BOARD OF EDUCATION

DOWNEY UNIFIED SCHOOL DISTRICT

Resolution No. 202021-14
Authorizing the Issuance of 2014
General Obligation Bonds, Series C

March 9, 2021 - REGULAR MEETING

PACE TRAINING CENTER

9625 Van Ruiten Street

Bellflower, California 90706

DOWNEY UNIFIED SCHOOL DISTRICT

Business Services

DATE: March 9, 2021
TO: John A. Garcia, Jr., Ph.D., Superintendent
FROM: Christina Aragon, Associate Superintendent, Business Services

SUBJECT: RESOLUTION 202021-14 – A RESOLUTION OF THE BOARD OF EDUCATION OF THE DOWNEY UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF DOWNEY UNIFIED SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES C, AND ACTIONS RELATED THERETO

REVIEW ITEM

A successful election was held in the Downey Unified School District on November 4, 2014 authorizing the issuance and sale of general obligation bonds ("Bonds") of the District for various purposes in the maximum amount of $248,000,000 (the "Measure O"). The District has previously sold three series of Bonds under Measure O. The District now desires to issue its fourth and fifth series of Bonds under Measure O in an amount not-to-exceed $63,002,016. The District proposes the issuance of Bonds that include current interest bonds, as well as bonds that allow for the compounding of interest, including capital appreciation bonds. The Bonds are being authorized for sale for the purpose of financing voter-approved projects.

Pursuant to Education Code Section 15146(b)(2), enacted by California Assembly Bill 182 (Stats. 2013, Chapter 477), the Resolution and materials included in this agenda item are being first publicly noticed as an information item at this March 9, 2021 Board meeting. At the Board's next consecutive meeting, currently scheduled for April 20, 2021, the attached Resolution and materials will be publicly noticed as an action item for consideration by the Board.

(a) Bond Resolution. This Resolution authorizes the issuance of Bonds, specifies the basic terms, parameters and forms of the Bonds, and approves the form of Notice Inviting Proposals for Purchase of Bonds, the form of Notice of Intention to Sell, the form of Preliminary Official Statement, and the form of Continuing Disclosure Certificate described below. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Bonds to be issued ($63,002,016).

Section 3 authorizes the bonds to be sold at a competitive sale, and authorizes Piper Sandler & Co., the District's Municipal Advisor, to solicit bids from prospective bidders, and award the sale of the Bonds on the basis of the lowest true interest cost.

(b) Notice Inviting Proposals for Purchase of Bonds; Notice of Intention to Sell. The Resolution includes as Exhibits C and D the forms of Notice Inviting Proposals for Purchase of Bonds and Notice of Intention to Sell. The Resolution authorizes the District's Municipal Advisor to distribute the Notice Inviting Proposals for Purchase of Bonds to prospective bidders and to cause the Notice of Intention to Sell to be published in the Bond Buyer, a national municipal securities newspaper, to satisfy applicable legal requirements. The Notice Inviting Proposals for Purchase of Bonds sets forth certain conditions of closing the transaction, including certainty of the documentation to be provided at the closing by various parties.

(c) Form of Preliminary Official Statement. The Preliminary Official Statement ("POS") is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to among other things (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the *ad valorem* property tax levy), (v) information with respect to the District's tax base (upon which such *ad valorem* property taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.

(d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to procure any public agency issuing debt a covenant that such public agency will annually file "material financial information and operating data" with respect to such public agency through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (a federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligations). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed in connection with prior bond issuances.

(e) <u>Requirements of Education Code Section 15146(b) and 15146(c)</u>. In satisfaction of Education Code Sections 15146(b) and 15146(c), enacted by California Assembly Bill 182 (Stats. 2013, Chapter 477) and effective as of January 1, 2014, appended to the Resolution is an information item ("Exhibit B") containing the following information provided by the financial advisor to the District: approximations of the financing term of the Bonds; time of maturity of the Bonds; repayment ratio of the Bonds; estimated change in assessed value of taxable property within the District over the term of the Bonds; an analysis containing the total overall cost of the capital appreciation bonds expected to be issued; a comparison between the overall cost of the capital appreciation bonds expected to be issued and the overall cost of current interest bonds; and the reason that capital appreciation bonds are being recommended.

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

SUPERINTENDENT'S RECOMMENDATION:

REVIEW Resolution No. 202021-14 and the Preliminary Official Statement, authorizing the issuance of Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C, and actions related thereto for adoption at the April 20, 2021 Board of Education meeting.

DOWNEY UNIFIED SCHOOL DISTRICT
RESOLUTION NO. 202021-14

A RESOLUTION OF THE BOARD OF EDUCATION OF THE DOWNEY UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF DOWNEY UNIFIED SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES C, AND ACTIONS RELATED THERETO

WHEREAS, a duly called election was held in the Downey Unified School District (the "District"), Los Angeles County (the "County"), State of California on November 4, 2014 (the "Election") and thereafter canvassed pursuant to law;

WHEREAS, at the Election there was submitted to and approved by the requisite 55% vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds (the "Bonds") of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $248,000,000 and solely payable from the levy of an *ad valorem* property tax against the taxable property in the District (the "Authorization");

WHEREAS, pursuant to the Authorization, on October 29, 2015, the District caused the issuance of the first series of bonds under the Authorization in an aggregate principal amount of $50,000,000, styled as "Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series A";

WHEREAS, pursuant to the Authorization, on February 5, 2019, the District caused the issuance of the second and third series of bonds under the Authorization in an aggregate principal amount of $134,997,983.60, styled as "Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series B" and "Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series B-1";

WHEREAS, at this time this Board of Education of the District (the "Board") has determined that it is necessary and desirable to issue the second series of bonds under the Authorization in an aggregate principal amount not-to-exceed $63,002,016, and to be styled as "Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C" (the "Bonds") for the purposes set forth in the Authorization;

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

WHEREAS, this Board desires to authorize the issuance of the Bonds as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, to be issued in one or more Series of Taxable or Tax-Exempt Bonds (as such terms are defined herein);

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

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

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

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF EDUCATION OF THE DOWNEY UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AS FOLLOWS:

SECTION 1. Authorization for Issuance of the Bonds. To raise money for the purposes authorized by the voters of the District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code in one or more Series of Taxable or Tax-Exempt Bonds (each as defined herein), with appropriate Series (defined herein), with appropriate designation if more than one Series is issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by an Authorized Officer (defined herein), shall be payable upon such terms and provisions as shall be set forth in the Bonds, shall mature on the dates and in the amounts set forth in the Official Statement (defined herein), and shall be in an aggregate principal amount not-to-exceed $63,002,016.

SECTION 2. Paying Agent. This Board hereby appoints the Paying Agent, as defined herein, to serve as the paying agent, bond registrar, transfer agent and authentication agent for the Bonds on behalf of the District. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Education Code Section 15232.

SECTION 3. Approval of the Notice Inviting Proposals for Purchase of Bonds and Notice of Intention to Sell. The competitive sale of the Bonds shall be undertaken pursuant to the Notice Inviting Proposals for Purchase of Bonds, and the Notice of Intention To Sell, set forth in Exhibits C and D hereto, respectively. The Superintendent of the District, the Associate Superintendent of Business Services, or such officers or employees of the District as the Superintendent or Associate Superintendent of Business Services may designate (collectively, the "Authorized Officers") each alone, are hereby authorized to execute the Notice of Intention to Sell attached hereto as Exhibit D (the "Notice of Intention") and to cause the Notice of Intention to be published in The Bond Buyer once at least five (5) days prior to the date set to receive bids.

The terms and conditions of the offering and the sale of the Bonds shall be as specified in the Notice Inviting Proposals for Purchase of Bonds. The Board shall award the sale of the Bonds by acceptance of the bids with the lowest true interest cost with respect to the Bonds, so long as the principal amount of the Bonds does not exceed $63,002,016 and the true interest cost does not exceed the maximum rate allowed by law.

Piper Sandler & Co., the municipal advisor to the District (the "Municipal Advisor"), is hereby authorized and directed to cause to be furnished to prospective bidders a reasonable number of copies of the Notice Inviting Proposals for Purchase of Bonds and a reasonable number of copies of the Official Statement (defined herein).

The Board hereby approves the competitive sale of the Bonds and determines that a competitive sale contributes to the District's goal of achieving the lowest overall cost of funds. The Board estimates that the costs associated with the issuance and purchase of the Bonds and any such costs which the successful bidder or bidders agrees to pay pursuant to the Notice Inviting Proposals for Purchase of Bonds (including the fees of the Bond Insurer, if any), will equal approximately 0.4% of the principal amount of the Bonds.

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

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

(a) "Accreted Interest" means, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

(b) "Accretion Rate" means, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1, commencing on August 1, 2021 (unless otherwise provided for in the Official Statement), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(c) "Accreted Value" means, as of the date of calculation, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds through to the Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on August 1, 2021 (unless otherwise provided for in the Official Statement), at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

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

(e) "Bond Insurer" means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds.

(f) "Bond Payment Date" means, as applicable (and unless otherwise provided by the Official Statement), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing August 1, 2021 with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to interest on the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first February 1 or August 1 following the respective Conversion Dates thereof, and the stated maturity dates thereof with respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.

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

(h) "Capital Appreciation Bonds" means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1, commencing on August 1, 2021 (unless otherwise provided in the Official Statement) to maturity as shown in the Accreted Values table for such Bonds in the Official Statement.

