemption is given, or (c) which have been selected or called for redemption in whole or in part.

The Bonds may be exchanged for Bonds of other authorized denominations of the same maturity and interest rate, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Bonds shall be surrendered for exchange, the designated District officials shall execute and the Paying Agent shall authenticate and deliver, new Bonds of the same maturity and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Neither the District nor the Paying Agent will be required to exchange any Bonds (a) during the period from the Record Date next preceding any Bond Payment Date to such Bond Payment Date, (b) during the period beginning with the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending with the close of business on the day on which the applicable notice of redemption is given, or (c) which have been selected or called for redemption in whole or in part.

Defeasance

Any or all of the Bonds may be paid by the District in any one or more of the following ways: (a) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable; or (b) by depositing with an escrow agent selected by the District, in trust, at or before maturity, money or securities in the necessary amount, including investment earnings thereon, to pay or redeem Bonds Outstanding; or (c) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds Outstanding, and shall also pay or cause to be paid all other sums payable under the applicable Resolution by the District, then and in that case, at the election of the District (evidenced by a certificate of an Authorized Officer, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the applicable Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, such Resolution and other assets made under such Resolution and all covenants, agreements and other obligations of the District under the Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in such Resolution. In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to such Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), substantially in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the

Bonds, to provide certain information as set forth therein. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

SOURCES AND USES OF FUNDS

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

	<u>Series A Bonds</u>	<u>Refunding Bonds</u>	<u>Total</u>
<i>Sources of Funds</i>			
Principal Amount of Bonds			
[Net] Original Issue Premium			
Total Sources			
<i>Uses of Funds</i>			
Deposit to Building Fund			
Deposit to Interest and Sinking Fund			
Deposit to Escrow Fund			
Costs of Issuance ⁽¹⁾			
Total Uses			

⁽¹⁾ Includes Underwriter’s discount, Bond and Disclosure Counsel fees, Municipal Advisor fees, paying agent fees, escrow agent fees, verification agent fees, rating agency fees, and other costs of issuance.

District Investments; Application of Proceeds

The Santa Clara County Controller-Treasurer (the “Treasurer”) manages, in accordance with Government Code Section 53600 et seq., funds deposited with the Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County’s pooled investment fund (the “Pooled Investment Fund”).

The composition and value of investments under management in the Pooled Investment Fund vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally. For a further discussion of the Pooled Investment Fund, see the caption “SANTA CLARA COUNTY INVESTMENT POOL” herein.

The net proceeds from the sale of the Series A Bonds (other than premium) shall be paid to the County to the credit of the San José Unified School District Building Fund (the “Building Fund”) established pursuant to the Series A Resolution and shall be disbursed for the payment of the costs of acquiring and constructing the Projects (as described below). See “THE PROJECTS” herein. Any premium or accrued interest received by the District from the sale of the Series A Bonds will be deposited in the Interest and Sinking Fund. Earnings on the investment of moneys in either the Building Fund or the Interest and Sinking Fund will be retained in the respective fund and used only for the purposes to which the respective fund may lawfully be applied. Moneys in the Interest and Sinking Fund may only be applied to make payments of principal of and interest, and premium, if any, on bonds of the District. All funds held in the Building Fund and the Interest and Sinking Fund will be invested by the Treasurer.

The net proceeds of the Refunding Bonds will be deposited to into the Escrow Fund established pursuant to the Escrow Agreement and invested in those certain non-callable direct obligations of the United States of America, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America.

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DEBT SERVICE SCHEDULES

The first of the following two tables summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption. The second table shows the annual debt service payments on all of the District’s outstanding general obligation bonds, comprising its 2006 General Obligation bonds, (Election of 2002, Series C) (the “2002 Series C Bonds”), General Obligation Bonds (Election of 2012), Series 2013B (Federally Taxable) (the “2012 Series B Bonds”), General Obligation Bonds (Election of 2012), Series 2015C (Tax-exempt) (the “2012 Series C Bonds”), General Obligation Bonds (Election of 2012), Series 2015D (Federally Taxable) (the “2012 Series D Bonds”), General Obligation Bonds (Election of 2012), Series 2018E (the “2012 Series E Bonds”), General Obligation Bonds (Election of 2012), Series 2019F (the “2012 Series F Bonds”), 2016 General Obligation Refunding Bonds (the “2016 Refunding Bonds”), 2017 General Obligation Refunding Bonds (the “2017 Refunding Bonds”), 2021 General Obligation Refunding Bonds (the “2021 Refunding Bonds”), Series A Bonds and the Refunding Bonds, assuming no optional redemption.

Bond Year Ending August 1	Series A Bonds		Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
Total					

DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Period Ending August 1	2002 Series C Bonds	2012 Series B Bonds	2012 Series C Bonds	2012 Series D Bonds	2012 Series E Bonds	2012 Series F Bonds	2016 Refunding Bonds	2017 Refunding Bonds	2021 Refunding Bonds	Series A Bonds	Refunding Bonds	Total Debt Service
2025												
2026												
2027												
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
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2044												
2045												
2046												
2047												
2048												
2049												
2050												
2051												
2052												
2053												
2054												
Total												

PLAN OF FINANCE

The Projects

The District will apply the net proceeds of the Series A Bonds to finance the acquisition, construction, furnishing and equipping of school facilities of the District in accordance with the bond proposition approved at the Election which includes the ballot measure and a project list.

The “Smaller Classes, Safer Schools, and Financial Accountability Act,” a Constitutional amendment known as Proposition 39, controls the method by which the District will expend Series A Bond proceeds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Series A Bonds, which was then submitted to the voters at the Election (the “Project List”). The District will prioritize and may not complete all components of the Project List.

The Refunding

The District intends to apply the proceeds of the sale of the Refunding Bonds to (i) refund the Refunded Bonds and (ii) pay certain costs of issuance associated therewith.

The Refunded Bonds intended to be refunded by the Refunding Bonds are as follows*:

San José Unified School District 2016 General Obligation Refunding Bonds

Maturity Date (August 1)	Principal Amount to be Refunded	Redemption Date	Interest Rate	CUSIP ¹ (798186)
2026	\$ 2,000,000	August 1, 2025	4.000%	F98
2026	2,115,000	August 1, 2025	5.000	G97
2027	4,690,000	August 1, 2025	5.000	G22
2028	6,605,000	August 1, 2025	5.000	G30
2029	7,435,000	August 1, 2025	5.000	G48
2030	11,370,000	August 1, 2025	5.000	G55
2031	12,635,000	August 1, 2025	5.000	G63
2032	28,440,000	August 1, 2025	5.000	G71

* Preliminary; subject to change.

¹ Copyright 2025, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems 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 CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriters take any responsibility for the accuracy of such CUSIP number.

The 2016 General Obligation Refunding Bonds that are not intended to be refunded with proceeds of the Bonds are as follows:

**San José Unified School District
2016 General Obligation Refunding Bonds**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP ¹ (798186)
2025	\$3,560,000	5.000%	F80

Upon the issuance of the Refunding Bonds, the District will transfer the net proceeds of the Refunding Bonds to U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”), for deposit into an escrow fund (the “Escrow Fund”) established pursuant to that certain Escrow and Deposit Agreement by and between the District and the Escrow Agent (the “Escrow Agreement”), to be applied to the redemption of the Refunded Bonds on or about August 1, 2025, at a redemption price of the par amount of the Refunded Bonds plus accrued interest.

The sufficiency of the amounts transferred to the Escrow Agent, together with investment earnings thereon, to effect the redemption of the Refunded Bonds will be verified by Causey Public Finance LLC, certified public accountants (the “Verification Agent”). See the caption “ESCROW VERIFICATION” herein.

As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter’s and the Verification Agent’s computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will also be defeased. Amounts deposited pursuant to the Escrow Agreement are not available to pay debt service on the Bonds.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. The *ad valorem* property taxes collected for payment of principal of and interest on the Bonds shall be deposited to the Interest and Sinking Fund of the District held by the County prior to being transferred to the Paying Agent for payment of the Bonds.

The District received authorization to issue \$1,150,000,000 aggregate principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on November 5, 2024. The Series A Bonds are the first series of bonds issued under the 2024 Authorization.

¹ Copyright 2025, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems 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 CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriters take any responsibility for the accuracy of such CUSIP number.

Subsequent to the issuance of the Series A Bonds, \$1,000,000,000* aggregate principal amount of general obligation bonds will remain for issuance under the 2024 Authorization.

The District is authorized to issue refunding bonds to refund its outstanding general obligation bonds (including general obligation refunding bonds) or to purchase its outstanding general obligation bonds to be refunded under the Government Code (commencing with section 53550 thereof).

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer and tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer and tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

Restrictions on use of *Ad Valorem* Taxes and Statutory Lien on Debt Service

Under State of California (“State”) law, school districts may levy *ad valorem* taxes (in addition to their share of the 1% county tax to pay operating expenses) only to pay principal of and interest on general obligation bonds that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds. Such *ad valorem* taxes are held by the County separate and apart from other funds of the County and the District. See “SOURCES AND USES OF FUNDS – District Investments; Application of Proceeds” hereinabove.

Pursuant to Section 53515 of the State Government Code, effective for any bonds issued on or after January 1, 2016, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

* Preliminary; subject to change.

Pledge of Tax Revenues

Under the Resolutions, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* tax which the County levies and receives and all interest earnings thereon (the “Pledged Moneys”). The Pledged Moneys shall be used to pay the principal of and interest on the Bonds when and as the same shall become due and payable.

The Bonds are the general obligations of the District, payable solely from Pledged Moneys and do not constitute an obligation of the County except as provided in the Resolutions. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

TAX BASE FOR REPAYMENT OF THE 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 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

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). 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 property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee’s fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee’s fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer’s enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent, if unpaid, on August 31 and are subject to a 10% delinquency penalty. Unsecured property taxes remaining unpaid on October 31 are also subject to an additional penalty of one and one half percent per month on the first day of each month thereafter. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the respective County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

The State Constitution currently requires a credit of \$7,000 of the taxable value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies. Current law also provides, upon application, a basis exemption of \$100,000 increased by inflation for veterans with specified disabilities or for unmarried spouses of deceased veterans. The exemption may be raised to \$150,000 if the applicant meets the income limit of \$40,000.

In addition, certain classes of property such as cemeteries, free public libraries and museums, public schools, churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

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The following tables presents the historical assessed valuation in the District since fiscal year 2014-15. The District’s total assessed valuation is \$78,009,370,652 for fiscal year 2024-25.

SAN JOSÉ UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2014-15 Through 2024-25

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	\$38,572,105,235	\$13,719,547	\$1,442,614,875	\$40,028,439,657	--
2015-16	41,418,407,954	12,607,766	1,468,374,378	42,899,390,098	7.17%
2016-17	44,573,443,599	5,750,578	1,463,709,500	46,042,903,677	7.33
2017-18	47,314,808,980	4,387,476	1,696,150,400	49,015,346,856	6.46
2018-19	50,984,118,879	4,036,928	1,797,006,059	52,785,161,866	7.69
2019-20	55,161,154,981	3,527,273	1,996,452,861	57,161,135,115	8.29
2020-21	59,258,264,058	3,527,273	1,953,743,654	61,215,534,985	7.09
2021-22	62,789,542,107	2,073,873	1,836,428,622	64,628,044,602	5.57
2022-23	67,404,611,559	2,073,873	1,888,608,384	69,295,293,816	7.22
2023-24	72,263,306,496	2,830,593	2,152,426,432	74,418,563,521	7.39
2024-25	75,779,151,864	2,830,593	2,227,388,195	78,009,370,652	4.83

Source: *California* Municipal Statistics, Inc.

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, flood, fire, or toxic contamination, or other impacts of climate change and global warming, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See “SECURITY FOR THE BONDS.”

Natural Disasters Impacting Assessed Valuations

Drought Conditions. Water shortfalls resulting from the driest conditions in recorded State history caused a State-wide drought State of Emergency for California in 2014 and the imposition by State regulators of reductions in water usage through 2017 when the State-wide drought ended in almost all California counties.

During fiscal years 2020-21, 2021-22, and 2022-23, much of the State experienced Severe or Extreme Drought, pursuant to the U.S. Drought Monitor Classification Scheme. Beginning in April, 2021, Governor Newsom signed several executive orders relating to the drought, including declaring states of emergency due to drought in the State. On January 4, 2022, State Water Board adopted emergency use regulations prohibiting certain wasteful water practices such as watering ornamental landscapes during rain and using potable water to clean hard surfaces and driveways. In June, 2022, additional emergency water conservation regulations took effect limiting watering of ornamental grasses in certain locations followed by additional water use regulations in December prohibiting wasteful water use practices. On March 24, 2023, as a result of rain and snowfall in the State, Governor Newsom rolled back many of the water use restrictions in his previous drought-related executive orders but left in place

certain measures aimed at wasteful water uses as well as preserving ground water supplies. In September, 2024, Governor Newsom lifted the drought states of emergency in 19 counties, including the County.

Currently, according to the U.S. Drought Monitor, approximately 44% of the State is not experiencing any drought, while 16% percent of the State is experiencing Abnormally Dry Conditions, approximately 15% of the State is experiencing Moderate Drought, 16% is experiencing Severe Drought, 8% is experiencing Extreme Drought and one percent is experiencing Exceptional Drought. The County is not currently experiencing a drought. The District cannot predict if water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large-scale wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. The District has not been materially impacted by recent wildfires.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. Earthquakes are considered a threat to the District due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the District and other local public entities and would require a high level of self-help, coordination and cooperation.

The District is located in a very high risk-level earthquake zone. The territory within the City has experienced more than 5,703 earthquakes since 1931, with the largest earthquake within 30 miles of the County, being a 6.9 magnitude, which occurred in 1989. There is a 99.9% chance of a major earthquake (i.e., a 5.0 magnitude or greater) within 50 miles of the County within the next 50 years.

Climate Change. Climate change caused by human activities may have adverse effects on the property within the boundaries of the District. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts and wildfires as well as increased risk of flooding and a rise in sea levels. Projections of the impacts of global climate change are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The occurrence of natural disasters within the boundaries of the District could result in substantial damage to property within the District (including District properties) and, in turn, could substantially reduce assessed valuations of such property.

Pandemic. The outbreak of COVID-19 and the corresponding measures to prevent its spread caused widespread unemployment and economic slowdown in the United States, the State and the County. Such economic slowdown created risk for economic recession or depression or a general market decline in real estate values which in turn could have led to a reduction of assessed values in the District.

U.S. Imposition of Tariffs. On April 2, 2025, the Trump Administration announced a base 10% tariff on most imported goods from most countries. The Administration also announced materially higher tariffs imposed on many countries. On April 9, 2025, President Trump announced a 90-day suspension of the tariffs beyond the 10% base rate, expiring July 8, 2025, while it is widely expected that the Administration will negotiate future trade relationships with other countries. In response to the announced tariffs, many countries have announced their own tariffs to be imposed on imports of U.S.-made goods. Reciprocal tariffs from other countries could affect exports by U.S. companies. Given the broad scope of imported and exported goods affected by the tariffs, many industries that rely on imported or exported goods could be materially impacted by ongoing tariffs. Impacts could include, among other things, increases in costs of manufacturing, producing and selling goods that include imports subject to the tariffs, and/or diminished demand for U.S. exports. Such cost escalations could cause the demand for such goods or products to decrease as prices of such goods increase. Cost escalations could also cause local manufacturers to close or move their facilities. The District is located in Silicon Valley, a major technology hub in the Bay Area which has a concentration of manufacturing and scientific industries, some or all of which rely on imports subject to the tariffs in order to produce goods. The District cannot predict the long-term effect of the tariffs on such industries, or whether such businesses will continue operations or relocate to other areas. See “TAX BASE FOR REPAYMENT OF THE BONDS – Largest Taxpayers” herein.

Change in Economic Conditions. The District cannot make any representation regarding the effects that drought, flooding, changes in economic conditions (caused by pandemic, tariffs or otherwise), fire conditions, earthquakes, or other natural disasters has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to economic activity, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Re-assessments and Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 (“Proposition 8”), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization (“SBE”), with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale 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 – Article XIII A of the California Constitution.”

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.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county,

as occurred between 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIII A (currently, a 2% annual maximum) until such assessed value again equals the Article XIII A base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIII A and base year values may not be increased by more than the standard Article XIII A annual inflationary factor growth rate. A change in ownership while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIII A base year value for such property. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A of the California Constitution” herein.

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District. However, any reduction in assessed value within the District would simply increase the tax rate necessary to pay the Bonds and any outstanding general obligations bonds of the District. The Board of Supervisors of the County is obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on outstanding general obligation bonds of the District.

Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation of the taxable property within the District by jurisdiction.

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
2024-25 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of San José	\$76,859,754,789	98.53%	\$257,289,988,744	29.87%
City of Santa Clara	106,253,306	0.14	65,538,324,753	0.16
Unincorporated Santa Clara County	<u>1,043,362,557</u>	<u>1.34</u>	24,148,790,114	4.32
Total District	\$78,009,370,652	100.00%		
Santa Clara County	\$78,009,370,652	100.00%	\$695,487,726,131	11.22%

Source: California Municipal Statistics, Inc

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Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use.

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
2024-25 Assessed Valuation and Parcels by Land Use**

	2024-25 <u>Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Non-Residential						
Agricultural/Forest	\$ 57,812,966	0.08%	69	0.09%	11	0.02%
Commercial/Office	12,042,801,727	15.89	3,659	4.99	3,630	5.01
Industrial	1,777,330,011	2.35	760	1.04	760	1.05
Recreational	99,561,329	0.13	51	0.07	51	0.07
Institutional/Social/Religious	606,470,872	0.80	365	0.50	143	0.20
Miscellaneous	<u>375,902,971</u>	<u>0.50</u>	<u>470</u>	<u>0.64</u>	<u>441</u>	<u>0.61</u>
Subtotal Non-Residential	\$14,959,879,876	19.74%	5,374	7.33%	5,036	6.95%
Residential						
Single Family Residence	\$42,524,926,851	56.12%	49,371	67.33%	49,329	68.05%
Condominium/Townhouse	7,477,345,739	9.87	11,946	16.29	11,940	16.47
Mobile Home	45,710,474	0.06	479	0.65	479	0.66
2-4 Residential Units	2,334,803,865	3.08	3,677	5.01	3,672	5.07
5+ Residential	<u>7,484,927,220</u>	<u>9.88</u>	<u>1,343</u>	<u>1.83</u>	<u>1,326</u>	<u>1.83</u>
Units/Apartments						
Subtotal Residential	\$59,867,714,149	79.00%	66,816	91.12%	66,746	92.08%
Vacant/Undeveloped	\$951,557,839	1.26%	1,136	1.55%	705	0.97%
Total	\$75,779,151,864	100.00%	73,326	100.00%	72,487	100.00%

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

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2024-25, including the median and average assessed value per single family parcel.

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
Per Parcel 2024-25 Assessed Valuation of Single Family Homes**

Single Family Residential	<u>No. of Parcels</u>	2024-25 <u>Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
	49,329	\$42,524,926,851	\$862,067	\$754,374

<u>2024-25 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	3,309	6.708%	6.708%	\$ 229,447,519	0.540%	0.540%
\$100,000 - \$199,999	3,939	7.985	14.693	555,097,833	1.305	1.845
\$200,000 - \$299,999	3,234	6.556	21.249	815,958,708	1.919	3.764
\$300,000 - \$399,999	3,415	6.923	28.172	1,196,313,457	2.813	6.577
\$400,000 - \$499,999	3,045	6.173	34.345	1,365,922,669	3.212	9.789
\$500,000 - \$599,999	2,873	5.824	40.169	1,579,584,140	3.714	13.503
\$600,000 - \$699,999	3,090	6.264	46.433	2,008,747,171	4.724	18.227
\$700,000 - \$799,999	3,149	6.384	52.817	2,360,965,181	5.552	23.779
\$800,000 - \$899,999	3,073	6.230	59.046	2,615,016,421	6.149	29.928
\$900,000 - \$999,999	3,034	6.151	65.197	2,882,079,463	6.777	36.706
\$1,000,000 - \$1,099,999	2,604	5.279	70.476	2,729,128,997	6.418	43.124
\$1,100,000 - \$1,199,999	2,153	4.365	74.840	2,471,926,193	5.813	48.936
\$1,200,000 - \$1,299,999	1,810	3.669	78.510	2,261,160,747	5.317	54.254
\$1,300,000 - \$1,399,999	1,726	3.499	82.009	2,326,178,804	5.470	59.724
\$1,400,000 - \$1,499,999	1,497	3.035	85.043	2,166,646,919	5.095	64.819
\$1,500,000 - \$1,599,999	1,345	2.727	87.770	2,079,685,414	4.891	69.709
\$1,600,000 - \$1,699,999	1,083	2.195	89.965	1,782,729,013	4.192	73.902
\$1,700,000 - \$1,799,999	906	1.837	91.802	1,583,062,806	3.723	77.624
\$1,800,000 - \$1,899,999	732	1.484	93.286	1,351,042,916	3.177	80.801
\$1,900,000 - \$1,999,999	556	1.127	94.413	1,082,856,140	2.546	83.348
\$2,000,000 and greater	<u>2,756</u>	<u>5.587</u>	100.000	<u>7,081,376,340</u>	<u>16.652</u>	100.000
	49,329	100.000%		\$42,524,926,851	100.000%	

Source: *California Municipal Statistics, Inc.*

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Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2024-25.

SAN JOSÉ UNIFIED SCHOOL DISTRICT 2024-25 Largest Total Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2024-25 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Adobe Systems Inc.	Office Building	\$1,201,881,502	1.59%
2.	SJCCRE1 LLC	Office Building	786,230,280	1.04
3.	SJ Park Almaden LLC	Office Building	695,137,574	0.92
4.	Sobrato Interests	Office Building/Apartments	592,425,689	0.78
5.	Google LLC	Commercial Properties	449,410,461	0.59
6.	CAP OZ 34 LLC	Office Building	368,130,132	0.49
7.	SJSC Properties LLC	Apartments	357,407,864	0.47
8.	SJ Cityview LLC	Office Building	354,876,977	0.47
9.	FPP MB LLC	Condominiums	346,351,977	0.46
10.	Oakridge Mall LP	Shopping Center	320,596,450	0.42
11.	San José Water Works	Water Company	306,983,897	0.41
12.	Bcore Coleman Owner LLC	Office Building	291,832,196	0.39
13.	ICS Corporate Yard Multifamily LLC	Apartments	249,766,090	0.33
14.	CPV Development LLC	Apartments	217,569,179	0.29
15.	GSIC II Almaden Owner LP	Apartments	204,109,833	0.27
16.	Amcal San José I LLC	Apartments	189,380,239	0.25
17.	Mountain JD LLC	Apartments	187,438,629	0.25
18.	OSM Property LLC	Apartments	187,400,565	0.25
19.	171 W Julian Street Apartments Investors	Apartments	182,049,662	0.24
20.	KBSIII Almaden Financial Plaza LLC	Office Building	<u>174,105,799</u>	<u>0.23</u>
			<u>\$7,663,084,995</u>	<u>10.11%</u>

⁽¹⁾ 2024-25 local secured assessed valuation: \$75,779,151,864.

Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for 2024-25 account for 10.11% of the local secured assessed value in the District which is \$75,779,151,864. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2024-25 was Adobe Systems Inc. accounting for 1.59% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 1.50% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

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Tax Rates

Tax Rate Area 17-193 of the District located within the city of San José has a fiscal year 2024-25 assessed valuation of \$9,127,453,252, representing approximately 11.7% of the District’s assessed valuation. Tax Rate Area 98-032 of the District located within an unincorporated area of the County has a fiscal year 2024-25 assessed valuation of \$536,023,276, representing approximately 0.69% of the District’s assessed valuation. The tables below summarize the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities in these two tax rate areas during the five-year period from fiscal years 2020-21 through 2024-25:

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
Typical Tax Rate per \$100 Assessed Valuation (TRA 17-193)⁽¹⁾**

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
General	1.00000	1.00000	1.00000	1.00000	1.00000
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880
County Hospital Bonds	0.00690	0.00610	0.00630	0.00550	0.00550
County Housing Bonds	--	0.01266	0.01080	0.00950	0.00430
City of San José Bonds	0.01750	0.02070	0.01910	0.01670	0.01570
San José Evergreen CCD	0.03570	0.03220	0.03070	0.02670	0.02690
San José USD Bonds	<u>0.06110</u>	<u>0.05670</u>	<u>0.05600</u>	<u>0.05180</u>	<u>0.05210</u>
Total All Property	1.16000	1.16716	1.16170	1.14900	1.14330
Santa Clara Valley Water District					
State Water Proposition	0.00370	0.00510	0.00440	0.00410	0.00410
Total Land and Improvement	0.00370	0.00510	0.00440	0.00410	0.00410

⁽¹⁾ 2024-25 assessed valuation of TRA 17-193 is \$9,127,453,252 which is 11.7% of the district's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
Typical Tax Rate per \$100 Assessed Valuation (TRA 98-032)⁽¹⁾**

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
General	1.00000	1.00000	1.00000	1.00000	1.00000
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880
County Library	0.00240	0.00240	0.00240	0.00240	0.00240
County Hospital Bonds	0.00690	0.00610	0.00630	0.00550	0.00550
County Housing Bonds	--	0.01266	0.01080	0.00950	0.00430
San José Evergreen CCD	0.03570	0.03220	0.03070	0.02670	0.02690
San José USD Bonds	<u>0.06110</u>	<u>0.05670</u>	<u>0.05600</u>	<u>0.05180</u>	<u>0.05210</u>
Total All Property	1.14490	1.14886	1.14500	1.13470	1.13000
Santa Clara Valley Water District					
State Water Proposition	<u>0.00370</u>	<u>0.00510</u>	<u>0.00440</u>	<u>0.00410</u>	<u>0.00410</u>
Total Land and Improvement	0.00370	0.00510	0.00440	0.00410	0.00410

⁽¹⁾ 2024-25 assessed valuation of TRA 98-032 is \$536,023,276 which is 0.69% of the district's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan for the County, 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 for the County 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 tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied on the secured roll with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County 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 of the County 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 of the County orders discontinuance of its Teeter Plan, 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. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County.

Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District’s service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District’s estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District and the Underwriter have not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

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The following table is a statement of the District’s direct and estimated overlapping bonded debt as of June 1, 2025:

SAN JOSÉ UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2024-25 Assessed Valuation: \$78,009,370,652

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/25</u>
Santa Clara County	11.216%	\$ 136,600,225
Gavilan Joint Community College District	0.007	16,060
San José-Evergreen Community College District	36.406	342,472,918
West Valley-Mission Community College District	0.007	44,188
San José Unified School District	100.000	412,539,025⁽¹⁾
City of San José	29.873	148,547,973
Santa Clara Valley Water District Benefit Assessment District	11.216	<u>2,797,270</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,043,017,659

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Santa Clara County General Fund Obligations	11.216%	\$112,435,794
Santa Clara County Pension Obligation Bonds	11.216	35,628,184
Santa Clara County Board of Education Certificates of Participation	11.216	1,354,053
San José-Evergreen Community College District Other Post Employment Benefit Bonds	36.406	16,956,095
West Valley-Mission Community College District General Fund Obligations	0.007	176
San José Unified School District Certificates of Participation	100.000	16,685,000
City of San José General Fund Obligations	29.873	81,332,097
City of Santa Clara General Fund Obligations	0.162	<u>12,911</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$349,404,310
Less: Santa Clara county supported obligations		<u>271,427</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$349,132,883

<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Successor Agency to San José Redevelopment Agency	22.263%	<u>\$218,457,914</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$218,457,914

GROSS COMBINED TOTAL DEBT	\$1,610,879,883 ⁽²⁾
NET COMBINED TOTAL DEBT	\$1,610,608,456

Ratios to 2024-25 Assessed Valuation:

Direct Debt (\$412,539,025)	0.53%
Total Direct and Overlapping Tax and Assessment Debt.....	1.34%
Combined Direct Debt (\$414,224,025)	0.53%
Gross Combined Total Debt.....	2.06%
Net Combined Total Debt.....	2.06%

Ratios to Redevelopment Incremental Valuation (\$9,558,899,326):

Total Overlapping Tax Increment Debt.....	2.29%
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(1) Excludes issue to be sold.