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

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

(k) "Conversion Date" means, with respect to Convertible Capital Appreciation Bonds, the date from which such Bonds bear interest on a current, periodic basis.

(l) "Conversion Value" means, with respect to Convertible Capital Appreciation Bonds, the Accreted Value as of the Conversion Date.

(m) "Convertible Capital Appreciation Bonds" means the Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table Accreted Values for the Bonds in the Official Statement, as the case may be, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually thereafter on each Bond Payment Date.

(n) "Current Interest Bonds" means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified therefor, and maturing in the years and amounts set forth in the Official Statement.

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

(p) "Denominational Amount" means the initial Principal Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond.

(q) "Depository" means the entity acting as securities depository for the Bonds pursuant to Section 5(c) hereof.

(r) "DTC" means The Depository Trust Company, 55 Water Street, New York, New York 10041, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Bonds.

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

(t) "Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

(u) "Long Current Interest Bonds" means Current Interest Bonds that mature more than 30 years from the date of issuance thereof.

(v) "Maturity Value" means the Accreted Value of any Capital Appreciation Bond on its maturity date

(w) "Moody's" means Moody's Investors Service a corporation organized and existing under the laws of the State of Delaware, its successors and assigns or, if such corporation shall be dissolved or liquidated or no longer shall perform the functions of a securities rating agency, such other nationally recognized securities rating agency as may be designated by the District.

(x) "Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5(c) hereof.

(y) "Official Statement" means the Official Statement for the Bonds, as described in Section 16 hereof.

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

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

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

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

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

(bb) "Paying Agent" means initially the Treasurer, or any other Paying Agent as shall be named in the Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Bonds. The Treasurer is authorized to contract with a third party to provide Paying Agent services hereunder.

(cc) "Permitted Investments" means (i) any lawful investments permitted by Government Code Section 16429.1 and Section 53601, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating that meets the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Local Agency Investments Fund of the California State Treasurer, (v) the County investment pool described above, and (vi) United States Treasury Securities - State and Local Government Series.

(dd) "Principal" or "Principal Amount" means, with respect to any Current Interest Bond, the Principal Amount thereof, with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Denominational Amount thereof.

(ee) "Record Date" means the close of business on the 15th day of the month preceding each Bond Payment Date.

(ff) "Securities Depository" means The Depository Trust Company, 55 Water Street, New York, New York 10041.

(gg) "Series" means any Bonds executed, authenticated and delivered pursuant to the provisions hereof which are identified as a separate series of Bonds.

(hh) "S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and assigns, or if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency as may be designated by the District.

(ii) "Taxable Bonds" means any Bonds not issued as Tax-Exempt Bonds.

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

(kk) "Term Bonds" means those Bonds for which mandatory redemption dates have been established in the Official Statement.

(ll) "Transfer Amount" means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation Bonds, the Conversion Value.

(mm) "Treasurer" means the Treasurer and Tax Collector of the County or other comparable officer of the County.

SECTION 5. Terms of the Bonds.

(a) Denomination, Interest, Dated Dates and Terms. The Bonds shall be issued as fully registered book-entry bonds in the following denominations: (i) with respect to the Current Interest Bonds, $5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, $5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination, if necessary), and (iii) with respect to Convertible Capital Appreciation Bonds, $5,000 Conversion Value or any integral multiple thereof. The Bonds will initially be registered in the name of "Cede & Co.," the Nominee of the Depository Trust Company, New York, New York.

Each Current Interest Bond shall be dated as of the Dated Date, and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Dated Date. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

The Capital Appreciation Bonds shall mature in the years, shall be issued in aggregate Denominational Amounts, and shall have Accretion Rates as shown in the Accreted Values table attached to the Official Statement. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Denominational Amounts, and shall have Accretion Rates as shown in such Accreted Values table; provided, however, that in the event that the amount shown in such Accreted Values table and the Accreted Value caused to be calculated by the District, and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its date of initial delivery. Capital Appreciation Bonds will not bear interest on a current or periodic basis.

Prior to their respective Conversion Dates, each Convertible Capital Appreciation Bond shall not bear current, periodic interest but will accrete in value through the Conversion Date thereof, from its Denominational Amount on the Date of Delivery thereof to its Conversion Value on the applicable Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the respective Conversion Dates thereof. From and after its Conversion Date, each Convertible Capital Appreciation Bond will bear current, periodic interest, and such interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. Following their respective Conversion Dates, each Convertible Capital Appreciation Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof, unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date after the Conversion Date, in which event it will bear interest from the Conversion Date.

Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one, and Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not mature more than 25 years from their respective dates of issuance.

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

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to optional or mandatory sinking fund redemption prior to maturity as provided in the Official Statement; provided, however, that, notwithstanding any other provision herein, any Capital Appreciation Bond or Convertible Capital Appreciation Bond maturing more than 10 years after their date of issuance shall be subject to redemption before its fixed maturity date, with or without premium, at any time, or from time to time, at the option of the District, beginning no later than the 10th anniversary of the date such Bond is issued.

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

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

(iii) Notice of Redemption. When redemption is authorized or required pursuant to Section 5(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, Accreted Value or Conversion Value, as applicable, to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest thereon shall cease to accrue or accrete.

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

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

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

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

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

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

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

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

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

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

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

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

(c) Book-Entry System.

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

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

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

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Outstanding book-entry Bond, registered in the name of such successor or substitute qualified

securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 5(c).

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

4. Transfer of Bonds to Substitute Depository.

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

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 5(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

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

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

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

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

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

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not be exchanged for one another.

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

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

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

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

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

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

SECTION 10. Delivery of Bonds. The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the original purchaser upon payment of the purchase price therefor.

SECTION 11. Deposit of Proceeds of Bonds. (a) The purchase price received from the sale of the Bonds, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created and designated as the "Downey Unified School District Election of 2014 General Obligation Bonds, Series C Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued and provided further that such proceeds shall be applied solely to the purposes authorized by the voters of the District at the Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. To the extent the Bonds are issued in more than one Series, there shall be created a separate Building Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Building Fund shall be deemed to include any Building Fund created for a Series of Bonds.

The purchase price received, to the extent of any accrued interest and any net original issue premium, shall be kept separate and apart in the fund hereby authorized to be created and designated as the "Downey Unified School District Election of 2014 General Obligation Bonds, Series C Debt Service Fund" (the "Debt Service Fund") for the Bonds and used for payment of interest on the Bonds, and for no other purpose. To the extent the Bonds are issued in more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Debt Service Fund shall be deemed to include any Debt Service Fund created for a Series of Bonds. Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the purchaser upon the sale of the Bonds, or from the Principal Amount of the Bonds received. To the extent costs of issuance are paid from such Principal Amount, the District, may direct that a portion thereof, in an amount not-to-exceed 2.0% of such Principal Amount, in lieu of being deposited into the Building Fund, be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose. Any excess moneys in the cost of issuance account remaining after payment of all costs of issuance shall be transferred to the County for deposit into the Building Fund or Debt Service Fund, as appropriate.

(b) Subject to Federal tax restrictions, moneys in the Debt Service Fund and the Building Fund shall be invested in Permitted Investments pursuant to law and the investment policy of the County. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years. The interest earned on the moneys deposited in the Building Fund shall be deposited in the Building Fund and used for the purposes of that fund. Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Principal, Accreted Value and Conversion Value of and interest on the Bonds when due.

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

(a) The District shall create and establish a special fund designated the "Downey Unified School District Election of 2014 General Obligation Bonds, Series C Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District in connection with the Tax-Exempt Bonds (the "Tax Certificate").

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

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

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

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

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

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

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

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the

Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

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

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

SECTION 13. Security for the Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the Principal, Maturity Value and Conversion Value of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District, and which fund is hereby designated for the payment of the Principal, Accreted Value, and Conversion Value of and interest on the Bonds when and as the same shall fall due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section 13. Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Pursuant to Government Code Sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection *ad valorem* property taxes for the payment of each Series of Bonds and all amounts on deposit in the corresponding Debt Service Fund created pursuant to Section 11 to the payment of such Series of Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in such Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of such Series of Bonds to provide security for the payment of such Bonds in addition to any statutory lien that may exist.

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

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

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

SECTION 16. Official Statement. The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Municipal Advisor, as the case may be, to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the purchaser of the Bonds a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

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

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

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

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

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

For purposes of this Section, Government Obligations shall mean:

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

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

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

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

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

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

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

(c) Based on a good faith estimate from the Municipal Advisor, the District finds that (i) the True Interest Cost of the Bonds (as defined in Government Code Section 5852.1) is expected to be approximately 3.01%, (ii) the total Finance Charge of the Bonds (as defined in Government Code Section 5852.1) is expected to be $866,401, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the Finance Charge of the Bonds, is $62,113,754, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1), calculated to the final maturity of the Bonds, will be $110,066,761. The information presented in this Section 23(c) is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any provision of this Resolution.

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

(e) Attached as Exhibit B is applicable disclosure regarding the estimated term and time of maturity, repayment ratio and estimated change in assessed valuation of taxable property within the District over the term of the Bonds. Such disclosure is appended in satisfaction of applicable provisions of Education Code Sections 15146(b)(1)(E) and 15146(c), and shall not abrogate or otherwise limit any provision of this Resolution.