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

Source: *California Municipal Statistics, Inc.*

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DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's 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 and interest on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State budget, enacted the LCFF beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. The LCFF distributes resources to school districts through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant per unit of ADA under the LCFF is more than the average revenue limit under the prior funding system. A Base Grant is assigned to each of four grade spans. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

For fiscal year 2024-25, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) \$11,068 per ADA for transitional kindergarten/kindergarten through grade 3; (b) \$10,177 per ADA for grades 4 through 6; (c) \$10,478 per ADA for grades 7 and 8; and (d) \$12,460 per ADA for grades 9 through 12. For fiscal year 2024-25, the LCFF also provides an adjusted add-on for Transitional Kindergarten ("TK") equal to \$3,077.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2023-24, a 8.22% COLA was included, however, the COLA for fiscal year 2024-25 is significantly lower, at 1.07%. See "- State Budget Measures - 2024-25 State Budget" and "- Proposed 2025-26 State Budget" for information regarding the COLA for fiscal year 2024-25 and proposed for fiscal year 2025-26. 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.

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. Additional add-ons are also provided 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.

The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include TK to all four-year olds. This plan has been phased-in in cohorts of TK students over a four-year period, which will be complete in fiscal year 2025-26.

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 (“FRPM”) and are not discussed separately herein). A supplemental grant add-on (each, a “Supplemental Grant”) is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of EL/LI student enrollment. School districts whose EL/LI student populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 65% of the applicable Base Grant multiplied by the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

ADA and Enrollment

The following table sets forth the historical ADA at P-2 and enrollment for fiscal years 2016-17 through 2023-24.

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2016-17 through 2023-24**

Fiscal Year	ADA	Enrollment
2016-17	29,078	30,227
2017-18	28,549	29,738
2018-19	27,783	29,762
2019-20	26,893	28,830
2020-21 ¹	25,428	27,430
2021-22	24,037	25,677
2022-23	23,035	25,451
2023-24	22,834	25,059

¹ Due to the COVID-19 pandemic, Average Daily Attendance was irregularly reported in 2021. Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

Source: *The District for ADA and Data Quest for Enrollment.*

Enrollment Trends. As shown in the table above, enrollment within the District has been declining over the past several years. The District projects enrollment to continue to decline over the next two fiscal years.

The following table sets forth the ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2023-24, budgeted for fiscal year 2024-25 and projections for fiscal years 2025-26 through 2026-27.

SAN JOSÉ UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2023-24 through 2026-27

Fiscal Year	ADA					Enrollment	
	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2023-24	7,141.68	5,489.75	3,717.68	8,294.63	24,643.74	24,828.00	44.60%
2024-25 ⁽¹⁾	6,685.23	5,135.44	3,444.74	7,820.50	23,085.91	24,318.00	48.29
2025-26 ⁽²⁾	6,774.11	5,048.76	3,348.43	7,588.57	22,759.87	23,894.00	49.14
2026-27 ⁽²⁾	6,806.34	4,951.88	3,284.77	7,363.75	22,406.74	23,534.00	49.77

¹ Budgeted.

² Projected.

Source: *The District*.

Due to the COVID-19 pandemic and related State budget-implementing legislation, California school districts, other than certain charter school districts, were held harmless against any loss of ADA for purposes of calculating apportionment in the 2020-21 fiscal year, with ADA for purposes of calculation of state funding based on ADA for fiscal year 2019-20. Additionally, due to State-wide declining enrollment trends, additional hold harmless measures have been instituted to shelter school districts from large annual revenue losses. For fiscal year 2021-22, ADA for funding purposes was based on ADA in fiscal year 2019-20. The fiscal year 2022-23 budget for the State permits school districts, on an on-going basis, to use the greater of the current year or prior year ADA or an average of the three prior years' ADA to calculate LCFF funding. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures."

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, prior year, or an average of the three prior years' ADA, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable categorical block grant add-ons, will yield 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.

Certain school districts, known as "community-funded" districts (formerly, "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community-funded school districts receive 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 community-funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants.

The District currently qualifies as community funded, as its local property tax collections exceed its LCFF funding entitlement and expects to continue to qualify as community funded in future fiscal years. The District estimates that its local property tax revenues will not exceed the threshold for categorization as a community funded district for fiscal year 2024-25, however, the District will retain the difference between local revenue plus the minimum state aid guarantee and the LCFF entitlement which amount is \$60,156,224 for fiscal year 2024-25. For fiscal year 2025-26, the District estimates that the difference between the local revenues plus the minimum state aid guarantee and the LCFF entitlement will be approximately \$68,459,970.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as 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, are required to be adopted annually. The SBE has developed and adopted a template LCAP for use by school districts.

Support and Intervention. The LCFF establishes 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 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. The District has not previously been subject to any of the above-described support and intervention procedures.

In the last five years, the District has adopted its annual LCAP in compliance with the LCFF.

Revenue Sources

The District categorizes its General Fund revenues into four sources. Each of these revenue sources is briefly described below.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. This category also includes local property taxes. See "-- State Funding of Education – Local Control Funding Formula" above.

Federal Revenues. The federal government provides funding under the Every Student Succeeds Act for several District programs, including special education programs.

On January 20, 2025, President Trump issued a series of executive orders, which include ensuring that federal funds are used in a manner approved by the current administration. In response to and in an effort to carry out such orders, on January 27, 2025, the White House Office of Management and Budget ("OMB") released its memorandum M-25-13, Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs (the "OMB Memorandum"). The OMB Memorandum directed federal agencies to temporarily pause all activities related to obligation or disbursement of all federal financial assistance in order to review spending for consistency with the Trump Administration's policies, stating that the temporary pause was to become effective at 5:00 p.m. on January 28, 2025. The OMB Memorandum caused uncertainty as to whether certain Federal funding and grants would be paused.

Before the OMB Memorandum became effective, two separate lawsuits were filed in federal district courts in Rhode Island and the District of Columbia challenging the OMB Memorandum and seeking injunctions. On January 28, 2025, shortly before the OMB Memorandum became effective, a District of Columbia federal judge issued an emergency administrative stay through February 3, 2025, at which time a preliminary injunction hearing was set. On January 29, 2025, OMB rescinded the OMB Memorandum. Although the OMB Memorandum was rescinded, the executive orders are in effect and the matter is ongoing as spending reviews are ongoing. On January 31, 2025, a Rhode Island federal judge issued a temporary restraining order on the pause. On February 3, 2025, the District of Columbia federal judge issued a temporary restraining order as well. On February 10, 2025, the Rhode Island federal judge granted a motion for a preliminary injunction and issued an Enforcement Order clarifying the scope of the temporary restraining order and ordering the Trump Administration to release federal funds and comply with the earlier order. The Trump Administration appealed the temporary restraining order to the U.S. Court of Appeals for the First Circuit. The Trump Administration's request to stay the temporary restraining order pending appeal was denied. The District cannot predict any action to be taken in carrying out the executive orders nor its effect on the District's federal funding or operations of the District.

President Trump has also signed an executive order aimed at terminating the United States Department of Education. The District cannot predict the types of possible federal funding cuts that may

occur, the extent of such cuts, if any, and the impact on the District’s revenues or operations, if any, as a result of a possible termination of the Department of Education.

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as instructional materials and various block grants.

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

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

The following table presents each revenue source as a percentage of total General Fund revenues for fiscal years 2020-21 through 2024-25.

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source⁽¹⁾
Fiscal Years 2020-21 through 2024-25**

Revenue Source	2020-21	2021-22	2022-23	2023-24	2024-25 ⁽²⁾
LCFF sources	78.50%	78.67%	76.39%	78.05%	83.24%
Federal revenues	8.41	8.63	5.13	4.19	3.03
Other State revenues	12.00	10.63	16.00	11.70	10.13
Other local revenues	1.09	2.07	2.47	6.06	3.59

⁽¹⁾ Percentages may not total to 100% due to rounding.

⁽²⁾ Based on Second Interim Report.

Source: *The District*.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees collected by the District are \$4.79 per square foot for residential construction and \$0.78 per square foot of commercial/residential construction, except for mini storage which is \$0.05 per square foot.

The District collected \$4,173,774 in developer fees for fiscal year 2019-20, \$2,105,196 for fiscal year 2020-21, \$1,636,985 for fiscal year 2021-22, \$3,612,204 for fiscal year 2022-23 and \$3,824,068 for fiscal year 2023-24. The District has budgeted developer fee collections of \$3,850,000 for fiscal year 2024-25.

Parcel Tax Revenue

On November 8, 2016, the voters of the District approved an eight-year parcel tax (the “Parcel Tax”) in the amount of \$72 per parcel. The Parcel Tax is a “special tax” under the State Constitution and required the approval of two-thirds of the voters voting on the measure. The purpose of the Parcel Tax is to raise funds to augment the operating budget of the District. The first year of the Parcel Tax was fiscal year 2017-18, and the Parcel Tax will expire after the current 2024-25 fiscal year. The following table sets for the amount of revenue generated from the Parcel Tax since fiscal year 2020-21.

<u>Fiscal Year</u>	<u>Revenue</u>
2020-21	\$4,841,340.77
2021-22	4,817,249.58
2022-23	4,842,176.57
2023-24	4,796,893.44
2024-25	4,832,000.00

Lease Revenues

Thirteen real property lease agreements have been entered into with various lessees for terms that exceed one year. The agreements expire through fiscal year 2067-68. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees, but it is unlikely that the District will cancel any of the agreements prior to their respective expiration dates. The District received \$6,248,663, \$5,519,026, \$5,862,369, \$7,833,313, and \$7,837,522 in lease revenues in fiscal years 2019-20 through 2023-24, respectively. The District projects it will receive \$7,045,910 in lease revenues in fiscal year 2024-25 and \$7,215,910 in fiscal year 2025-26.

Pass-Through Revenue

The District receives pass-through tax increment revenue (the “Pass-Through Revenue”) from the former redevelopment agencies within the District’s boundaries. Of the Pass-Through Revenue received, 43.3% is treated as additional property tax and is offset against the State apportionment. The other 56.7% is restricted to be spent on facility improvements, and is not offset against State apportionment. The following table sets for the amount of revenue generated from Pass-Through Revenue since fiscal year 2019-20.

<u>Fiscal Year</u>	<u>Revenue</u>
2021-22	\$4,942,985
2022-23	5,097,420
2023-24	6,475,633
2024-25	6,292,789
2025-26	6,292,789

The District can make no representations that the Pass-Through Revenues will continue to be received by the District in amounts consistent with prior years, or as currently project, particularly in light of the legislation eliminating redevelopment agencies. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 1A and Proposition 22” herein. The Bonds, however, are not payable from such revenue. See “THE BONDS – Security and Sources of Payment” herein.

COVID-19 Outbreak and its Economic Impact

In late 2019, an outbreak of COVID-19, a respiratory virus, initially occurred in China and subsequently spread globally. The global outbreak, together with measures undertaken to limit the spread of COVID-19 imposed by local and federal governments, caused volatility in financial markets as well as operating restrictions upon many businesses. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and increases in inflation as these restrictions and closures have been lifted.

As a result of the various regulations imposed in order to slow the spread of COVID-19, economic activity within the State, the County and the community around and within the District suffered episodes of recession and/or depression. The District cannot predict whether a future pandemic may occur, the extent or duration of such an outbreak, or what impact it may have on the District's General Fund revenues. However, the Bonds are general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the General Fund of the District. See "SECURITY FOR THE BONDS" herein.

Budget Procedures

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

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. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing school districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

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, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets may be disapproved if they fail the above conditions. 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 November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been 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. 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.

In the past five fiscal years, the District's adopted budget has never been disapproved by the County Superintendent.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim reports 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 fiscal year. The school district governing board must certify its financial condition as either positive, negative or qualified. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. The school district must file the report with the county superintendent of schools, who may either agree with the school district's certification or change the certification.

The District has filed positive certifications on each interim report in the last five fiscal years.

General Fund Budget. The District's General Fund adopted budgets for fiscal years 2020-21 through 2024-25, audited actuals for the fiscal years 2020-21 through 2023-24, and second interim financial results for fiscal year 2024-25, are set forth on the following page.

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**SAN JOSÉ UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING**

	Original Budget 2020-21 ⁽¹⁾	Audited Actuals 2020-21 ⁽¹⁾	Original Budget 2021-22 ⁽¹⁾	Audited Actuals 2021-22 ⁽¹⁾	Original Budget 2022-23 ⁽¹⁾	Audited Actuals 2022-23 ⁽¹⁾	Original Budget 2023-24 ⁽¹⁾	Audited Actuals 2023-24 ⁽³⁾	Adopted Budget 2024-25 ⁽²⁾⁽⁶⁾	2 nd Interim Report 2024-25 ⁽³⁾⁽⁶⁾
REVENUES										
LCFF Sources	\$299,254,765	\$336,659,482	\$311,760,510	\$343,597,739	\$333,553,875	\$365,513,857	\$368,185,514	\$379,105,498	\$390,906,436	\$392,770,021
Federal	13,585,281	36,054,971	12,029,426	37,698,656	21,767,775	24,550,090	20,674,144	20,341,339	14,125,467	14,314,719
Other State	26,048,690	51,462,686	56,596,866	46,420,276	67,483,151	76,579,222	41,440,161	56,852,485	46,595,947	47,808,311
Other Local	<u>15,262,350</u>	<u>4,670,476</u>	<u>12,169,499</u>	<u>9,022,079</u>	<u>12,205,850</u>	<u>11,830,437</u>	<u>9,155,500</u>	<u>29,422,552</u>	<u>10,543,904</u>	<u>16,939,892</u>
Total Revenues	354,151,086	428,847,615	393,556,301	436,738,750	435,010,651	478,473,606	439,455,319	485,721,874	462,171,756	471,832,944
EXPENDITURES										
Certificated Salaries	149,754,014	151,583,415	160,301,666	159,156,945	167,125,390	174,680,150	187,354,387	185,278,493	186,705,368	192,309,013
Classified Salaries	46,041,277	43,438,713	49,845,986	49,393,285	56,721,917	55,910,659	59,003,858	62,200,132	63,098,918	69,144,243
Employee Benefits	102,014,911	102,425,880	108,293,073	107,512,497	118,346,773	116,758,283	124,307,912	124,370,432	136,714,092	139,705,352
Books and Supplies	19,243,775	18,100,428	34,790,895	14,110,130	20,626,654	16,983,784	17,461,659	14,317,710	22,155,435	23,635,609
Services, Other Operating Expenses	50,644,720	54,097,129	63,680,386	65,721,484	66,342,947	71,977,544	73,627,692	87,211,057	81,268,066	87,532,214
Other Outgo	1,724,552	1,715,918	1,879,208	1,640,357	1,828,763	1,906,824	1,896,873	2,374,253	2,231,964 ⁽⁷⁾	1,969,947
Capital outlay	252,000	291,619	135,000	710,673	1,263,000	4,776,476	340,222	1,102,559	300,000	300,000
Debt Service – Principal	46,000	46,162	--	--	--	--	--	--	--	--
Debt Service - Interest	69,000	79,749	--	--	--	--	--	--	--	--
Total Expenditures	<u>369,790,748</u>	<u>371,779,013</u>	<u>418,926,214</u>	<u>398,394,911</u>	<u>432,255,444</u>	<u>442,993,720</u>	<u>463,992,603</u>	<u>476,854,636</u>	<u>492,473,845</u>	<u>519,596,379</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(15,639,662)	57,068,602	(25,369,913)	38,343,839	2,755,207	35,479,886	(24,537,284)	8,867,238	(30,302,089)	(42,763,435)
OTHER FINANCING SOURCES (USES)										
Transfers In ⁽⁴⁾	--	--	--	--	(8,044,620)	1,227,511	28,600,572	--	24,518,885	33,188,770
Other Sources	--	--	--	--	--	--	--	--	--	--
Transfers Out ⁽⁴⁾⁽⁵⁾	<u>(6,170,788)</u>	<u>(20,871,697)</u>	<u>(7,871,000)</u>	<u>(2,431,787)</u>	<u>(2,648,264)</u>	<u>(8,918,379)</u>	<u>(7,503,334)</u>	<u>(7,759,686)</u>	<u>(7,844,386)</u>	<u>(12,244,867)</u>
Total Other Financing Sources (Uses)	(6,170,788)	(20,871,697)	(7,871,000)	(2,431,787)	(10,692,884)	(7,690,868)	21,097,238	(7,759,686)	16,674,498	30,518,568
NET CHANGE IN FUND BALANCES										
Fund Balance, July 1	109,715,299	103,175,188	139,372,093	139,372,093	175,284,145	175,284,145	203,073,163	203,073,163	94,927,354	109,367,370
Fund Balance, June 30	\$ 87,904,849	\$ 139,372,093	\$ 106,131,180	\$ 175,284,145	\$ 167,346,468	\$ 203,073,163	\$ 199,633,117	\$ 204,180,715	\$ 76,026,696	\$ 97,122,503

⁽¹⁾ From the District's comprehensive audited financial statements for fiscal years 2020-21 through 2023-24, respectively.

⁽²⁾ From the District's adopted budget for fiscal year 2024-25.

⁽³⁾ From the District's 2nd Interim report.

⁽⁴⁾ Fiscal year 2020-21 Adopted Budget was revised to net out transfers made between the general fund and Fund 17 because such funds have been combined in this table.

⁽⁵⁾ Reflects transfers out to: the Child Development Fund (2020-21); the Cafeteria Fund to cover deficit spending (2020-21); and the Building Fund for Solar Saving Program that the District incurred from the acquisition of solar panels (2020-21).

⁽⁶⁾ Amounts have been rounded down to the nearest dollar.

⁽⁷⁾ Fiscal year 2024-25 Adopted Budget and Second Interim Report Projected Year Totals were revised to net out other outgo for ease of reference.

Source: *The District*

Comparative Financial Statements

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2024, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 855 Lenzen Avenue, San José, California 95126. See APPENDIX B hereto for the fiscal year 2023-24 Audited Financial Statements of the District.

The table on the following page reflects the District's audited General Fund revenues, expenditures and fund balances from fiscal year 2020-21 to fiscal year 2023-24.

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SAN JOSÉ UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2020-21 through 2023-24

	2020-21 Audit	2021-22 Audit	2022-23 Audit	2023-24 Audit
REVENUES				
LCFF Sources	\$336,659,482	\$343,597,739	\$365,513,857	\$379,105,498
Federal Revenues	36,054,971	37,698,656	24,550,090	20,341,339
Other State Revenues	51,462,686	46,420,276	76,579,222	56,852,485
Other Local Revenues	<u>4,670,476</u>	<u>9,022,079</u>	<u>11,830,437</u>	<u>29,422,552</u>
Total Revenues	428,847,615	436,738,750	478,473,606	485,721,874
EXPENDITURES				
Instruction	221,535,523	234,744,753	257,406,850	275,466,536
Instruction related activities:				
Supervision of instruction	25,072,813	20,457,213	21,240,650	24,592,726
Instructional library, media and technology	2,191,580	2,580,245	3,105,962	2,966,039
School site administration	28,001,174	28,623,191	28,411,029	27,266,066
Pupil services:				
Home-to-school transportation	8,057,601	9,263,384	11,216,758	11,329,675
Food services	56,038	126,952	81,050	142,942
All other pupil services	24,907,970	32,203,318	31,982,449	36,234,986
Administration:				
Data processing	4,953,214	5,942,056	8,025,437	6,798,886
All other administration	15,485,441	17,044,649	22,838,975	27,816,466
Plant services	35,740,485	38,732,777	44,626,458	41,046,782
Ancillary services	3,550,296	5,334,865	7,196,600	14,455,910
Other outgo	2,114,976	2,026,205	2,327,127	2,808,269
Enterprise services	(93,474)	--	--	--
Capital Outlay	79,465	805,763	4,534,375	5,929,353
Debt Service				
Principal	46,162	134,407	--	--
Interest and other	<u>79,749</u>	<u>15,133</u>	<u>--</u>	<u>--</u>
Total Expenditures	371,779,013	398,394,911	442,993,720	476,854,636
Excess (Deficiency) of Revenues Over Expenditures	57,068,602	38,343,839	35,479,886	8,867,238
OTHER FINANCING SOURCES (USES):				
Transfers In	--	--	1,227,511	--
Other sources	--	--	--	--
Transfers Out	(20,871,697)	(2,431,787)	(8,918,279)	(7,759,686)
Other uses	--	--	--	--
Net Financing Sources	(20,871,697)	(2,431,787)	(7,690,868)	(7,759,686)
NET CHANGE IN FUND BALANCES				
	36,196,905	35,912,052	27,789,018	1,107,552
Fund Balances at Beginning of Year	103,175,188	139,372,093	175,284,145	203,073,163
Fund Balances at End of Year	\$139,372,093	\$175,284,145	\$203,073,163	\$204,180,715

Source: *The 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.

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.

2024-25 State Budget. The fiscal year 2024-25 budget for the State (“2024-25 State Budget”) was passed by the State legislature on June 13, 2024. On June 26, 2024, the Governor signed Assembly Bill 107, the main budget bill approved by the legislature, and Senate Bill 154, the Proposition 98 suspension bill. Additionally, the Governor declared a fiscal emergency which allows the State to suspend the transfer of moneys to the BSA required by the State Constitution and return funds that have been transferred to the BSA to the general fund for use to address the budget emergency. On June 29, 2024, the Governor signed Senate Bill 153, the education omnibus trailer bill and Senate Bill 108, the “budget bill junior” to implement the final budget agreement between the legislature and the Governor.

The 2024-25 State Budget balances the budget in fiscal years 2024-25 and 2025-26. It also maintains \$22.2 billion in total reserves at the end of fiscal year 2024-25. The legislation addresses a \$46.8 billion shortfall through a balanced package of solutions, including spending reductions of \$16 billion. The 2024-25 State Budget projects approximately \$212.1 billion in general fund revenues with a prior year balance of \$13.4 billion for total resources of \$225.6 billion, and \$211.5 billion in expenditures for fiscal year 2024-25. For fiscal year 2023-24, the 2024-25 State Budget estimated \$236.5 billion in total resources and \$223.1 billion in expenditures. The 2024-25 State Budget provides total K-12 funding of \$133.8 billion (\$81.5 billion general fund and \$52.3 billion from other funds).

The 2024-25 State Budget reflects a total balance of \$8.4 billion in the PSSSA at the end of fiscal year 2022-23 and reflects the withdrawal of this balance in fiscal year 2023-24. The 2024-25 State Budget also reflects a roughly \$1.1 billion discretionary payment into the PSSSA in fiscal year 2024-25, resulting in a balance of \$1.1 billion. Since there is no ending balance in the account in fiscal year 2023-24 and a balance of \$1.1 billion in fiscal year 2024-25, school district reserve caps are not triggered in fiscal year 2024-25 and are not projected to be triggered in fiscal year 2025-26. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICTS – Proposition 2” herein for more information regarding school district reserves.

The State Legislature may suspend the Proposition 98 Guarantee under certain circumstances and create a maintenance factor to be paid in future fiscal years. The 2024-25 State Budget suspends the Proposition 98 Guarantee in fiscal year 2023-24 and projects the Proposition 98 Guarantee to be in Test 1 in fiscal year 2024-25 (equal to the percentage of General Fund appropriated for K-14 schools in fiscal year 1986-87). Suspending the Proposition 98 Guarantee is projected to create a maintenance factor obligation of approximately \$8.3 billion in fiscal year 2023-24 and is projected to result in a \$4.1 billion maintenance factor payment in fiscal year 2024-25, which will be paid in addition to the Proposition 98 Guarantee level. The 2024-25 State Budget rebenchs the Test 1 percentage, from approximately 38.6% to approximately 39.2%, to increase the percentage of General Fund revenues obligated to the Proposition 98 Guarantee.

The 2024-25 State Budget reflects Proposition 98 funding levels of \$103.7 billion in fiscal year 2022-23, \$98.5 billion in fiscal year 2023-24, and \$115.3 billion in fiscal year 2024-25.

The LCFF under the 2024-25 State Budget receives a COLA of 1.07 %, and when combined with population growth adjustments, will result in an increase of approximately \$983 million over the 2023-24 State Budget under the LCFF. To fully fund the LCFF, the 2024-25 State Budget withdraws approximately \$5.3 billion from the PSSSA to support LCFF costs in fiscal year 2023-24 and uses available reappropriation and reversion funding of \$253.9 million to support ongoing LCFF costs in fiscal year 2024-25.

The 2024-25 State Budget reflects LCFF apportionment deferrals from fiscal year 2023-24 to fiscal year 2024-25 of approximately \$3.6 billion and from fiscal year 2024-25 to fiscal year 2025-26 of approximately \$246 million. Additionally, the 2024-25 State Budget reflects approximately \$2.3 billion in categorical program deferrals from fiscal year 2022-23 to fiscal year 2023-24, with the deferred categorical amount being repaid using PSSSA resources.

Additional significant provisions of the 2024-25 State Budget relating to K-12 education include the following:

- *Instructional Continuity and Attendance Recovery* — Beginning in fiscal year 2025-26, school districts can add up to 10 days of attendance recovery time per pupil to the attendance data submitted to the State Department of Education for funding purposes. Includes \$4 million Proposition 98 funds to research and develop models of hybrid and remote learning to support students' attendance.
- *Forgoing Planned Programs to Address Budget Shortfall* — Forgoes the following planned investments: \$875 million to support the School Facility Program, \$550 million to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program and \$500 million Proposition 98 funds in fiscal year 2024-25 to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission.
- *Teacher Professional Development and Preparation* — \$25 million funds to train educators to administer literacy screenings of students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year.
- *State Preschool* — \$53.7 million funds to support reimbursement rate increases previously supported by available one-time federal stimulus funding and authorizes California State Preschool Program providers to serve two-year-old children, in addition to three and four-year old children, until June 30, 2027.
- *Transitional Kindergarten* — \$988.7 million Proposition 98 funds to support the second year (2023-24 school year) of expanded eligibility for transitional kindergarten, \$390.2 million Proposition 98 funds to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class, \$1.5 billion Proposition 98 funds to support the third year (2024-25 school year) of expanded eligibility for transitional kindergarten, and \$515.5 million Proposition 98 funds to support the third year of adding one additional certificated or classified staff person to every transitional kindergarten class.
- *The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28)* — \$907.1 million to support the Proposition 28.

- *Categorical Program COLA* — \$89.2 million Proposition 98 funds to reflect a 1.07% COLA for specified categorical programs.
- *Nutrition* — \$179.4 million Proposition 98 General Fund and \$120.8 million Proposition 98 funds to fully fund the universal school meals program in fiscal years 2023-24 and 2024-25 (in addition to \$1.6 billion in base funding for the program).
- *Classified School Employee Summer Assistance Program* — \$9 million Proposition 98 funds for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during intersessional months when not employed.
- *Curriculum-Embedded Performance Tasks for Science* — \$7 million Proposition 98 funds to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks.
- *California Teachers Collaborative for Holocaust and Genocide Education* — \$5 million Proposition 98 funds to support the California Teachers Collaborative for Holocaust and Genocide Education.
- *After School Education and Safety Programs* — \$5 million one-time funds for Save the Children, supporting after school programs in rural districts.
- *State Special Schools Infrastructure Support* — \$3.4 million, of which \$380,000 is ongoing, to replace critical servers, maintain warranty coverage for network infrastructure, and refresh laptops, tablets, and workstations for students and staff at the State Special Schools and Diagnostic Centers.
- *K-12 High Speed Network* — \$3.2 million Proposition 98 funds to support the K-12 High Speed Network program.
- *Student Friendly Services* — \$2.1 million Proposition 98 funds to support the California College Guidance Initiative.
- *Inclusive College Technical Assistance Center* — \$2 million Proposition 98 funds to establish a Technical Assistance Center.

Proposed 2025-26 State Budget. The proposed budget for fiscal year 2025-26 for the State (“Proposed 2025-26 State Budget”) was released by the Governor on January 10, 2025. The Proposed 2025-26 State Budget recognizes a budget surplus of \$16.5 billion over fiscal years 2023-24, 2024-25, and 2025-26 above that projected in the 2024-25 State Budget. The budget surplus is due primarily to increased revenues from personal income taxes, corporate taxes, and interest on certain pooled money investments.

The Proposed 2025-26 State Budget projects approximately \$225.1 billion in general fund revenues with a prior year balance of \$26.3 billion for total resources of \$251.4 billion and \$228.9 billion in expenditures for fiscal year 2025-26. For fiscal year 2024-25, the Proposed 2025-26 State Budget estimates \$258.4 billion in resources and \$232.1 billion in expenditures.