SECTION 24. Resolution to County Treasurer. The Secretary to this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

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

SECTION 26. Reserved.

SECTION 27. Effective Date. This Resolution shall take effect immediately upon its passage.

SECTION 28. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

SECTION 29. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

PASSED, ADOPTED AND APPROVED this 20th day of April, 2021, by the following vote:

AYES: MEMBERS ____________________

NOES: MEMBERS ____________________

ABSTAIN: MEMBERS ____________________

ABSENT: MEMBERS ____________________

____

President of the Board of Education

ATTEST:

____

Secretary to the Board of Education

SECRETARY'S CERTIFICATE

I, John A. Garcia, Jr., Ph.D., Secretary to the Board of Education of the Downey Unified School District, Los Angeles County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly and legally held at the regular meeting place thereof on April 20, 2021, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: April 20, 2021

Secretary to the Board of Education of the Downey Unified School District

EXHIBIT A

FORMS OF BONDS

(Form of Current Interest Bond)

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

REGISTERED	**REGISTERED**
NO.	**$**

DOWNEY UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES C

INTEREST RATE:	**MATURITY DATE:**	**DATED AS OF:**	**CUSIP**
______% per annum	August 1, 20___	______, 2021	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Downey Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2021. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2021, in which event it shall bear interest from the Date Date. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown on the bond register maintained by the Paying Agent, and to the bank account number on file with the Paying Agent, as of the close of business on the 15th day of the month next preceding that Bond Payment Date (the "Record Date").

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of $248,000,000 and the resolution of the Board of Education of the District adopted on April 20, 2021 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with Education Code Sections 15250 and 15252.

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

The bonds of this issue (the "Bonds") comprise (i) $________ Principal Amount of Current Interest Bonds, of which this bond is a part, (ii) Capital Appreciation Bonds, of which $_________ represents the Denominational Amount and $_________ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which $_________ represents the Denominational Amount and $_________ represents the Conversion Value.

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

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

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

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

Redemption Date (August 1)	**Principal Amounts**
[1]	
Total:	

[1] Maturity.

In the event that a portion of the 20__ Current Interest Term Bonds maturing on August 1, 20__ are 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 of principal amount, in respect of the portion of such 20__ Current Interest Term Bonds optionally redeemed.

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

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

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

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

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IN WITNESS WHEREOF, the Downey Unified School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Education of the District, all as of the date stated above.

DOWNEY UNIFIED SCHOOL DISTRICT

By: ____(Facsimile Signature)____
President of the Board of Education

COUNTERSIGNED:

____(Facsimile Signature)____
[Secretary to/Clerk of] the Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on ________, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, AS AGENT OF THE TREASURER AND TAX COLLECTOR OF LOS ANGELES COUNTY, as Paying Agent

____
Authorized Officer

ASSIGNMENT

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

Dated: ______________________ ______________________________

Signature Guaranteed:

____

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

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

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

LEGAL OPINION

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

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Education

(Form of Legal Opinion)

(Form of Capital Appreciation Bond)

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

REGISTERED	**REGISTERED**
NO.	**$**

DOWNEY UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES C

ACCRETION RATE:	**MATURITY DATE:**	**DATED AS OF:**	**CUSIP**
______%	August 1, 20__	________, 2021	

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Downey Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2021, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated office of the Paying Agent.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of $248,000,000 and the resolution of the Board of Education of the District adopted on April 20, 2021 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with Education Code Sections 15250 and 15252.

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

The bonds of this issue (the "Bonds") comprise (i) $________ Principal Amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which this bond is a part, and of which $________ represents the Denominational Amount and $______ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, and of which $_________ represents the Denominational Amount and $_________ represents the Conversion Value.

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

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

The Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after ______, 20__ at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

The Capital Appreciation Term Bonds maturing on August 1, 20__ (the "20__ Capital Appreciation Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds as of the dates set for such redemption, without premium. The Accreted Value of such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Date (August 1)	**Accreted Value**
[1]	
Total:	

(1) Maturity.

In the event that a portion of the 20__ Capital Appreciation Term Bonds maturing on August 1, 20__ are 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 of principal amount, in respect of the portion of such 20__ Capital Appreciation Term Bonds optionally redeemed.

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

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

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

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

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the Downey Unified School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Education of the District, all as of the date stated above.

DOWNEY UNIFIED SCHOOL DISTRICT

By: (Facsimile Signature)
President of the Board of Education

COUNTERSIGNED:

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on ________, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, AS AGENT OF THE TREASURER AND TAX COLLECTOR OF LOS ANGELES COUNTY, as Paying Agent

____
Authorized Officer

ASSIGNMENT

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

Dated: ______________________ ______________________

Signature Guaranteed:

____

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

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

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

LEGAL OPINION

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

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Education

(Form of Convertible Capital Appreciation Bond)

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

REGISTERED
NO.

REGISTERED
$

DOWNEY UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES C

ACCRETION RATE TO CONVERSION DATE	CONVERSION DATE	INTEREST RATE AFTER THE CONVERSION DATE	MATURITY DATE:	DATED AS OF:	CUSIP
______	______ 1, 20__	______%	August 1, 20__	______, 2021	______

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

CONVERSION VALUE:

The Downey Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the Denominational Amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2021, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing ______ 1, 20__ (the "Bond Payment Dates"). This bond will bear such interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before ______ 15, 20__, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest following the Conversion Date is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown on the bond register maintained by the Paying Agent, and to the bank account number on file with the Paying Agent, as of the close of business on the 15th day of the month next preceding that Bond Payment Date (the "Record Date").

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of $248,000,000 and the resolution of the Board of Education of the District adopted on April 20, 2021 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with Education Code Sections 15250 and 15252.

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

The bonds of this issue comprise (i) $________ Principal Amount of Current Interest Bonds, (ii) Capital Appreciation Bonds of which $________ represents the Denominational Amount and $______ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which this bond is a part, and of which $_________ represents the Denominational Amount and $_________ represents the Conversion Value.

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

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

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after ______, 20 __ at a redemption price equal to either (i) the Accreted Value thereof as of the date set for redemption, without premium, if redeemed prior to the Conversion Date, or (ii) the Conversion Value thereof, together with interest accrued thereon to the date set for redemption, without premium, if redeemed on and after the Conversion Date.

The Capital Appreciation Term Bonds maturing on August 1, 20__ (the "20__ Convertible Capital Appreciation Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the Conversion Value of such Convertible Capital Appreciation Bonds, together with interest accrued thereon to the date set for redemption, without premium. The Conversion Value of such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Date (August 1)	**Conversion Value**
(1)	
Total:	

---

(1) Maturity.

In the event that a portion of the 20__ Convertible Capital Appreciation Term Bonds maturing on August 1, 20__ are 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 of principal amount, in respect of the portion of such 20__ Capital Appreciation Term Bonds optionally redeemed.

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

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

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

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

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the Downey Unified School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Education of the District, all as of the date stated above.

DOWNEY UNIFIED SCHOOL DISTRICT

By: ____(Facsimile Signature)____
President of the Board of Education

COUNTERSIGNED:

____(Facsimile Signature)____
[Secretary to/Clerk of] the Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on ________, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, AS AGENT OF THE TREASURER AND TAX COLLECTOR OF LOS ANGELES COUNTY, as Paying Agent

____
Authorized Officer

ASSIGNMENT

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

Dated: _______________________ ___________________________

Signature Guaranteed:

____

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

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

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

LEGAL OPINION

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

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Education

EXHIBIT B

APPLICABLE DISCLOSURE REQUIRED BY CALIFORNIA EDUCATION CODES 15146(b)(1)(E) AND 15146(c)

1. Financing term and time of maturity of the bonds (the entire series of bonds). Illustrative Option 1 includes only Current Interest Bonds ("CIBs"), while Illustrative Option 2 includes Capital Appreciation Bonds ("CABs"). Both Option 1 and Option 2 begin amortization of principal with the 2021-22 Tax Year, consistent with the Measure O Bond Plan.