The Proposed 2025-26 State Budget maintains the planned withdrawal of approximately \$7.1 billion from the BSA during fiscal year 2025-26 included in the 2024-25 State Budget. Accounting for withdrawals, the Proposed 2025-26 State Budget includes setting aside a total of \$17 billion, including \$10.9 billion in the BSA for fiscal emergencies, \$1.5 billion in the PSSSA, and an estimated \$4.5 billion in the State’s Special Fund for Economic Uncertainties. The balance of \$1.2 billion in fiscal year 2024-25 in

the PSSSA does not trigger school district reserve caps in fiscal year 2025-26. To remove the existing statutory cap on deposits to the Rainy Day Fund in order to provide budget resiliency, the Proposed 2025-26 State Budget proposes statutory changes to allow the State to increase the mandatory deposit level in the BSA from the current 10% to 20% of General Fund revenues and exempt deposits into the BSA from the State Appropriations Limit. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICTS – Proposition 2” herein for more information regarding school district reserves.

The Proposed 2025-26 State Budget includes total K-12 funding of \$137.1 billion (\$83.3 billion general fund and \$53.8 billion from other funds). K-12 per-pupil funding totals \$24,764 from all sources, including \$18,918 Proposition 98 funds. The Proposed 2025-26 State Budget includes an LCFE COLA of 2.43%.

Additional significant provisions of the Proposed 2025-26 State Budget relating to TK-12 education include the following:

- *Universal Transitional Kindergarten* — \$1.5 billion Proposition 98 funds to expand TK eligibility from children turning five years old between September 2 and April 2 to children turning five between September 2 and June 2; \$516.7 million Proposition 98 funds to add one additional certificated or classified staff person to every transitional kindergarten class; \$2.4 billion Proposition 98 funds to support full implementation of universal transitional kindergarten allowing children who turn four years old by September 1 of the school year to enroll in transitional kindergarten; and \$1.5 billion Proposition 98 funds to further lower the average student-to-adult ratio from 12:1 to 10:1 in every transitional kindergarten classroom.
- *Expanded Learning Opportunities Program* — \$435 million Proposition 98 funds to increase access to the Expanded Learning Opportunities Program from school districts with an unduplicated pupil percentage of 75% to those with 55% percent unduplicated students.
- *Literacy Instruction* — \$500 million Proposition 98 funds for TK-12 Literacy and Mathematics Coaches; \$40 million Proposition 98 funds to support costs to administer literacy screenings; \$5 million Proposition 98 funds annually through the 2029-30 fiscal year to launch a Literacy Network within the Statewide System of Support; \$300,000 one-time non-Proposition 98 funds in fiscal year 2024-25 for the Instructional Quality Commission to develop a curriculum guide and resources in personal finance; and \$1.8 billion for the Student Support and Discretionary Block Grant.
- *Teacher Preparation and Professional Development* — \$150 million Proposition 98 funds to provide financial assistance for teacher candidates through the new Teacher Recruitment Incentive Grant Program and \$100 million Proposition 98 funds to extend the timeline of the existing National Board Certification Incentive Program to support National Board Certified teachers to teach and mentor instructional staff in high poverty schools.
- *Student Support and Professional Development Discretionary Block Grant* — \$1.8 billion Proposition 98 funds for: (i) professional development for teachers on the ELA/ELD Framework and the Literacy Roadmap; (ii) professional development for teachers on the Mathematics Framework; (iii) teacher recruitment and retention strategies; and (iv) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.
- *Learning Recovery Emergency Block Grant* — \$378.6 million Proposition 98 funds to support the Learning Recovery Emergency Block Grant in establishing learning recovery initiatives through the 2027-28 school year.

- *Kitchen Infrastructure and Training* — \$150 million Proposition 98 funds for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- *Nutrition* — \$106.3 million in additional Proposition 98 General Fund to fully fund the universal school meals program in fiscal year 2025-26.
- *English Language Proficiency Screener for Transitional Kindergarten Students* — \$10 million Proposition 98 General Fund for the statewide use of English language proficiency screeners to support multilingual learnings in transitional kindergarten.
- *Master Plan for Career Education: TK-12 Education* — \$1.8 billion Student Support and Discretionary Block Grant for dual enrollment and pathways programs. Increase of \$3 million Proposition 98 General Fund to support the California College Guidance Initiative and the Cradle-to-Career Data System.

May Revision to Proposed 2025-26 State Budget. Governor Newsom announced his updates to the Proposed 2025-26 State Budget on May 14, 2025 (the “May Revision”) which includes budgetary solutions that address a budget shortfall of approximately \$12 billion for fiscal year 2025-26. The Proposed 2025-26 State Budget recognized a budget surplus over fiscal years 2023-24, 2024-25, and 2025-26 above that projected in the 2024-25 State Budget. The May Revision reflects a downward revision of economic factors and changing national conditions, including the imposition of tariffs.

The May Revision revenue forecast shows a decrease of \$4.8 billion in personal income tax, corporate tax and sales tax revenues. Since the release of the Proposed 2025-26 State Budget, expenditures have also increased, including Medi-Cal program expenditures. In Spring of 2025, a cash flow loan of \$3.4 billion was executed and an additional \$2.8 billion from the General Fund was appropriated to support Medi-Cal expenditures in fiscal year 2024-25. The May Revision addresses the budget shortfall with \$5 billion of reductions to ongoing programs, \$5.3 billion in borrowing and revenues and \$1.7 billion in fund shifts. The May Revision also includes triggers for future spending commitments for the California Food Assistance Program Expansion and Foster Care Tiered Rate Structure Trigger. The May Revision maintains the planned withdrawal of approximately \$7.1 billion from the BSA, despite the downgraded revenue forecast. For fiscal year 2025-26, the May Revision projects total resources of approximately \$249 billion and expenditures of approximately \$226 billion.

The May Revision includes \$80.5 billion General Fund and \$57.3 billion other funds for total funding of \$137.8 billion for all TK-12 education programs. At the May Revision, the revised estimates of General Fund revenues result in adjustments to the Proposition 98 Guarantee to \$98.5 billion in 2023-24, \$118.9 billion in 2024-25, and \$114.6 billion in fiscal year 2025-26. These revised Proposition 98 funding amounts represent an increase of approximately \$2.9 billion over the three-year period relative to the 2024-25 State Budget, and a decrease of approximately \$4.6 billion from the Proposed 2025-26 State Budget. The May Revision proposes to appropriate Proposition 98 funds in fiscal year 2024-25 of \$117.6 billion, instead of the 2024-25 State budget amount of \$118.9 billion in order to avoid appropriating more resources than actually available once fiscal year 2024-25 closes.

The May Revision maintains the withdrawal of the full \$8.4 billion balance in the PSSSA in fiscal year 2023-24. The adjustments in capital gains revenues at the May Revision are projected to reduce the mandatory deposit in fiscal year 2024-25 to \$540 million. Additionally, a decrease in Proposition 98

funding triggers a mandatory withdrawal of \$540 million in fiscal year 2025-26, exhausting the remaining fund balance.

The May Revision includes a LCFF cost-of-living adjustment of 2.3%, down from 2.43% at the Proposed 2025-26 State Budget. To fully fund the LCFF, the May Revision uses \$481 million from the Proposition 98 Rainy Day Fund to support LCFF costs in fiscal year 2025-26.

In the 2025-26 school year, the May Revision provides a total of \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal Transitional Kindergarten. This is less than the Proposed 2025-26 State Budget estimate of \$2.4 billion. The May Revision also provides an additional \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every Transitional Kindergarten classroom. This is also lower than the Proposed 2025-26 State Budget estimate of \$1.5 billion.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions. See also "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" for a discussion of COVID-19 and its impact on the State economy.

The District cannot predict the extent to which the State will encounter budgetary difficulties and what budget actions will be taken to resolve those difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot 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.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIII A of the California Constitution

Article XIII A of the State Constitution ("Article XIII A") limits the amount of *ad valorem* 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 base year value. 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. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on outstanding general obligation bonds of the District, including the Bonds. See “TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations” herein.

Article XIII A requires a vote of two-thirds 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*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of principal of and interest on the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Property Tax Base Transfer Constitutional Amendment. On November 3, 2020, voters in the State approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment. Proposition 19 (i) expands special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrows existing special rules for inherited properties; and (iii) broadens the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on 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 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.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of 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.

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 as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the County by the State Board of Equalization, 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.

The California electric utility industry has experienced significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION – State Funding of Education” herein.

Article XIII B of the California Constitution

Article XIII B of the State Constitution (“Article XIII B”), 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 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 certain debt service, including debt service on 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. However, if a school district's revenues exceed its spending limit, such school district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

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

Article XIII C and Article XIII D of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one percent (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.

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 XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. Proposition 26 does not apply to the levy of ad valorem taxes to pay general obligations bonds, including the Bonds.

Proposition 98

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

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

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.

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized 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 California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

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 is 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 1990 levels (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 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 (the "first test") 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 (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State General Fund revenues from the prior year is less than the annual growth in California per capita personal income.

Under the third test, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (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) changed existing statutory law regarding charter school facilities. As adopted, the constitutional amendment may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the 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 buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value 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), when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. 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 “Controller”)). 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 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 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 expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. 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), 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 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 such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally

requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its property tax apportionments may be offset by the future receipt of pass-through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 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 temporary tax increases were included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98” and “— Proposition 111” herein. From an accounting perspective, the revenues generated from the temporary tax increases were 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 were and will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds are distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative (“Proposition 55”) which extends the increase in personal income tax on high-income taxpayers imposed under Proposition 30 until 2030. Proposition 55 did not extend the sales tax increases imposed under Proposition 30 which expired at the end of 2016.

Proposition 51

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

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$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.

Proposition 2

Proposition 2, a legislatively referred Constitutional amendment approved by the voters in November, 2014 (“Proposition 2”), changed the way in which the State pays off existing debts, funds its reserves and draws from those reserves in times of economic slowdowns, as well as requires that reserves be set aside for schools and community colleges under certain circumstances. In addition, as a result of the passage of Proposition 2, new rules for school district reserves were implemented.

Under Proposition 2, the State is required annually to deposit 1.5% of General Fund revenues into the Budget Stabilization Account (“BSA”). From fiscal year 2015-16 through 2029-30, under Proposition 2, one half of the amount required to be deposited to the BSA must be applied to the payment of debts for pension and retiree benefits and specified debts to local governments and certain other State accounts. In years when capital gains tax revenues exceed 8% of General Fund revenues, a portion of such excess capital gains tax revenue is also required to be applied to the pay down of State debt. Deposits to the BSA are required until the amount on hand in the BSA reaches 10% of General Fund revenues. Once the maximum has been reached, the required deposit amount may be applied to other expenditures.

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or General Fund revenues reach a certain minimum level. Withdrawals from the BSA,

under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

Public School System Stabilization Account. In the event capital gains tax revenues collected by the State in any given fiscal year exceed 8% of General Fund revenues, a portion of such excess is required to be deposited into the newly established under Proposition 2 Public School System Stabilization Account (the “PSSSA”) which serves as a reserve account for school funding in years when the State budget is smaller.

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in fiscal year 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state’s minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district’s ending fund balances if a certain amount of funds is available in the PSSSA. In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts for that fiscal year, (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98”), a school district’s adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and community-funded school districts.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2024-25 State Budget” for information regarding the triggering of the reserve cap in fiscal year 2024-25.

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainties at least equal to 3.00% of General Fund expenditures and other financing uses. [The Board adopted a policy requiring a reserve for economic uncertainties consisting of unassigned amounts equal to no less than 2.00% of General Fund expenditures and other financing uses.] On June 30, 2024, the District had unassigned available reserves of \$96,082,323, or 19.83% of General Fund expenditures and other financing uses. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District’s current policies on reserves.

Proposition 2 (Facilities)

K-12 School Facilities. The State school facilities bond approved by voters on November 5, 2024 (the “2024 State School Facilities Bond”) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to \$10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion assigned for modernization of existing K-12 facilities, up to \$115 million will be allocated for the repairment of lead in water at school facilities. Generally, 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. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school facilities (\$600 million) and technical education facilities (\$600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. The 2024 State School Facilities Bond includes \$1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment.

The District makes no representation or guarantees that it will either pursue or qualify for facilities funding under the 2024 State School Facilities Bond.

Proposition 28

On November 8, 2022, voters approved The Arts and Music in Schools - Funding Guarantee and Accountability Act which provides additional funding for arts and music education in all K–12 public schools (including charter schools) by annually allocating from the State General Fund an amount equal to 1% of total State and local revenues received by public schools in the preceding fiscal year under Proposition 98. Amounts provided under Proposition 28 are in addition to and not considered a part of the Proposition 98 guarantee. Funds appropriated under Proposition 28 are to be allocated 70% based on a school district’s share of Statewide enrollment and 30% based on such school district’s share of Statewide enrollment of economically disadvantaged students and must be distributed to school sites following such allocation. School districts must expend funds received pursuant to Proposition 28 within three years or such funds revert to CDE for reallocation under Proposition 28.

As a condition to receipt of funds under Proposition 28, school districts must certify that funds are to be used for arts education and that funds received in the prior fiscal year were, in fact, used for those purposes. Additionally, no more than 1% of Proposition 28 funds may be used for administrative purposes in implementing Proposition 28 programs. Schools with 500 or more students must certify that at least 80% of the funding is to be used to employ teachers and that the remainder will be spent on training, supplies, and education partnerships. Amounts appropriated under Proposition 28 in a given year may be reduced if the State legislature suspends the Proposition 98 guarantee but only in an amount equal to the percent reduction of the Proposition 98 guarantee. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures –2023-24 State Budget” for information regarding Proposition 28 in the Proposed 2023-24 State Budget.

Future Initiatives. Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 26, 98 and 111 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, particularly revenues from the State, or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

SAN JOSÉ UNIFIED SCHOOL DISTRICT

Introduction

The San José Unified School District (the “District”) is one of the largest urban school districts in the State of California (the “State”), and the largest school district in Santa Clara County (the “County”), encompassing approximately 100 square miles, and serving approximately 24,000 students from pre-kindergarten through grade 12. The District is located 50 miles south of the city of San Francisco, in the heart of the Silicon Valley, serving a large portion of the city of San José which has a resident population of approximately 969,655. The District currently operates 24 elementary schools for transitional kindergarten through fifth grade, 2 elementary schools for kindergarten through fifth grade, 1 elementary school for kindergarten through eighth grade, 6 middle schools for sixth through eighth grade, 6 comprehensive high schools for ninth through twelfth grade, 1 alternative high school, and one continuation school. The District has sponsored three charter schools (two middle schools and one high school). For fiscal year 2025-26, the District has budgeted an average daily attendance (“ADA”) of 22,504.56, excluding County-funded District programs. The fiscal year 2024-25 assessed valuation of the District is \$78,009,370,652.

The audited financial statements for the District for the fiscal year ended June 30, 2024 are attached hereto as APPENDIX B.

Board of Education

The District is governed by a Board consisting of five members who were elected in trustee areas to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the following table:

BOARD OF EDUCATION

Name	Office	Trustee Area	Term Expires December
Teresa Castellanos	President	1	2028
José Magaña	Vice President	2	2026
Carla Collins	Member	3	2028
Nicole Gribstad	Member	5	2028
Brian Wheatley	Member	4	2026

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: San José Unified School District, 855 Lenzen Avenue, San José, California 95126 Attention: Superintendent. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District and a biography of the Superintendent follows.

Name	Title
Nancy Albarrán	Superintendent
Seth Reddy	Chief Business Officer
Jodi Lax	Associate Superintendent of Instruction
J. Dominic Bejarano	Assistant Superintendent of Administrative Services

Nancy Albarrán – Superintendent. Nancy Albarrán began her tenure as Superintendent of the District effective May 6, 2016, following her service as Interim Superintendent from October 17, 2015 through May 5, 2016. Prior thereto she served as the Assistant Superintendent of Instruction at the District. Ms. Albarrán has also served as a classroom teacher, a site administrator and in several other support roles in the Division of Instruction at the District. Ms. Albarrán received her Bachelor’s degree in Political Science and Social Welfare from the University of California, Berkeley, and her Master’s degree in Education, Administration, and Supervision from San José State University.

Employees and Labor Relations

For fiscal year 2025-26, the District has budgeted for approximately 1,587.64 full-time equivalent certificated, non-management professionals as well as approximately 1,262.15 full-time equivalent classified employees and 148.0 full-time management employees.

District employees, except management and some-part-time employees, are represented by the five bargaining units as noted in the following table:

LABOR RELATIONS San José Unified School District

Labor Organization	Authorized FTE Positions in Bargaining Unit (FY 2025-26)	Contract Expiration Date
San José Teachers’ Association (SJTA)	1,587.61	June 30, 2025
California School Employees Association (CSEA)	796.78	June 30, 2025
American Federation of State, County and Municipal Employees (AFSCME)	465.37	June 30, 2025
San José Administrators Association (SJAA)	148.00	N/A

Source: *The District.*

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (State Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State’s charter school law states that local boards are the primary charter-approving agency and that county boards of education can approve a denied charter. State education standards apply, and charter schools are required to use the same student

assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

The District has certain fiscal oversight and other responsibilities with respect to any independent and District-operated charter schools established within its boundaries. However, any independent charter schools would receive funding directly from the State, and such funding would not be reported in the District’s audited financial statements. Any District-operated charter schools would receive funding through the District, and such funding would be reflected in the District’s audited financial statements.

There are currently three District-approved charter schools operating within the District (collectively, the “Charter Schools”), which include two fifth through eighth grade middle schools and one ninth through twelfth grade high school. All three charter schools are independent, direct-funded charter schools. On June 30, 2025, one middle school and one high school will close indefinitely and beginning July 1, 2025, there will only be one District-approved charter school operating within the District.

The following table shows actual enrollment figures for the Charter Schools for fiscal years 2020-21 through 2023-24 and budgeted enrollment for fiscal year 2025-26.

CHARTER SCHOOLS ENROLLMENT
Fiscal Years 2020-21 through 2026-26
San José Unified School District

Fiscal Year	Charter Schools Enrollment
2020-21	1,280
2021-22	1,224
2022-23	1,028
2023-24	917
2024-25	961
2025-26 ⁽¹⁾	205

⁽¹⁾ Budgeted.

Source: *California Dashboard and the District.*

District Retirement Systems

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

STRS. All full-time certificated employees, 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”).

Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law. For fiscal year 2024-25, the District is currently required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.828% of teacher payroll for fiscal year 2024-25. The State’s contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on

statutory criteria, and a contribution of 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.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 (“AB 1469”) which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16, and will continue to increase annually as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay for employees (“Classic Members”) hired before the Implementation Date (defined herein) and 10.205% for employees (“PEPRA Members”) hired after the Implementation Date (defined herein), over the three-year period from 2014-15 through 2017-18. The State’s total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Teachers’ Retirement Board (the “STRS Board”) is required, with certain limitations, to increase or decrease the State’s contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS’ unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter 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%. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to AB 1469, school districts’ employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 17.1% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21).

Recent Investment Returns. In fiscal year 2023-24, STRS realized an 8.4% net return on investments, exceeding its investment rate of return assumption of 7.0%. The STRS pension system is ahead of schedule in reaching full funding by 2046.

The District contributed \$23,260,068 to STRS for fiscal year 2020-21, \$25,128,324 for fiscal year 2021-22, \$31,065,076 for fiscal year 2022-23 and \$33,797,601 for fiscal year 2023-24. The District has budgeted a contribution of \$35,361,862 to STRS for fiscal year 2024-25.

With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

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, with the Public Employees’ Retirement Law.

The District is currently required to contribute to PERS at an actuarially determined rate, which is 27.05% of eligible salary expenditures for fiscal year 2024-25, while Classic Members contribute at a rate established by statute which is 7% of their respective salaries, and PEPRA Members contribute at an actuarially determined rate which is 8.00% of their respective salaries. See –“California Public Employees’ Pension Reform Act of 2013” below.

On April 14, 2025, the PERS Board adopted the fiscal year 2025-26 contribution rate for school districts of 26.81% and revised downward its projections of future rates. PERS estimates future employer contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates (PERS Actuarial Report) ⁽¹⁾
2025-26	26.81%
2026-27	26.90
2027-28	27.80
2028-29	27.40
2029-30	27.00
2030-31	26.20

⁽¹⁾As of April 14, 2025.

Recent Investment Returns. From its Basic Financial Statements issued on November 15, 2022, PERS reported a negative 7.5% net return on investments for fiscal year 2021-22, which was PERS’ first negative return on investments since fiscal year 2008-09. However, PERS Basic Financial Statements for fiscal year ended June 30, 2023 and for fiscal year ended June 30, 2024 reported investment returns of 6.1% and 9.5%, respectively.

The District contributed \$9,280,299 to PERS for fiscal year 2020-21, \$10,821,590 for fiscal year 2021-22, \$12,536,728 for fiscal year 2022-23 and \$16,949,314 for fiscal year 2023-24. The District has budgeted a contribution of \$15,899,534 to PERS for fiscal year 2024-25.

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.

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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 PERS as of June 30, 2023 and STRS as of July 1, 2023.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation
(Dollar Amounts in Millions)⁽¹⁾

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	\$124,924	\$84,292	\$(40,632)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	359,741	299,148	(60,593)

⁽¹⁾ Amounts may not add due to rounding.

Source: *PERS State & Schools Actuarial Valuation*; *STRS Defined Benefit Program Actuarial Valuation*.

Unlike PERS, STRS contribution rates for participant employers, Classic Members and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS PEPPRA Members will vary from year-to-year based on actuarial valuations. See “ – California Public Employees’ Pension Reform Act of 2013” below. In recent years, the combined employer, employee and State contributions to STRS have been less than actuarially required amounts. As a result, and due in part to investment losses, STRS continues to maintain an unfunded liability. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. 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 Employee’s 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 to 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 (currently 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 and benefit base for members participating in Social Security or 120% for members not participating in social security, 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.

The District’s proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2024, are as shown in the following table.

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>
STRS	\$198,997,591
PERS	<u>115,073,075</u>
Total	<u>\$314,070,666</u>

Source: The District.

For further information about the District’s contributions to PERS and STRS, see Note 10 in the District’s audited financial statements for fiscal year ended June 30, 2024 attached hereto as APPENDIX B.

School districts’ retirement contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot determine whether current or future financial market losses and/or volatility might impact the value of investments held by either PERS or STRS to fund retirement benefits or whether the District’s contribution rates to PERS or STRS might increase in the future as a result of any declines in the value of investments in response to financial market conditions such as recession or inflation.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board (“GASB”) pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement No. 45

with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Employees who are eligible to receive retiree employment benefits other than pensions (“Health & Welfare Benefits”) while in retirement must meet specific criteria, *i.e.*, age and years with the District. Contribution requirements are established and may be amended by agreement between the District and each of its bargaining units.

Plan Description. The post-employment benefit plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the District that provides medical and dental insurance benefits to eligible retirees (the “Benefits”). Employees who are fully vested with CalSTRS and CalPERS, and complete at least 10 fulltime years of District service prior to retirement can enroll in the medical and dental plans and receive a District contribution towards the medical premium. Early retirees receive \$80 per month until aged 65, then \$35 per month. This benefit is available to employees who retired on or before June 30, 2014. Eligible employees who retire in fiscal year 2014-15 or later and who are on a District health insurance plan at the time of retirement have the option to continue on the District’s medical plan, at their own expense, until age 65. Retirees aged 65 and over who are Kaiser members may continue their enrollment with the group Kaiser Senior Advantage plan.

At July 1, 2023, 357 retirees and their beneficiaries were receiving Health & Welfare Benefits with 1,250 active employees earning service credit towards eligibility.

Funding Policy The contribution requirements of the Plan members and the District are established and may be amended by the District, the District’s bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. Expenditures for Health & Welfare Benefits are recognized each pay period at a rate that approximates the amount of premiums paid. For fiscal year 2019-20, the District contributed \$514,677 to the Plan, all of which was used for current premiums, including an implicit subsidy of \$209,990. For fiscal year 2020-21, the District contributed \$475,039 to the Plan, all of which was used for current premiums. For fiscal year 2021-22, the District contributed \$345,656 to the Plan. For fiscal year 2022-23, the District contributed \$230,767, to the Plan, all of which was used for current premiums, including an implicit subsidy equal to the amount of actual District-paid premiums on behalf of retirees multiplied by 1.5019. For fiscal year 2023-24, the District contributed \$371,982 to the Plan, all of which was used for current premiums, including an implicit subsidy of \$223,302. For fiscal year 2024-25, the District has projected a contribution of \$195,484 to the Plan, all of which is expected to be used for current premiums.

Retirees and current employees in the District’s health insurance plan are insured together as a group, and it is assumed that the premiums paid for retirees insurance coverage is lower than they would have been if the retirees were insured separately. When premiums charged for retiree healthcare are lower than expected claims, an implicit subsidy is realized. The District is required to include the value of this implicit subsidy in the GASB 75 liability. See “- Actuarial Studies” below.

The following table shows the changes in the net Health & Welfare Benefits based on a measurement date of June 30, 2023 and a valuation date of June 30, 2022.

	<u>Total Liability</u>
Balance at June 30, 2023	\$2,468,187
Service Cost	82,000
Interest	87,075
Changes of assumptions or other inputs	(21,620)
Benefit payments	(384,352)
Net Changes	<u>(236,897)</u>
Balance at June 30, 2024	\$2,231,290

Source: *The District*.

For further information about the District’s other post-employment benefits and liabilities, see Note 7 in the District’s audited financial statements for fiscal year ended June 30, 2024 attached hereto as APPENDIX B.

Risk Management

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters. The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker’s compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2022 to June 30, 2024.

	<u>Self Insurance</u>
Liability Balance, July 1, 2022	\$14,457,000
Claims and changes in estimates	64,402,118
Claims payments	(64,040,118)
Liability Balance, June 30, 2023	14,819,000
Liability Balance, July 1, 2022	65,866,512
Claims and changes in estimates	(65,942,512)
Liability Balance, June 30, 2024	\$14,743,000

For further information about the District’s risk management and claims liability, see Note 9 in the District’s audited financial statements for fiscal year ended June 30, 2024 attached hereto as APPENDIX B.

Joint Powers Agreements

The District is a member of the Metropolitan Education District (“MetroED”) and the CSAC Excess Insurance Authority. The relationships between the District, MetroEd, and the CSAC Excess

Insurance Authority are such that they are not component units of the District for financial reporting purposes.

MetroED arranges for and provides adult education and occupational programs for its members. MetroED is governed by a board consisting of representatives from each member district. The board controls the operations of MetroED, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board.

CSAC Excess Insurance Authority provides liability and property insurance for its member school districts. Participants include various school districts in the State and their respective county offices of education. Representatives from the participating county offices of education constitute the governing board of the authority.

District Debt Structure

Short-Term Debt. As of June 30, 2024, the District did not have any short-term debt outstanding. The District does not intend to issue tax and revenue anticipation notes in fiscal year 2024-25.

Long-Term Debt. A schedule of the District’s changes in long-term debt for the year ended June 30, 2024 is shown on the following page.

SAN JOSÉ UNIFIED SCHOOL DISTRICT Long-Term Debt

	Balance <u>July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2025</u>	Due Within <u>One Year</u>
Bonds	\$540,478,076	\$5,359,839	\$(31,555,000)	\$514,282,915	\$33,160,000
Bond premiums	17,992,955	--	(3,116,262)	14,876,693	2,247,964
Total	\$558,471,031	\$5,359,839	\$ (34,671,262)	\$529,159,608	\$25,407,964

Source: *The District*.

Lease Agreement. The District entered into a lease agreement (the “Lease Agreement”) in the aggregate principal amount of \$13,500,000, with the SJUSD Financing Corporation, dated as of December 1, 2015 to finance solar projects at 25 school sites. The lease payment obligations under the Lease Agreement were designated as “New Clean Energy Renewable Bonds” (the “CREBs”), pursuant to Section 54C of the Internal Revenue Code of 1986, as amended (the “Code”). The CREBs are payable from lease payments to be made by the District pursuant to the Lease Agreement, for the use and possession of certain District facilities. The District expects to receive, on or about August 1 and February 1 of each year (each a “Rental Payment Date”), a cash subsidy payment (each a “Subsidy Payment”) from the United States Treasury equal to 70% of the interest that would have been payable with respect to such Lease Agreement on or about each Rental Payment Date, if such interest was calculated at a federal tax credit rate of 4.71%, as determined under Section 54A(b)(3) of the Code.

The following table shows all lease payments due with respect to the CREBs, without regard to the Subsidy Payments expected to be received from the United States Treasury.