Illustrative Option 1 - Current Interest Bonds Only			
Date	Principal	Interest	Debt Service
8/1/2022	$300,000	$2,101,150	$2,401,150
8/1/2023	$500,000	$2,089,150	$2,589,150
8/1/2024	$650,000	$2,069,150	$2,719,150
8/1/2025	$850,000	$2,043,150	$2,893,150
8/1/2026	$860,000	$2,009,150	$2,869,150
8/1/2027	$1,000,000	$1,974,750	$2,974,750
8/1/2028	$1,100,000	$1,934,750	$3,034,750
8/1/2029	$1,300,000	$1,890,750	$3,190,750
8/1/2030	$650,000	$1,838,750	$2,488,750
8/1/2031	$750,000	$1,812,750	$2,562,750
8/1/2032	$205,000	$1,782,750	$1,987,750
8/1/2033	$305,000	$1,774,550	$2,079,550
8/1/2034	$400,000	$1,762,350	$2,162,350
8/1/2035	$190,000	$1,746,350	$1,936,350
8/1/2036	$290,000	$1,738,750	$2,028,750
8/1/2037	$425,000	$1,727,150	$2,152,150
8/1/2038	$570,000	$1,710,150	$2,280,150
8/1/2039	$730,000	$1,687,350	$2,417,350
8/1/2040	$1,100,000	$1,658,150	$2,758,150
8/1/2041	$1,310,000	$1,614,150	$2,924,150
8/1/2042	$1,530,000	$1,561,750	$3,091,750
8/1/2043	$1,770,000	$1,500,550	$3,270,550
8/1/2044	$2,025,000	$1,429,750	$3,454,750
8/1/2045	$2,305,000	$1,348,750	$3,653,750
8/1/2046	$3,230,000	$1,256,550	$4,486,550
8/1/2047	$3,565,000	$1,159,650	$4,724,650
8/1/2048	$3,935,000	$1,052,700	$4,987,700
8/1/2049	$14,995,000	$934,650	$15,929,650
8/1/2050	$16,160,000	$484,800	$16,644,800
Total	**$63,000,000**	**$47,694,350**	**$110,694,350**

Illustrative Option 2 - With $8 Million in Capital Appreciation Bonds			
Date	Principal	Interest	Debt Service
8/1/2022	$300,000	$1,803,100	$2,103,100
8/1/2023	$325,000	$1,791,100	$2,116,100
8/1/2024	$350,000	$1,778,100	$2,128,100
8/1/2025	$485,000	$1,764,100	$2,249,100
8/1/2026	$575,000	$1,744,700	$2,319,700
8/1/2027	$690,000	$1,721,700	$2,411,700
8/1/2028	$320,000	$1,694,100	$2,014,100
8/1/2029	$300,000	$1,681,300	$1,981,300
8/1/2030	$280,000	$1,669,300	$1,949,300
8/1/2031	$417,258	$1,755,842	$2,173,100
8/1/2032	$447,184	$1,785,762	$2,232,945
8/1/2033	$481,854	$1,821,246	$2,303,100
8/1/2034	$567,009	$1,851,091	$2,418,100
8/1/2035	$677,131	$1,877,769	$2,554,900
8/1/2036	$776,033	$1,901,667	$2,677,700
8/1/2037	$914,352	$1,927,348	$2,841,700
8/1/2038	$1,058,305	$1,952,196	$3,010,500
8/1/2039	$1,219,371	$1,969,529	$3,188,900
8/1/2040	$1,621,093	$2,015,207	$3,636,300
8/1/2041	$1,835,140	$2,024,560	$3,859,700
8/1/2042	$2,054,245	$2,025,856	$4,080,100
8/1/2043	$2,291,049	$2,031,051	$4,322,100
8/1/2044	$2,529,758	$2,030,142	$4,559,900
8/1/2045	$2,795,218	$2,027,882	$4,823,100
8/1/2046	$3,060,000	$1,190,700	$4,250,700
8/1/2047	$3,380,000	$1,098,900	$4,478,900
8/1/2048	$3,725,000	$997,500	$4,722,500
8/1/2049	$14,210,000	$885,750	$15,095,750
8/1/2050	$15,315,000	$459,450	$15,774,450
Total	**$63,000,000**	**$49,276,945**	**$112,276,945**

2. Debt Repayment Ratio for the Bonds (the entire series of bonds).

- Illustrative Option 1: 1.76
- Illustrative Option 2: 1.78

3. Estimated change in Assessed Value ("AV") of taxable property within the District over the term of the Bonds.

- 5.19% in fiscal year 2020-21 (actual), 2.00% for fiscal year 2021-22 and 2022-23 then 4.50% from fiscal year 2023-24 until final maturity of the Bonds.

4. Total overall cost of the CABs.
   - In Illustrative Option 2, the estimated principal amount of CABs is $8,000,000 with an estimated debt service cost of $13,570,000. This is a debt repayment ratio for the CABs of 1.70.

5. Comparison of #4 to overall cost if instead of CABs, the District issued 100% CIBs.
   - The difference in the overall debt service cost is estimated at $1,582,595.

6. Reason for recommending CABs.
   - CABs are recommended in order to be able to issue all of the remaining Measure O Bond Authorization today while staying within the $60.00 per $100,000 of assessed valuation tax rate estimated to voters at the November 4, 2014 election

EXHIBIT C

NOTICE INVITING PROPOSALS FOR PURCHASE OF BONDS

$__________*
DOWNEY UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES C

NOTICE IS HEREBY GIVEN that sealed unconditioned proposals will be received to and including the hour of 9:00 a.m., Pacific Time, on ________ ___, 2021, at the offices of Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (the "Municipal Advisor"), in the manner described below, for the purchase of all, but not less than all, of $________* principal amount of Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C (the "Bonds"). The Bonds will be issued as Current Interest Bonds (defined below) and Capital Appreciation Bonds (defined below). Proposals must be submitted electronically via i-Deal LLC's ("i-Deal") Parity Electronic Bid Submission System ("PARITY"), a division of Thomson Information Services, Inc., in the manner described below, for the purchase of all, but not less than all, of $________* principal amount of the Bonds. In the event that the sale has not been awarded by the designated time, bids will be received at a subsequent time and date to be determined by the Downey Unified School District (the "District") and publicized via the Bond Buyer or the Bond Buyer Wire or Thomson Municipal Market Monitor (www.tm3.com).

I. Definitions: The terms set forth below shall have the following meanings:

(a) **"Accreted Interest"** means, with respect to Capital Appreciation Bonds, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

(b) **"Accretion Rate"** means, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond and compounded semiannually on each February 1 and August 1, commencing on August 1, 2021, produces the Maturity Value on the maturity date.

(c) **"Accreted Value"** means, as of the date of calculation, with respect to Capital Appreciation Bonds, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on August 1, 2021, at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

(d) **"Capital Appreciation Bonds"** means the Bonds with zero stated interest rates that accrete in value from the Dated Date on the basis of its stated yield, compounding semiannually, as descried under Accreted Value.

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* Preliminary, subject to change.

(e) **"Current Interest Bonds"** means Bonds, the interest on which accrues from the Dated Date and is payable semiannually on each February 1 and August 1 of each year commencing August 1, 2021.

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

(g) **"Denominational Amount"** means the initial Principal Amount of any Capital Appreciation Bond.

(h) **"Maturity Value"** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

II. Issue:

The true interest cost (the "TIC") of the Bonds shall not exceed ___%.

(a) Current Interest Bonds.

The Current Interest Bonds will be dated the Dated Date, will be in the denomination of $5,000 each, or integral multiples thereof, and will bear interest from the Dated Date to the maturity of each of the Current Interest Bonds at an interest rate that shall not exceed ___%, with interest payable semiannually on February 1 and August 1 of each year during the term of each of the Current Interest Bonds, commencing August 1, 2021. The Current Interest Bonds will mature on August 1 in each of the years set forth in the following schedule:

Maturity Date	Principal Amount*	Maturity Date	Principal Amount*

* Preliminary, subject to change.

(b) Capital Appreciation Bonds.

The Capital Appreciation Bonds will be dated the Dated Date, will be in the Maturity Value of $5,000 each, or integral multiples thereof (except for one odd denomination, if necessary), and will not bear interest on a current or periodic basis, but will accrete interest from the Dated Date, from their respective Denominational Amounts to their respective Maturity Values. Interest on the Capital Appreciation Bonds will compound semiannually on each February 1 and August 1, commencing on August 1, 2021, at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months. The Accreted Value is payable only at maturity or upon prior redemption of the Capital Appreciation Bonds. The maximum Accretion Rate may not exceed _____ percent (___%) per annum. The Accreted Value of each Capital Appreciation Bond on each February 1 and August 1 will be specified in an Accreted Values table to be prepared by the purchaser of the Bonds following the award of bids and appended to the Official Statement.

The Capital Appreciation Bonds will mature on August 1 in each of the years set forth in the following schedule:

Maturity Date	Denominational Amount*	Yield to Maturity	Maturity Value*

III. Option to Elect Term Bonds:

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

IV. Adjustment of Principal Amounts:

The estimated principal amount of each maturity of Current Interest Bonds and the Maturity Value and corresponding Denominational Amounts of each maturity of the Capital Appreciation Bonds set forth above reflect certain assumptions of the District and the Municipal Advisor with respect to the likely interest rates of the winning bid or bids. Following the determination of the successful bidder or bidders, the Municipal Advisor, on behalf of the District, reserves the right to increase or decrease the principal amount, with respect to the Current Interest Bonds, and Maturity Value, with respect to the Capital Appreciation Bonds, of each maturity of the respective Bonds, in $5,000 increments of

* Preliminary, subject to change.

principal amount or Maturity Value (except for one old denomination of Capital Appreciation Bonds, if necessary), or eliminate maturities in their entirety. Such adjustment shall be made within 26 hours of the bid opening and in the sole discretion of the District, upon recommendation of the Municipal Advisor. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid or bids may not be withdrawn, and the successful bidder will not be permitted to change the interest rate(s) in its bid for the Bonds. The percentage compensation to be paid to the successful bidder will not change if the maturity schedule is adjusted.

V. Interest Rates:

All bids for the purchase of the Bonds must state the rate of interest to be paid for each maturity of Bonds offered and bid price for such Bonds. All Bonds of the same maturity must bear the same rate of interest and no Bond may bear more than one rate. The maximum interest rate, in relation to the Current Interest Bonds, and Accretion Rate, in relation to the Capital Appreciation Bonds bid for each maturity may not exceed eight percent (8%), the TIC of the Bonds may not exceed ___ percent (___%), and the ratio of total debt service to principal amount of the Bonds cannot exceed four to one. Bidders may specify any number of different rates to be borne on the Bonds; provided that, all interest rates must be in multiples of 1/8 or 1/20 of one percent and a zero rate of interest cannot be specified. Interest will be computed on the basis of a 360-day year consisting of 12, 30-day months.