LEASE PAYMENTS
New Clean Renewable Energy Bonds
San José Unified School District

<u>Base Rental Payment Date</u>	<u>Principal Component</u>	<u>Interest Component⁽¹⁾</u>	<u>Total Base Rental Payment</u>
8/1/2025	<u>\$1,685,000</u>	<u>\$29,825</u>	<u>\$1,714,825</u>
Total	\$1,685,000	\$29,825	\$1,714,825

- (1) Reflects gross interest payments exclusive of the Subsidy Payments. The Subsidy Payments do not constitute the full faith and credit guarantee of the United States Government, but are required to be paid by the Treasury. However, the Subsidy Payments are subject to reduction (the “Sequestration Reduction”) pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions that reduced the Subsidy Payments by 5.7% through September 30, 2025. In the absence of action by the United States Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years.

Source: *The District*.

General Obligation Bonds

1997 Authorization. The District received authorization at an election held on June 3, 1997, by an affirmative vote of 74.6% of the votes cast by eligible voters within the District to issue \$165,000,000 of general obligation bonds (the “1997 Authorization”). In August 1997, the District issued \$28,670,955.60 principal amount of the District’s Election of 1997 General Obligation Bonds, Series A (the “1997 Series A Bonds”) pursuant to the 1997 Authorization. In October 1998, the District issued \$49,998,604.90 principal amount of the District’s Election of 1997 General Obligation Bonds, Series B (the “1997 Series B Bonds”) pursuant to the 1997 Authorization. In November 1999, the District issued \$19,998,216.75 principal amount of the District’s Election of 1997 General Obligation Bonds, Series C (the “1997 Series C Bonds”) pursuant to the 1997 Authorization. In July 2001, the District issued \$66,330,000 principal amount of the District’s Election of 1997 General Obligation Bonds, Series D (the “1997 Series D Bonds”) pursuant to the 1997 Authorization. The 1997 Series D Bonds represented the final series of bonds within the 1997 Authorization, except for any bonds issued in the future to refund outstanding bonds of the 1997 Authorization. No portion of the 1997 Authorization remains authorized but unissued. In July 2001, the District issued \$21,490,000 of its 2001 General Obligation Refunding Bonds (the “2001 Refunding Bonds”) to refund the then-outstanding 1997 Series C Bonds. In January 2006, the District issued \$148,148,960.80 principal amount of its 2005 General Obligation Refunding Bonds (the “2005 Refunding Bonds”) to advance refund (i) a portion of the then-outstanding 1997 Series A Bonds, (ii) all of the then-outstanding 1997 Series B Bonds, and (iii) all of the then-outstanding 1997 Series D Bonds. In addition, the 2005 Refunding Bonds provided additional proceeds for projects associated with the 1997 Authorization. In August 2011, the District issued \$62,330,000 principal amount of its 2011 General Obligation Refunding Bonds (Federally Taxable) (“2011 Refunding Bonds”) to, in part, currently refund a portion of the then-outstanding 2001 Refunding Bonds. In February 2016, the District issued \$117,825,000 principal amount of its 2016 General Obligation Refunding Bonds (the “2016 Refunding Bonds”) to, in part, currently refund a portion of the then-outstanding 2005 Refunding Bonds. On December 19, 2017, the District issued \$27,695,000 principal amount of its 2017 General Obligation Refunding Bonds (the “2017 Refunding Bonds”), to advance refund certain of the outstanding 2011 Refunding Bonds.

2002 Authorization. The District received authorization at an election held on March 5, 2002, by a 69.3% affirmative vote of the eligible voters within the District to issue \$429,000,000 of general obligation bonds (the “2002 Authorization”). In August 2002, the District issued \$84,000,000 principal of its 2002

General Obligation Bonds (Election of 2002, Series A) (the “2002 Series A Bonds”) pursuant to the 2002 Authorization. In May 2005, the District issued \$91,000,000 principal amount of its 2005 General Obligation Bonds (Election of 2002, Series B) (the “2002 Series B Bonds”) pursuant to the 2002 Authorization. In June 2006, the District issued \$149,999,025.35 principal amount of its 2006 General Obligation Bonds (Election of 2002, Series C) (the “2006 Series C Bonds”) pursuant to the 2002 Authorization. In May 2008, the District issued \$104,000,000 principal amount of its 2008 General Obligation Bonds (Election of 2002, Series D) (the “2002 Series D Bonds”) pursuant to the 2002 Authorization. Approximately \$975 principal amount of the 2002 Authorization remains authorized but unissued.

The District utilized a portion of the proceeds from the 2011 Refunding Bonds to currently refund the then-outstanding 2002 Series A Bonds. In February 2013, the District issued \$70,255,000 principal amount of its 2013 General Obligation Refunding Bonds (Tax Exempt) (“2013 Refunding Bonds”) to advance refund a portion of the then-outstanding 2002 Series B Bonds. In January 2015, the District issued \$65,505,000 principal amount of its 2015 General Obligation Refunding Bonds (the “2015 Refunding Bonds”) to advance refund a portion of the then-outstanding 2002 Series C Bonds. The District utilized a portion of the proceeds from the 2016 Refunding Bonds advance refund a portion of the District’s then-outstanding 2002 Series D Bonds.

2012 Authorization. The District received authorization at an election held on November 6, 2012 (the “2012 Authorization”), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of \$290,000,000 principal amount of general obligation bonds of the District. On February 6, 2013, the District issued its 2012 Series 2013A General Obligation Bonds (Tax Exempt) in an aggregate principal amount of \$27,145,000 (“2012 Series 2013A Bonds”). Concurrently with the issuance of the 2012 Series 2013A Bonds, the District issued its 2012 Series 2013B General Obligation Bonds (Federally Taxable) in an aggregate principal amount of \$71,135,000 (“2012 Series 2013B Bonds”). On January 29, 2015, the District issued its 2012 Series 2015C General Obligation Bonds (Tax Exempt) in an aggregate principal amount of \$70,165,000 (“2012 Series 2015C Bonds”). Concurrently with the issuance of the 2012 Series 2015C Bonds, the District issued its General Obligation Bonds (Election of 2012), Series 2015D (Federally Taxable) in an aggregate principal amount of \$14,385,000 (the “2012 Series 2015D Bonds”). On February 1, 2018, the District issued its General Obligation Bonds (Election of 2012), Series 2018E in an aggregate principal amount of \$60,000,000 (the “2012 Series 2018E Bonds”). On July 17, 2019, the District issued its General Obligation Bonds (Election of 2012), Series 2019F in an aggregate principal amount of \$46,720,000 (the “2012 Series 2019F Bonds”). Currently, no portion of the 2012 Authorization remains authorized but unissued.

On January 20, 2021, pursuant to a Board resolution dated November 19, 2020, the District issued \$190,945,000 principal amount of its 2021 General Obligation Refunding Bonds (Federally Taxable) (“2021 Refunding Bonds”) to advance refund certain of the District’s outstanding (i) 2011 General Obligation Refunding Bonds (ii) 2013 Refunding Bonds (iii) 2012 Series 2013A Bonds, (iv) 2012 Series 2013B Bonds, and (v) 2012 Series 2015C Bonds.

2024 Authorization. The District received authorization at an election held on November 5, 2024 (the “2024 Authorization”), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of \$1,150,000,000 principal amount of general obligation bonds of the District. The Series A Bonds are the first series of general obligation bonds to be issued pursuant to the 2024 Authorization, subsequent to which 1,000,000,000* aggregate principal amount of general obligation bonds will remain for issuance under the 2024 Authorization.

* Preliminary; subject to change.

Cyber Security

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers recently approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks.

The District is not aware of any major cybersecurity attack or breach of its systems during the last five years. To protect itself from cybersecurity attacks, the District utilizes firewalls, multifactor authentication, antivirus and anti-malware software, and provides cybersecurity training to District employees. In addition, the District has an informal general technology use policy. As a result, the District expects that any such disruptions caused by a cyberattack would be temporary in nature. The District currently maintains a policy of cyber liability insurance. There can be no assurance that a future cyberattack or attempted cyberattack would not compromise the personal information that the District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

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SANTA CLARA COUNTY INVESTMENT POOL

The following information concerning the Santa Clara County Pooled Investment Fund has been provided by the County Treasurer and has not been confirmed or verified by the District or the Underwriter. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The County Board of Supervisors approved the current County Investment Policy Statement (the “Investment Policy”) effective March 14, 2023. See APPENDIX E – “SANTA CLARA COUNTY INVESTMENT POLICY STATEMENT.” The Investment Policy applies to all funds managed by the Treasurer as delegated by the County Board of Supervisors. The objective of the Investment Policy is to obtain the highest feasible return consistent with a high degree of safety of principal and the level of liquidity necessary to meet the needs of the County and the agencies participating in the Pooled Investment Fund. In that regard, safety and liquidity sufficient to meet cash flow needs are of primary concern. Under the Investment Policy, return is secondary and subordinate to safety and liquidity in making investment decisions.

Under California law, the District is required to pay all monies received from any source into the Santa Clara County Treasury to be held on behalf of the District. The Treasurer has authority to implement and oversee the investment of funds on deposit in commingled funds of the Treasury.

Decisions on the investment of funds in the Pooled Investment Fund are made by the County Treasurer and deputies in accordance with established policy guidelines. In the County, investment decisions are governed by Government Code Sections 53601 and 53635, et seq., which govern legal investments by local agencies in the State of California, and a more restrictive Investment Policy proposed by the Treasurer and adopted by the County Board of Supervisors on an annual basis. The Investment Policy is reviewed and approved annually by the County Board of Supervisors. The Treasurer’s compliance with the Investment Policy is also audited annually by an independent certified public accountant. See APPENDIX E hereto for the Santa Clara County Investment Policy.

[Remainder of page intentionally left blank.]

**SANTA CLARA COUNTY
 POOLED INVESTMENT FUND
 REPORT AS OF DECEMBER 31, 2024**

<u>Investment Type:</u>	<u>Book Value</u>	<u>Par Value</u>	<u>Market Value</u>
Negotiable CDs	\$ 895,000,000.00	\$ 895,000,000.00	\$ 895,304,595.75
Mortgage Backed Securities	1,329,689,473.40	1,340,002,133.23	1,307,749,394.40
Federal Agency Bonds	739,508,880.98	740,277,000.00	729,965,125.48
Federal Agency Bonds - Callable	1,610,406,593.20	1,616,910,000.00	1,581,391,900.67
U.S. Treasury Notes	746,973,315.23	750,000,000.00	729,846,604.80
Corporate Bonds	1,338,130,911.40	1,345,585,000.00	1,326,877,718.99
ABS Green Bonds	43,815,499.33	43,821,027.38	43,956,089.11
Asset Backed Securities	859,956,812.79	861,242,920.65	863,579,403.61
Municipal Bonds	37,495,000.00	37,495,000.00	37,256,425.40
Supranational Discount Notes	98,973,196.24	100,000,000.00	98,981,375.00
Commercial Paper, Discount	551,279,205.83	555,000,000.00	551,223,165.00
Federal Agency Discount Notes	788,237,117.06	790,796,000.00	788,058,355.22
Treasury Bills	271,863,932.45	275,000,000.00	271,989,543.75
Local Agency Investment Fund	46,737,231.41	46,737,231.41	46,737,231.41
Money Market	1,894,730,699.12	1,894,730,699.12	1,894,730,699.12
Other Floaters – Daily Reset	460,000,000.00	460,000,000.00	460,514,775.55
Agency Floaters – Daily Reset	802,017,832.21	802,000,000.00	802,254,772.46
Supranationals – Green Bond	24,907,427.60	25,000,000.00	24,437,394.25
Supranationals	<u>72,476,763.55</u>	<u>72,500,000.00</u>	<u>71,567,792.55</u>
Total	\$12,612,199,891.80	\$12,652,097,011.79	\$12,526,422,362.82

Source: Santa Clara County Treasurer-Tax Collector.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pooled Investment Fund and has made no assessment of the current Investment Policy. The value of the various investments in the Pooled Investment Fund will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, after a review by the Committee and approval by 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 Pooled Investment Fund will not vary significantly from the values described therein.

[Remainder of page intentionally left blank.]

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than 9 months following the end of the District’s fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the last five years,_____.

The District has engaged KNN Public Finance to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Bonds and to assist the District with compliance with its current and future continuing disclosure obligations.

LEGAL MATTERS

The legal opinion of Dannis Woliver Kelley, Long Beach, California, Bond Counsel to the District (“Bond Counsel”), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, a form of which is attached hereto as APPENDIX A. Dannis Woliver Kelley, Long Beach, California is also acting as Disclosure Counsel to the District. Orrick, Herrington & Sutcliffe LLP, is acting as counsel to the Underwriter (“Underwriter’s Counsel”). Bond Counsel, Disclosure Counsel and Underwriter’s Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

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

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

The Resolutions and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in APPENDIX E – "SANTA CLARA COUNTY INVESTMENT POLICY STATEMENT" attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the District's Interest and Sinking Fund where such amounts are invested in the County Investment Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

California Senate Bill 222

Government Code Section 53515, added by SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds.

TAX MATTERS

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, (2) will not be included in computing alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals, and (3) will be taken into account in determining adjusted financial statement income for the alternative minimum tax imposed on certain corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change. The form of Bond Counsel's anticipated opinion respecting the Bonds is included in APPENDIX A.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the "Tax Certificate") of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolutions by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these

covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the respective Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds

The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the “Premium Bonds”), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Forms of Bond Counsel Opinion. The forms of the proposed opinion of Bond Counsel relating to the Bonds is attached to this Official Statement as APPENDIX A.

LEGALITY FOR INVESTMENT

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

RATING

Moody’s Investors Service (“Moody’s”) has assigned its municipal bond rating of “___” to the Bonds. Such rating reflects only the views of Moody’s and an explanation of the significance of such rating may be obtained as follows: Moody’s at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency,

circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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.

VERIFICATION

The sufficiency of amounts on deposit in the Escrow Fund to pay interest on and the redemption price of the Refunded Bonds will be verified by Causey Public Finance, LLC, certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Refunding Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed to purchase the Series A Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter ("Series A Purchase Agreement") at the purchase price of \$_____ (reflecting the principal amount of the Series A Bonds plus [net] original issue premium in the amount of \$_____ less an Underwriter's discount of \$_____), at the rates and yields shown on the inside cover hereof.

The Underwriter has agreed to purchase the Refunding Bonds pursuant to the terms of a bond purchase agreement by and between the District and the Underwriter ("Refunding Purchase Agreement") at the purchase price of \$_____ (reflecting the principal amount of the Refunding Bonds plus [net] original issue premium in the amount of \$_____ less an Underwriter's discount of \$_____), at the rates and yields shown on the inside cover hereof.

The Purchase Agreement provides that the Underwriter will purchase all of the Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel. The Underwriter may offer and sell the Bonds to certain dealers and others at yields other than the yields stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

NO LITIGATION

No litigation is pending concerning the validity of the Bonds, and the District's 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* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Copies of the Resolutions are available upon request from the San José Unified School District, 855 Lenzen Avenue, San José, California 95126.

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

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

SAN JOSÉ UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

FORMS OF BOND COUNSEL OPINION

_____, 2025

Board of Education
San José Unified School District
855 Lenzen Avenue
San José, California 95126

Re: \$_____ San José Unified School District (Santa Clara County, California)
General Obligation Bonds, 2024 Election, 2025 Series A

Members of the Board:

We have acted as bond counsel for the San José Unified School District (Santa Clara County, California) (the “District”), in connection with the issuance by the District of \$_____ aggregate principal amount of the District’s General Obligation Bonds, 2024 Election, 2025 Series A (the “Series A Bonds”). The Series A Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended, applicable provisions of the Education Code of the State and that certain resolution adopted by the Board of Education of the District on _____, 2025 (the “Series A Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Series A Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Santa Clara as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Series A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on any Series A Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events 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 with respect to the Series A Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second

paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Series A Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Series A Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series A Bonds and express no opinion herein with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series A Bonds constitute valid and binding general obligations of the District.
2. The Series A Bonds are payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount, except for certain personal property that is taxable at limited rates.
3. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
4. Interest on the Series A Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.
5. Interest on the Series A Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Series A Bonds is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Ownership of tax-exempt obligations such as the Series A Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Series A Bonds or such owner's other items of income or deduction. We express no opinion with respect to any federal, state, or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Series A Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Dannis Woliver Kelley

_____, 2025

Board of Education
San José Unified School District
855 Lenzen Avenue
San José, California 95126

Re: \$ _____ San José Unified School District (Santa Clara County, California)
2025 General Obligation Refunding Bonds

Members of the Board:

We have acted as bond counsel for the San José Unified School District (Santa Clara County, California) (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of the District’s 2025 General Obligation Refunding Bonds (the “Refunding Bonds”). The Refunding Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), and that certain resolution adopted by the Board of Education of the District on _____, 2025 (the “Refunding Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Refunding Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Santa Clara as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Refunding Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on any Refunding Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events 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 with respect to the Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Refunding Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any

indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Refunding Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Refunding Bonds and express no opinion herein with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Refunding Bonds constitute valid and binding general obligations of the District.
2. The Refunding Bonds are payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount, except for certain personal property that is taxable at limited rates.
3. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
4. Interest on the Refunding Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.
5. Interest on the Refunding Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Refunding Bonds is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Ownership of tax-exempt obligations such as the Refunding Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Refunding Bonds or such owner's other items of income or deduction. We express no opinion with respect to any federal, state, or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Refunding Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Dannis Woliver Kelley

APPENDIX B

**SAN JOSÉ UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR SANTA CLARA COUNTY

The following information concerning Santa Clara County (the "County") is presented for information purposes only. The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriter. The District comprises only a portion of Santa Clara County, California (the "County"), and the Bonds are only payable from ad valorem property taxes levied on property in the District. The following information concerning the County is included only for the purpose of supplying general information regarding the area served by the District. The Bonds are not a debt of the County.

General

Santa Clara County. The County, one of nine counties which comprise the greater San Francisco bay area, covers an area of over 1,300 square miles in northern California. There are two distinct valleys in the County, which are referred to as North County and South County. South County has a primarily agricultural base and is comprised of only two cities located approximately twenty miles apart. In contrast, North County is densely populated, heavily industrialized and extensively urbanized. North County is comprised of 13 cities, including the City, each adjacent to another. Due to its high concentration of high-technology industries, the northwestern portion of North County is commonly referred to as "Silicon Valley."

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Population

The following table shows historical population statistics for the cities in the County as well as the County for calendar years 2020 through 2024, as of January 1st of each year.

POPULATION ESTIMATES⁽¹⁾
Cities of Santa Clara County and the County Total
Calendar Years 2020 through 2024

City	2020	2021	2022	2023	2024
Campbell	43,727	43,460	43,201	43,191	43,905
Cupertino	60,338	60,031	59,644	59,656	59,471
Gilroy	59,888	60,082	59,786	60,548	61,033
Los Altos	31,553	31,476	31,269	31,316	31,255
Los Altos Hills	8,473	8,442	8,442	8,447	8,476
Los Gatos	33,445	33,336	33,138	33,368	33,230
Milpitas	81,725	80,512	80,923	81,635	81,773
Monte Sereno	3,476	3,474	3,494	3,564	3,582
Morgan Hill	45,283	46,480	46,233	46,333	46,384
Mountain View	81,875	83,489	84,199	84,463	86,535
Palo Alto	68,253	68,046	67,905	68,112	67,973
San José	1,012,452	993,937	969,249	970,772	969,491
Santa Clara	127,874	130,059	130,460	132,386	132,048
Saratoga	31,091	30,881	30,773	30,845	30,819
Sunnyvale	155,335	155,732	156,200	157,187	157,566
Balance Of County	<u>91,471</u>	<u>84,342</u>	<u>90,836</u>	<u>90,946</u>	<u>90,467</u>
County Total	1,936,259	1,913,779	1,895,752	1,902,799	1,903,198

⁽¹⁾ Population estimates as of January 1st for the counties and cities.

Source: California State Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Census Benchmark*. Sacramento, California, May 2023.

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Employment

The County, State and United States civilian labor force figures are shown in the following table for the years 2019 through 2023. The County figures are county-wide and may not necessarily reflect employment trends in the District.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT⁽¹⁾ Santa Clara County, State of California, and the United States Calendar Years of 2019 through 2023

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2019				
Santa Clara County	1,048,800	1,022,300	26,400	2.5%
California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Santa Clara County	1,023,700	950,800	72,900	7.1%
California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Santa Clara County	1,010,100	961,600	48,500	4.8%
California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Santa Clara County	1,031,500	1,003,700	27,800	2.7%
California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Santa Clara County	1,039,000	1,002,600	34,600	3.5%
California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

⁽¹⁾ The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

⁽²⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: *California State Employment Development Department, and U.S. Bureau of Labor Statistics.*

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Industry

Educational and health services are the largest employers in the County followed by professional and business services. The table below shows the estimated employment by industry group for 2019 through 2023.

EMPLOYMENT BY INDUSTRY⁽¹⁾
Santa Clara County
Calendar Years 2019 through 2023

Industry	2019	2020	2021	2022	2023
Total Farm	3,300	3,100	3,000	3,000	3,000
Goods Producing	220,500	214,300	214,700	227,600	228,500
Mining and Logging	200	200	200	200	200
Construction	51,400	48,600	50,100	52,100	52,100
Manufacturing	168,900	165,500	164,400	175,300	176,200
Wholesale Trade	31,000	28,800	27,900	28,500	28,600
Retail Trade	81,700	71,800	72,400	72,100	72,300
Transportation, Warehousing & Utilities	15,600	15,400	16,400	18,300	17,900
Information	100,500	105,800	107,000	105,900	97,800
Financial Activities	37,600	37,700	38,100	37,800	37,600
Professional & Business Services	241,900	236,300	241,200	248,900	244,200
Educational & Health Services	177,200	171,200	176,900	185,400	194,400
Leisure & Hospitality	105,900	71,700	77,400	94,800	99,600
Other Services	28,400	21,700	22,400	24,900	25,900
Government	<u>94,300</u>	<u>90,900</u>	<u>90,100</u>	<u>92,500</u>	<u>94,600</u>
Total	1,137,900	1,068,600	1,087,400	1,139,900	1,144,300

⁽¹⁾ Data not seasonally adjusted; Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department Labor Market Information Division, *Industry Employment and Labor Force by Annual Average, March 2023 Benchmark*. Sacramento, California, March 2024.

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Major Employers

The County is host to a diverse mix of major employers representing industries ranging from technology to health services and government. The following table lists the County’s major employers for 2024.

MAJOR EMPLOYERS Santa Clara County Calendar Year of 2024

Employer	Location	Industry
Adobe Inc	San José	Prepackaged Software
Advanced Micro Devices Inc.	Santa Clara	Semiconductor Devices (mfrs)
Alphabet Inc	Mountain View	Internet Search Engines
Analog Devices Inc	San José	Semiconductor Devices-Wholesale
Apple Inc	Cupertino	Computers-Electronic-Manufacturers
Applied Materials Inc	Santa Clara	Semiconductor Manufacturing Equip (mfrs)
CA Inc	San José	Computer Software Application Svc Prvdrs
California’s Great America	Santa Clara	Amusement & Theme Parks
Christopher Ranch LLC	Gilroy	Garlic (mfrs)
Cisco Systems Inc	San José	Computer Peripherals (mfrs)
Ebay Inc	San José	Online Retailers & Marketplaces
HP Inc	Palo Alto	Computers-Electronic Manufacturers
Intel Corp	Santa Clara	Semiconductor Devices (mfrs)
Intuitive Surgical Inc	Sunnyvale	Orthopedic Prosthetic/Srgcl Appl (mfrs)
Kaiser Foundation Health Plan	Santa Clara	Health Services
Lockheed Martin Space Systems	Sunnyvale	Satellite Equipment & Systems-Mfrs
Lucile Packard Children’s Hosp	Palo Alto	Hospitals
NASA	Mountain View	Federal Government-Space Research & Technolog
Netapp Inc	San José	Computer Storage Devices (mfrs)
NVIDIA Corp	Santa Clara	Software/Application/Platform Developers
Palo Alto VA Medical Ctr	Palo Alto	Hospitals
Prime Materials	San José	Semiconductors & Related Devices (mfrs)
SAP Center	San José	Stadiums Arenas & Athletic Fields
Stanford University Sch-Mdcn	Stanford	Schools-Medical
Super Micro Computer Inc	San José	Computers-Electronic-Manufacturers

Source: *California Employment Development Department*, extracted from the *America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition*, last updated March 2024.

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Income

The following table summarize the per capita personal income for the County, the State of California, and the United States from 2019 through 2023, the most recent data available.

PERSONAL INCOME County of Santa Clara, State of California, and the United States Calendar Years 2019 through 2023

Year	Santa Clara County	California	United States
2019	\$218,812,289	\$2,539,747,399	\$18,349,584,000
2020	235,302,372	2,769,103,047	19,600,945,000
2021	271,348,449	3,009,556,560	21,403,979,000
2022	268,052,614	3,003,826,087	22,077,232,000
2023	283,552,548	3,166,135,354	23,380,269,000

Source: U.S. Bureau of Economic Analysis, *SAINCI State annual personal income summary: personal income, population, per capita personal income* and *CAINCI County and MSA personal income summary: personal income, population, per capita personal income* (accessed Friday, January 24, 2025).

PER CAPITA PERSONAL INCOME⁽¹⁾ Santa Clara County, State of California, and the United States Calendar Years 2019 through 2023

Year	Santa Clara County	State of California	United States
2019	\$112,598	\$64,219	\$55,566
2020	121,845	70,098	59,123
2021	143,938	76,882	64,460
2022	142,708	76,941	66,244
2023	151,003	81,255	69,810

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

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

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Commercial Activity

A summary of historic taxable sales in the County and the City through 2023 (the most recent data available) are shown in the following tables.

VALUATION OF TAXABLE TRANSACTIONS Santa Clara County Calendar Years 2019 through 2023

Year	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2019	30,024	\$27,882,059,507	53,312	\$47,001,964,265
2020	30,969	27,467,410,004	55,395	46,444,650,255
2021	28,365	31,393,299,191	51,015	52,994,694,164
2022	28,214	33,619,772,753	51,222	57,738,947,209
2023	27,227	33,369,250,097	49,698	57,098,298,396

Source: *California Department of Tax and Fee Administration.*

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San José Unified School District (the “District”) in connection with the execution and delivery of \$_____ aggregate principal amount of the District’s General Obligation Bonds, 2024 Election, 2025 Series A (the “Series A Bonds”) and \$_____ aggregate principal amount of the District’s 2025 General Obligation Refunding Bonds (the “Refunding Bonds” and together with the Series A Bonds, the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the District on _____, 2025 (the “Resolutions”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, 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 4 and 5 of this Disclosure Agreement.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Dissemination Agent” shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The initial Dissemination Agent shall be KNN Public Finance.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Event” means any of the events listed in Section 6 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at <http://emma.msrb.org/>, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2025 (“Final Official Statement”).

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 9 months after the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the fiscal year ending June 30, 2025, which would be due on April 1, 2026, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. 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 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) Adopted general fund budget for the current fiscal year or most recent interim report;

(ii) 20 largest local secured taxpayers as shown on the most recent equalized assessment roll;

(iii) Assessed valuations, as shown on the most recent equalized assessment roll, if and to the extent information is provided to the District by the County; and

(iv) Property tax levies, collections and delinquencies, only if the County terminates or discontinues the Teeter Plan within the District.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.
- (iv) Substitution of or failure to perform by any credit provider.
- (v) Adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;
- (vi) Tender Offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the securities, if material, not later than ten (10) business days after the occurrence of the event:

- (i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the securities;
- (ii) Modifications of rights to security holders;

- (iii) Bond calls;
- (iv) Release, substitution or sale of property securing repayment of the Bonds;
- (v) Non-payment related defaults;
- (vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; and
- (viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Disclosure Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Disclosure Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Disclosure Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Disclosure Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Disclosure Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Disclosure Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Disclosure Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Listed Event.

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

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder 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 Agreement. A default under this Disclosure Agreement shall not be deemed an event of default

under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

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

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _____, 2025

SAN JOSÉ UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

Acceptance of duties as Dissemination Agent:

Isom Advisors, a Division of Urban Futures, Inc.

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San José Unified School District

Name of Issue: \$150,000,000 General Obligation Bonds, 2024 Election, 2025 Series A

\$_____ 2025 General Obligation Refunding Bonds

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____, 2025. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

Isom Advisors, a Division of Urban Futures, Inc.

By: _____

APPENDIX E

SANTA CLARA COUNTY INVESTMENT POLICY STATEMENT

APPENDIX F

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 Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, 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 will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

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 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.

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 (or the Paying Agent on behalf thereof) 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).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

The principal of the Bonds and any premium 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 office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed 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. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in St. Paul, Minnesota, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered 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 any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.