VI. Redemption:

(a) Current Interest Bonds.

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

(b) Capital Appreciation Bonds.

The Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after ______, 20__ at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

VII. Notice of Redemption:

Notice of redemption of any Bond will be mailed to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration records maintained by the Paying Agent (as defined herein); such mailing to be not more than 45 nor less than 20 days prior to the date set for redemption. U.S. Bank National Association has been appointed as the agent of the Treasurer and Tax Collector of Los Angeles County to act as the paying agent for the Bonds (the "Paying Agent"). Neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of Bonds.

VIII. Costs of Issuance:

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

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

IX. Premium/Discount Bonds:

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

Bidders may not bid a purchase price (calculated as principal plus premium) of more than __% or less than ___% of the aggregate principal amount of the Bonds.

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

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

XI. Authority:

The Bonds will be issued pursuant to the Constitution and laws of the State of California and pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California. The issuance of the Bonds was authorized by the requisite 55% vote of the qualified electors of the District voting at an election held on November 4, 2014.

XII. Security:

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

XIII. Form of Bid:

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

XIV. Procedures Regarding Electronic Bidding:

Bids must be submitted electronically via PARITY in accordance with this Notice Inviting Proposals for Purchase of Bonds, until 9:00 a.m., Pacific Time, on _________ ___, 2021, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice Inviting Proposals for Purchase of Bonds, the terms of this Notice Inviting Proposals for Purchase of Bonds shall control. For further information about PARITY, potential bidders may contact the District's Municipal Advisor, Timothy Carty of Piper Sandler & Co. at (310) 297-6011 or timothy.p.carty@pjc.com, or PARITY at i-Deal at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

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

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

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

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

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

XV. Estimate of True Interest Cost:

Bidders are requested (but not required) to supply an estimate of the [all in] total true interest cost to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Board of Education of the District.

XVI. Deposit:

The successful bidder will be required to provide a good faith deposit (the "Deposit") in the form of a wire transfer made payable to

Downey Unified School District
in the amount of
$________

prior to the official award. The wire transfer must be transmitted in immediately available funds and sent to the account of the District at the County of Los Angeles Treasurer and Tax Collector at the wire address specified in section XXIII herein, but with the following reference: Downey USD 2014 GO Bonds, Series C Good Faith Deposit. The Municipal Advisor will request the apparent winning bidder to immediately wire the Deposit (as provided in Section XXIII herein) and provide the Federal wire reference number of such Deposit to the Municipal Advisor within 90 minutes of such request by the Municipal Advisor. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit in the form of a wire transfer, together with its Federal wire reference number, as provided above.

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

XVII. Qualification for Sale; Blue Sky:

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

XVIII. CUSIP Numbers and Other Fees:

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

XIX. Legal Opinion:

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

XX. Tax-Exempt Status:

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

XXI. Establishment of Issue Price:

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

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

1. the District shall disseminate this Notice Inviting Proposals to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

2. all bidders shall have an equal opportunity to bid;

3. the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

4. the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest TIC), as set forth in this Notice Inviting Proposals.

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

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

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

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

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

The winning bidder shall promptly advise the District when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

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

(f) The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

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

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

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

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

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

1. (iv) "sale date" means the date that the Bonds are awarded by the District to the winning bidder.

XXII. Award:

If the Bonds are awarded on the date of sale, the Bonds will be awarded to the responsible bidder submitting the best responsive bid, considering the coupon interest rate and the purchase price specified in the bid. The best bid will be the bid that conforms with the provisions of this Notice Inviting Proposals for Purchase of Bonds and represents the lowest TIC to the District for the Bonds, taking into consideration the interest rate specified, and premium thereon, if any. The TIC is the discount rate that, when compounded semiannually and used to discount all debt service payments on the Bonds back to the date of delivery of such Bonds, results in an amount equal to the purchase price bid for said Bonds. In the event that two or more bidders offer bids for the Bonds at the same lowest TIC, the District will determine by lottery which bidder will be awarded the Bonds. For the purpose of calculating the TIC, the mandatory sinking fund payments, if any, shall be treated as serial maturities in such years. The determination of the bid representing the lowest TIC will be made without regard to any adjustments made or contemplated to be made after the award by the Municipal Advisor on behalf of the District, as described herein under "Adjustment of Principal Amounts," even if such adjustments have the effect of raising the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment.

XXIII. Prompt Award:

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

XXIV. Delivery:

Delivery of the Bonds will be made to the purchaser through DTC upon payment of the purchase price in federal funds payable to or for the account of the District at the Los Angeles County Treasurer-Tax Collector, per the wire instructions below. Wire Transfer to:

Bank:	
ABA#:	
Credit:	
Account Number:	
Reference:	Downey USD Election of 2014 GO Bonds, Series C
Attn:	

The Closing will take place at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, 44 Montgomery Street, Suite 4200, San Francisco, California 94104 on ________ ___, 2021.

XXV. California Debt and California Debt and Investment Advisory Commission:

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

XXVI. No Litigation and Non-Arbitrage:

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

XXVII. Official Statement:

The District will make available a Preliminary Official Statement relating to the Bonds, a copy of which, along with related documents, will be furnished upon request made to Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attn: Timothy Carty, timothy.p.carty@pjc.com, the District's Municipal Advisor, or telephoned to said Municipal Advisor at (310) 297-6011. Such Preliminary Official Statement, together with any supplements thereto, shall be in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final version thereof (the "Official Statement").

Each bidder must read the entire Preliminary Official Statement prior to bidding on the Bonds, to obtain information essential to the making of an informed decision to bid. This Notice

Inviting Proposals for Purchase of Bonds contains certain information for general reference only, and is not a complete summary of the issue. The Internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

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

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

XXVIII. Continuing Disclosure:

In order to assist bidders in complying with the Rule, the District will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and notices of the occurrence of events listed therein. A description of this undertaking and a form of the Continuing Disclosure Certificate are included in the Preliminary Official Statement.

XXIX. Rating:

Fitch Ratings and Moody's Investors Service have assigned to the Bonds the ratings shown on the cover page of the Preliminary Official Statement or, if not so indicated, will be available upon request from the Municipal Advisor. Such ratings reflect only the views of such organizations and an explanation of the significance of such rating may be obtained from such agencies as follows: Fitch

Ratings, One State Street Plaza, New York, New York 10004 and Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007. There is no assurance that the ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by either of the rating agencies, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

XXX. Right to Cancel, Postpone, or Reschedule Sale:

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

XXXI. Additional Information:

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

Dated: _________ ___, 2021

DOWNEY UNIFIED SCHOOL DISTRICT

By:______________________________

John A. Garcia, Jr., Ph.D.
Superintendent

EXHIBIT A

$____________
DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series C

CERTIFICATE OF THE PURCHASER

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

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

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

(b) _____________ was not given the opportunity to review other bids prior to submitting its bid.[1]

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

2. ***Defined Terms***.

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is ___________, 2021

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of

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

the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents ____________'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Downey Unified School District (the "District") with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

________________, as Underwriter

By:______________________________
Name:____________________________

Dated: __________, 2021

SCHEDULE A

EXPECTED OFFERING PRICES

(*Attached*)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

EXHIBIT D

NOTICE OF INTENTION TO SELL

$_________*
DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series C

NOTICE IS HEREBY GIVEN that the Downey Unified School District (the "District"), in Los Angeles County, California, intends to offer for public sale on ______ ___, 2021, at the hour of 9:00 a.m. Pacific Time, at the office of Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 not to exceed $________* principal amount of general obligation bonds of the District designated "Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C" (the "Bonds"). Within 26 hours, the Superintendent or Associate Superintendent of Business Services of the District will consider the bids received and, if acceptable bids are received, which comply with the provisions of the Notice Inviting Proposals for Purchase of the Bonds described below, award the sale of the Bonds on the basis of the true interest cost. In the event that no bids are awarded by the designated time, proposals will be received at a subsequent time and date to be determined by the District and publicized via PARITY, the Bond Buyer Wire, or Thomson Municipal Market Monitor (www.tm3.com).

NOTICE IS HEREBY FURTHER GIVEN that the Bonds will be offered for public sale subject to the terms and conditions of the Notice Inviting Proposals for Purchase of the Bonds, dated ______ ___, 2021 (the "Notice Inviting Proposals for Purchase of Bonds"). Copies of the Preliminary Official Statement and Notice Inviting Proposals for Purchase of Bonds will be furnished upon request made to Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attn: Timothy Carty, phone: (310) 297-6011, e-mail: timothy.p.carty@pjc.com, the Municipal Advisor to the District for the Bonds.

Dated: ________ ___, 2021

DOWNEY UNIFIED SCHOOL DISTRICT

By:______________________________________
Superintendent

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* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED __________, 2021

NEW ISSUE—FULL BOOK-ENTRY

RATING: S&P: "__"
(See "MISCELLANEOUS – Rating")

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

DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)

$__________*
Election of 2014 General Obligation Bonds, Series C
(Current Interest Bonds)

$__________*
Election of 2014 General Obligation Bonds, Series C-1
(Capital Appreciation Bonds)

$__________*
2021 General Obligation Refunding Bonds

Dated: Dated Date

Due: August 1, as shown on inside cover

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

The Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C (Current Interest Bonds) (the "Series C Bonds") and the Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C-1 (Capital Appreciation Bonds) (the "Series C-1 Bonds," and together with the Series C Bonds, the "New Money Bonds"), were authorized at an election of the registered voters of the Downey Unified School District (the "District") held on November 4, 2014, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $248,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the New Money Bonds.

The Downey Unified School District (Los Angeles County, California) 2021 General Obligation Refunding Bonds (the "Refunding Bonds," and together with the Series C Bonds, the "Current Interest Bonds," and together with the New Money Bonds, the "Bonds") are being issued to (i) currently refund a portion of the District's outstanding 2011 General Obligation Refunding Bonds, (ii) currently refund a portion of the District's outstanding 2012 General Obligation Refunding Bonds, and (iii) pay the costs of issuing the Refunding Bonds.

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

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Current Interest Bonds will be issued as current interest bonds. The Series C-1 Bonds will be issued as capital appreciation bonds. Interest on the Current Interest Bonds accrues from the date of initial delivery and issuance of the Bonds (the "Dated Date"), and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2021. The Series C-1 Bonds are dated the Dated Date and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2021. The Series C-1 Bonds are payable only at maturity (unless earlier redeemed) and will not pay interest on a current basis.

Payments of principal and Maturity Value of and interest on the Bonds will be made by the designated Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association, Los Angeles, California, has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds.

The New Money Bonds are subject to optional redemption as provided herein. The Current Interest Bonds are subject to mandatory sinking fund redemption as provided herein.*

MATURITY SCHEDULES*
(see inside front cover)

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*Pursuant to the terms of a public sale on __________, 2021, the Series C Bonds were awarded to the Series C Bonds Underwriter at a True-Interest Cost of ______%. Pursuant to the terms of a public sale on __________, 2021, the Series C-1 Bonds were awarded to the Series C-1 Bonds Underwriter at a True-Interest Cost of ______%. Pursuant to the terms of a public sale on __________, 2021, the Refunding Bonds were awarded to the Refunding Bonds Underwriter at a True-Interest Cost of ______%. The Bonds are being offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about ________, 2021.**

Dated: __________, 2021

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* Preliminary, subject to change.

MATURITY SCHEDULES*

Base CUSIP(1): 261005

$_______________
DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series C
(Current Interest Bonds)

$______________ Series C Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP(1) Suffix

$____________ - ___% Series C Term Bonds due August 1, 20__; Yield: ___%; CUSIP(1) Suffix: ____

$_______________
DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series C-1
(Capital Appreciation Bonds)

$______________ Series C-1 Serial Bonds

Maturity (August 1)	Denominational Amount	Accretion Rate	Yield	Maturity Value	CUSIP(1) Suffix

* Preliminary, subject to change.
(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriters, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriters and are included solely for the convenience of the registered owners of the applicable New Money Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the New Money Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the New Money Bonds.

MATURITY SCHEDULES*

Base CUSIP[(1)]: 261005

$______________
DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2021 General Obligation Refunding Bonds

$______________ Refunding Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)] Suffix

$____________ - ___% Refunding Term Bonds due August 1, 20__; Yield: ___%; CUSIP[(1)] Suffix: ____

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* Preliminary, subject to change.

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

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

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

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

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

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

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

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

DOWNEY UNIFIED SCHOOL DISTRICT

Board of Education

D. Mark Morris, *President, Trustee Area 6*
Barbara R. Samperi, *Vice President, Trustee Area 7*
Martha E. Sodetani, *Clerk, Trustee Area 1*
Linda Salomon-Saldaña, *Member, Trustee Area 2*
Giovanna Perez-Saab, *Member, Trustee Area 3*
Jose J. Rodriguez, *Member, Trustee Area 4*
Nancy A. Swenson, *Member, Trustee Area 5*

District Administration

John A. Garcia, Jr., Ph.D., *Superintendent*
Christina Aragon, *Associate Superintendent of Business Services*
Alyda R. Mir, *Assistant Superintendent of Human Resources*
Roger Brossmer, Ed.D., *Assistant Superintendent of Secondary Education*
Wayne Shannon, Ed.D., *Assistant Superintendent of Elementary Education*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

Piper Sandler & Co.
El Segundo, California

Paying Agent, Registrar, and Transfer Agent

U.S. Bank National Association, as agent of the
Treasurer and Tax Collector of Los Angeles County
Los Angeles, California

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DOWNEY UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)

$__________*	**$__________***
Election of 2014 General Obligation Bonds, Series C	**Election of 2014 General Obligation Bonds, Series C-1**
(Current Interest Bonds)	**(Capital Appreciation Bonds)**

$_________*
2021 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the (i) Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C (Current Interest Bonds) (the "Series C Bonds"), (ii) Downey Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series C-1 (Capital Appreciation Bonds) (the "Series C-1 Bonds," and together with the Series C Bonds, the "New Money Bonds"), and (iii) 2021 General Obligation Refunding Bonds (the "Refunding Bonds," and together with the Series C Bonds, the "Current Interest Bonds," and together with the New Money Bonds, the "Bonds").

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

The District

The Downey Unified School District (the "District") was established on July 1, 1961, and encompasses an area of approximately 14 square miles in Los Angeles County, California (the "County"). The District operates 13 elementary schools, four middle schools, two high schools, one adult education school, one regional K-12 program, and one continuation school. For fiscal year 2020-21, the District has projected an average daily attendance ("ADA") of _____ students and an enrollment of _____students. The District's ADA and enrollment may be impacted by COVID-19. See also "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The District has a total fiscal year 2020-21 assessed valuation of $__________.

The District is governed by a seven-member Board of Education (the "Board"). The Board members each serve four-year terms, and are elected by voters within the seven trustee areas making up the District. Elections for positions on the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. John A. Garcia, Jr., Ph.D. is currently the District's Superintendent.

See "DOWNEY UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein for information regarding the District generally and "TAX BASE FOR REPAYMENT OF BONDS" herein for information regarding the District's assessed valuation. The audited financial statements of the District for fiscal year ending June 30, 2020 are attached hereto as APPENDIX B, and should be read in their entirety.

Purpose of the Bonds

New Money Bonds. The New Money Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the New Money Bonds.

Refunding Bonds. The Refunding Bonds are being issued to (i) currently refund a portion of the District's outstanding 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds"), (ii) currently refund a portion of the District's outstanding 2012 General Obligation Refunding Bonds (the "2012 Refunding Bonds"), and (iii) pay the costs of issuing the Refunding Bonds. The 2011 Refunding Bonds and 2012 Refunding Bonds to be refunded with proceeds of the Refunding Bonds are referred to herein as the "Refunded Bonds."

See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES" herein.

Authority for Issuance of the Bonds

The Bonds are being issued pursuant to certain provisions of the Government Code of the State of California and the Constitution of the State of California, and resolutions adopted by the Board on April 20, 2021 for the New Money Bonds (the "New Money Resolution") and the Refunding Bonds (the "Refunding Resolution," and together with the New Money Resolution, the "Resolutions"). See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

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

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

Current Interest and Capital Appreciation Bonds. The Current Interest Bonds will be issued as current interest bonds and the Series C-1 Bonds will be issued as capital appreciation bonds.

The Current Interest Bonds will bear periodic interest as further described herein. The Series C-1 Bonds are payable only at maturity and will not bear interest on a current basis. The maturity value of each Series C-1 Bond is equal to its Accreted Value (defined herein) upon the maturity thereof (the "Maturity Value"), comprising its initial principal amount (the "Denominational Amount") and the interest accreting thereon between the Dated Date (defined herein) and its respective maturity date.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or Maturity Value, as applicable, or any integral multiple thereof (except for one odd denomination of Series C-1 Bonds, if necessary).

Redemption.* The New Money Bonds are subject to optional redemption prior to maturity, as further described herein. The Current Interest Bonds are subject mandatory sinking fund redemption prior to maturity, as further described herein. The Refunding Bonds are not subject to redemption prior to their stated maturity dates. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Dated Date"). Interest on the Current Interest Bonds accrues from the Dated Date, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2021. Principal of the Current Interest Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

The Series C-1 Bonds will accrete in value from their Denominational Amounts on the Dated Date to their respective Maturity Values, at the Accretion Rates (defined herein) per annum set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2021. The Series C-1 Bonds are payable only at maturity (unless earlier redeemed) according to the amounts set forth in the Accreted Values table as shown in APPENDIX D hereto.

Payments of the principal and Accreted Value of and interest on the Bonds will be made by the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed as Treasurer and Tax Collector of the County (the "Treasurer") to act as Paying Agent.

Tax Matters

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

* Preliminary, subject to change.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available in book-entry form for delivery through the facilities of DTC in New York, New York, on or about __________, 2021.*

Continuing Disclosure

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

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, see "TAX BASE FOR REPAYMENT OF BONDS" herein.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Piper Sandler & Co., El Segundo, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Piper Sandler & Co. will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

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

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Downey Unified School District, 11627 Brookshire Avenue, Downey, California 90241, telephone: (562) 469-6500. The District may impose a charge for copying, mailing and handling.

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

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

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

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

THE BONDS

Authority for Issuance

The New Money Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIIIA of the State Constitution and pursuant to the New Money Resolution. The District received authorization at an election held on November 4, 2014 by more than fifty-five percent of the votes cast by eligible voters within the District to issue $248,000,000 aggregate principal amount of general obligation bonds (the "2014 Authorization"). The New Money Bonds are the fourth and fifth series of bonds issued pursuant to the 2014 Authorization, and following the issuance thereof there will be no meaningful remaining 2014 Authorization.*

The Refunding Bonds are being issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and the Refunding Resolution.

* Preliminary, subject to change.

Security and Sources of Payment

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

Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal and Maturity Value of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein) established by the Resolutions, which funds are required to be segregated and maintained by the County and which are designated for the payment of the principal and Maturity Value of the corresponding series of Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in each Debt Service Fund to the payment of the series of Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Funds and the Building Funds (defined herein), the Bonds are not a debt of the County.

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

The rate of the annual *ad valorem* property taxes levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in property values, outbreak of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution", "TAX BASE FOR REPAYMENT OF BONDS" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein

Statutory Lien

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

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

General Provisions

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

Current Interest Bonds. Interest on the Current Interest Bonds accrues from the Dated Date, and is payable on each Bond Payment Date, commencing August 1, 2021. Interest on the Current Interest Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Current Interest Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2021, in which event it will bear interest from the Dated Date. The Current Interest Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Series C-1 Bonds. Interest on each Series C-1 Bond is represented by the amount each such Bond accretes in value from its respective Denominational Amount on the Dated Date to the date for which the Accreted Value is calculated. The value of a Series C-1 Bond as of any date (the "Accreted Value") is calculated by discounting, on a 30-day month, 360-day year basis, its Maturity Value on the basis of a constant rate (the "Accretion Rate") compounded semiannually on February 1 and August 1 of each year to the date for which an Accreted Value is calculated, and if the date for which Accreted Value is calculated is between February 1 and August 1, by pro-rating such Accreted Values to the closest prior or subsequent February 1 and August 1.

The Series C-1 Bonds will not pay interest on a periodic basis. The Series C-1 Bonds accrete in value from their Dated Date at the Accretion Rates per annum set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year commencing on August 1, 2021. The Maturity Value of a Series C-1 Bond is equal to the Accreted Value thereof at its maturity date.

See also the maturity schedule on the inside cover page hereof, "—Annual Debt Service" herein, and "APPENDIX D – ACCRETED VALUES TABLE" attached hereto.

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

Annual Debt Service

The table on the following page displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions).

[REMAINDER OF PAGE LEFT BLANK]

	Series C Bonds		Series C-1 Bonds		2021 Refunding Bonds		
Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Annual Principal Payment	Accreted Interest Payment[2]	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
2047							
2048							
2049							
2050							
TOTAL							

(1) Interest payments on the Current Interest Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2021.

(2) The Series C-1 Bonds are payable only at maturity on August 1 of the years indicated on the inside cover page hereof, and interest on such Series C-1 Bonds is compounded semiannually on February 1 and August 1, commencing August 1, 2021.

See "DOWNEY UNIFIED SCHOOL DISTRICT – District Debt Structure" herein for a debt service schedule of all of the District's outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

New Money Bonds. The New Money Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the New Money Bonds.

Building Funds. The net proceeds from the sale of the (i) Series C Bonds will be paid to the County to the credit of the "Downey Unified School District Election of 2014 General Obligation Bonds Series C Building Fund" (the "Series C Bonds Building Fund"), and will be applied solely for the purposes for which the Series C Bonds are being issued, and (ii) Series C-1 Bonds will be paid to the County to the credit of the "Downey Unified School District Election of 2014 General Obligation Bonds Series C-1 Building Fund" (the "Series C-1 Bonds Building Fund," and together with the Series C Bonds Building Fund, the "Building Funds"), and will be applied solely for the purposes for which the Series C-1 Bonds are being issued. Interest earnings in each Building Fund will be retained in such fund. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the District, will be transferred to the applicable Debt Service Fund and applied to the payment of the principal and Maturity Value of and interest on the corresponding series of Bonds.

New Money Debt Service Funds. Any premium received by the County from the sale of the respective series of New Money Bonds, as well as *ad valorem* property taxes levied by the County for the payment of the respective series of New Money Bonds when collected, are required to be held separate and apart in the fund relating to each series of New Money Bonds created by the New Money Resolution and designated as the "Downey Unified School District Election of 2014 General Obligation Bonds, Series C Debt Service Fund" (the "Series C Bonds Debt Service Fund") and "Downey Unified School District Election of 2014 General Obligation Bonds, Series C-1 Debt Service Fund" (the "Series C-1 Bonds Debt Service Fund," and together with the Series C Bonds Debt Service Fund, the "New Money Debt Service Funds"), respectively and used only for payment of principal and Maturity Value of and interest on the corresponding series of Bonds. Any interest earnings on moneys held in each Debt Service Fund will be retained therein. Pursuant to the New Money Resolution, the District has pledged monies on deposit in the respective New Money Debt Service Funds to the payment of each respective series of New Money Bonds. If, after all of the respective series of Bonds to which such Debt Service Fund relates have been redeemed or paid and otherwise cancelled, there are moneys remaining in such Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Refunding Bonds. The Refunding Bonds are being issued to (i) currently refund the Refunded Bonds, and (ii) pay the costs of issuing the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds will be deposited with the Escrow Agent, to the credit of the "Downey Unified School District 2021 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund") held pursuant to an escrow agreement, dated June 1, 2021, by and between the District and U.S. Bank National Association (the "Escrow Agreement"). Pursuant to the Escrow Agreement, the amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Bonds the first optional redemption dates therefor, as well as the interest due on the Refunded Bonds on and prior to such dates. Amounts deposited into the Escrow Fund under the Escrow Agreement are not available to pay any other obligations of the District.

The following tables show information on the specific maturities of the Refunded Bonds to be refunded with proceeds of the Refunding Bonds.

REFUNDED 2011 REFUNDING BONDS*
Downey Unified School District
2011 General Obligation Refunding Bonds

Maturity Date (August 1)	Original Principal Amount	Outstanding Principal to be Refunded	Interest Rate	Redemption Date	Redemption Price (% of Principal Amount)	CUSIP†
2022	$250,000	$250,000	5.000%	08/01/2021	100%	261005LT7
2023	275,000	275,000	5.000	08/01/2021	100	261005LU4
2024	300,000	300,000	5.000	08/01/2021	100	261005LV2
2025	300,000	300,000	5.250	08/01/2021	100	261005LW0
2026	325,000	325,000	5.250	08/01/2021	100	261005LX8
2027	340,000	340,000	5.250	08/01/2021	100	261005LY6
2028	340,000	340,000	5.250	08/01/2021	100	261005LZ3
2031	150,000	150,000	4.500	08/01/2021	100	261005MC3

REFUNDED 2012 REFUNDING BONDS*
Downey Unified School District
2012 General Obligation Refunding Bonds

Maturity Date (August 1)	Original Principal Amount	Outstanding Principal to be Refunded	Interest Rate	Redemption Date	Redemption Price (% of Principal Amount)	CUSIP†
2022	$2,050,000	$2,050,000	5.000%	08/01/2021	100%	261005MP4
2023	2,175,000	2,175,000	5.000	08/01/2021	100	261005MQ2
2024	2,300,000	2,300,000	5.000	08/01/2021	100	261005MR0
2025	2,425,000	2,425,000	5.000	08/01/2021	100	261005MS8

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the District, Municipal Advisor, or the Underwriter is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Refunding Bonds and Refunded Bonds. The CUSIP number for a specific maturity is subject to being changed as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Refunding Bonds and Refunded Bonds.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Refunded Bonds as described above will be verified by Causey Demgen & Moore P.C., as the verification agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Refunding Bonds Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate. See "LEGAL MATTERS – Escrow Verification" herein.

Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds will be transferred to and accounted for in the fund designated as the debt service fund created by the Refunding Resolution (the "Refunding Debt Service Fund," and together with the New Money Debt Service Funds, the "Debt Service Funds") and used by the District only for payment of principal of and interest on the Refunding Bonds and for no other purpose. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued will be transferred to the Refunding Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. Pursuant to the Refunding Resolution, the District has pledged monies on deposit in the Refunding Debt Service Fund to the payment of the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

Investment of Funds. Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Building Funds and Debt Service Funds will be invested through the County's pooled investment fund. See "APPENDIX F – LOS ANGELES COUNTY TREASURY POOL" herein.

Redemption

Optional Redemption.*

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

The Series C-1 Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturity dates. The Series C-1 Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__ at a redemption price equal to the Accreted Value of such Series C-1 Bonds to be redeemed as of the date set for such redemption, without premium.

Refunding Bonds. The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

* Preliminary, subject to change.

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

Year Ending August 1	Principal To Be Redeemed

(1) Maturity.

In the event that a portion of the 20__ Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such 20__ Term Bonds optionally redeemed.

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

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

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

* Preliminary, subject to change.

Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

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

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

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

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

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor and maturity and of authorized denominations equal in Transfer Amount (which, with respect to any outstanding Series C Bonds, means the principal amount, and with respect to any outstanding Series C-1 Bonds, means the Maturity Value) to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

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

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

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

Book-Entry Only System

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriters takes any responsibility for the accuracy or completeness thereof. The District and the Underwriters cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of principal and maturity value of, interest on, or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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

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

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

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

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

Any Bond may be exchanged for Bonds of like series, tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount or Maturity Value thereof, as applicable) upon presentation and surrender at the designated trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like series and tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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

Defeasance

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

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

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

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Series C Bonds
Net Original Issue Premium/Discount

Total Sources

Uses of Funds

Series C Bonds Building Fund
Series C Bonds Debt Service Fund
Series C Bonds Underwriter's Discount
Costs of Issuance[1]

Total Uses

[1] Represents all costs of issuance to be paid from proceeds of the Series C Bonds, including, but not limited to, municipal advisory and legal fees, printing costs, the costs and fees of the Paying Agent, rating agencies fees, and other costs of issuance of the Series C Bonds.

Series C-1 Bonds. The proceeds of the Series C-1 Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Series C-1 Bonds
Net Original Issue Premium/Discount

Total Sources

Uses of Funds

Series C-1 Bonds Building Fund
Series C-1 Bonds Debt Service Fund
Series C-1 Bonds Underwriter's Discount
Costs of Issuance[1]

Total Uses

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[1] Represents all costs of issuance to be paid from proceeds of the Series C-1 Bonds, including, but not limited to, municipal advisory and legal fees, printing costs, the costs and fees of the Paying Agent, rating agencies fees, and other costs of issuance of the Series C-1 Bonds.

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

Sources of Funds

Principal Amount of Refunding Bonds
Net Original Issue Premium/Discount

Total Sources

Uses of Funds

Escrow Fund
Refunding Bonds Underwriter's Discount
Costs of Issuance[1]

Total Uses

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[1] Represents all costs of issuance to be paid from proceeds of the Refunding Bonds, including, but not limited to, municipal advisory and legal fees, printing costs, the costs and fees of the Escrow Agent, Paying Agent and Verification Agent, rating agencies fees, and other costs of issuance of the Refunding Bonds.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

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

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

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

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

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2020-21 of $14,156,878,345. The following table represents a 10-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Years 2011-12 through 2020-21
Downey Unified School District

	Local Secured	Utility	Unsecured	Total	% Change
2011-12	$9,004,017,300	$560,315	$309,064,341	$9,313,641,956	--
2012-13	9,126,394,379	560,315	373,341,294	9,500,295,988	2.004%
2013-14	9,456,550,544	560,315	344,432,501	9,801,543,360	3.171
2014-15	9,860,008,196	560,315	400,974,178	10,261,542,689	4.693
2015-16	10,295,888,146	560,315	473,296,591	10,769,745,052	4.952
2016-17	10,918,716,491	560,315	475,916,257	11,395,193,063	5.807
2017-18	11,519,487,056	1,211,946	454,300,120	11,974,999,122	5.088
2018-19	12,251,911,237	1,211,946	387,427,396	12,640,550,579	5.558
2019-20	12,960,508,268	1,211,946	497,170,884	13,458,891,098	6.474
2020-21	13,662,942,317	1,211,946	492,724,082	14,156,878,345	5.186

Source: California Municipal Statistics, Inc.; "% Change" column calculated by the Municipal Advisor.

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

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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

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

Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2020-21 assessed valuation.

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2020-21
Downey Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bell Gardens	$37,706,723	0.27%	$2,063,358,524	1.83%
City of Bellflower	513,044,462	3.62	6,054,027,600	8.47
City of Downey	13,003,157,140	91.85	13,181,887,461	98.64
City of Norwalk	5,534	0.00	8,557,743,640	0.00
City of Paramount	3,011,246	0.02	4,626,441,163	0.07
City of South Gate	596,155,204	4.21	6,604,411,493	9.03
Unincorporated Los Angeles County	3,798,036	0.03	107,666,068,683	0.00
Total District	$14,156,878,345	100.00%		
Los Angeles County	$14,156,878,345	100.00%	$1,708,923,809,032	0.83%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2020-21.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2020-21
Downey Unified School District

	2020-21 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$1,794,060,016	13.13%	938	3.55%
Vacant Commercial	7,142,935	0.05	45	0.17
Industrial	722,149,159	5.29	477	1.81
Vacant Industrial	11,913,910	0.09	73	0.28
Recreational	109,097,807	0.80	22	0.08
Government/Social/Institutional	74,969,035	0.55	351	1.33
Miscellaneous	9,262,894	0.07	149	0.56
Subtotal Non-Residential	$2,728,595,756	19.97%	2,055	7.78%
Residential:				
Single Family Residence	$8,323,551,883	60.92%	20,438	77.35%
Condominium/Townhouse	388,779,316	2.85	1,284	4.86
Mobile Home	7,505,247	0.05	243	0.92
Mobile Home Park	17,751,010	0.13	9	0.03
2-4 Residential Units	718,736,625	5.26	1,472	5.57
5+ Residential Units/Apartments	1,452,414,017	10.63	695	2.63
Vacant Residential	25,608,463	0.19	226	0.86
Subtotal Residential	$10,934,346,561	80.03%	24,367	92.22%
Total	$13,662,942,317	100.00%	26,422	100.00%

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

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2020-21 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2020-21
Downey Unified School District

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	20,438	$8,323,551,883	$407,259	$383,587

2020-21 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	75	0.367%	0.367%	$3,094,024	0.037%	0.037%
50,000 - 99,999	1,601	7.833	8.200	123,562,143	1.484	1.522
100,000 - 149,999	942	4.609	12.809	115,462,443	1.387	2.909
150,000 - 199,999	881	4.311	17.120	154,387,593	1.855	4.764
200,000 - 249,999	1,549	7.579	24.699	354,096,838	4.254	9.018
250,000 - 299,999	1,993	9.751	34.451	546,772,486	6.569	15.587
300,000 - 349,999	1,898	9.287	43.737	616,634,605	7.408	22.995
350,000 - 399,999	1,883	9.213	52.950	705,085,280	8.471	31.466
400,000 - 449,999	1,847	9.037	61.987	784,534,954	9.425	40.892
450,000 - 499,999	1,681	8.225	70.212	798,892,963	9.598	50.490
500,000 - 549,999	1,585	7.755	77.968	830,140,634	9.973	60.463
550,000 - 599,999	1,250	6.116	84.084	717,752,859	8.623	69.086
600,000 - 649,999	860	4.208	88.291	535,791,103	6.437	75.523
650,000 - 699,999	616	3.014	91.305	414,516,210	4.980	80.503
700,000 - 749,999	507	2.481	93.786	365,676,808	4.393	84.896
750,000 - 799,999	297	1.453	95.239	229,446,437	2.757	87.653
800,000 - 849,999	198	0.969	96.208	163,098,281	1.959	89.613
850,000 - 899,999	167	0.817	97.025	145,597,084	1.749	91.362
900,000 - 949,999	123	0.602	97.627	114,015,826	1.370	92.732
950,000 - 999,999	101	0.494	98.121	98,473,533	1.183	93.915
1,000,000-and greater	384	1.879	100.000	506,519,779	6.085	100.000
	20,438	100.000%		$8,323,551,883	100.000%	

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

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Tax Levies, Collections and Delinquencies

The following table sets forth secured tax charges and delinquency information for the District for fiscal years 2013-14 through 2019-20.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2013-14 through 2019-20
Downey Unified School District

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2013-14	$19,736,430.04	$290,502.52	1.47%
2014-15	20,745,528.94	298,516.89	1.44
2015-16	21,865,768.31	309,839.10	1.42
2016-17	23,115,550.53	274,314.02	1.19
2017-18	24,477,891.95	303,805.05	1.24
2018-19	25,832,014.20	352,548.95	1.36
2019-20	27,652,860.53	622,954.40	2.25
	Secured Tax Charge[2]	**Amt. Del. June 30**	**% Del. June 30**
2013-14	$6,222,348.54	$78,682.63	1.26%
2014-15	6,481,514.78	61,846.12	0.95
2015-16	11,918,621.60	263,095.04	2.21
2016-17	12,499,944.78	187,055.21	1.50
2017-18	12,211,835.91	115,974.40	0.95
2018-19	12,381,130.98	129,574.23	1.05
2019-20	12,612,824.63	195,561.10	1.55

(1) 1% General fund apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rate.
(2) General obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

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

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 ("Order N-61-20"). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in Order N-61-20. See "—Alternative Method of Tax Apportionment – "Teeter Plan" below and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Alternative Method of Tax Apportionment - Teeter Plan

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the**

Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Government Code Section 6516.6. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2019-20 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control or the control of the County, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Tax Rates

A representative tax rate area (a "TRA") located within the District is TRA 3304. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal year 2016-17 through 2020-21.

SUMMARY OF *AD VALOREM* TAX RATES (TRA 3304)[(1)]
Fiscal Years 2016-17 through 2020-21
Downey Unified School District

	2016-17	2017-18	2018-19	2019-20	2020-21
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Downey Unified School District	.114732	.105383	.101126	.097084	.087706
Cerritos Community College District	.046976	.043705	.044462	.044489	.043481
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.165208%	1.152588%	1.149088%	1.145073%	1.134687

(1) The fiscal year 2020-21 assessed valuation of TRA 3304 is $2,878,683,413 which is 20.33% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2020-21 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2020-21
Downey Unified School District

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total[(1)]
1.	US VI Downey LLC	Shopping Center/Movie Theater	$225,181,320	1.65%
2.	Macerich Stonewood LLC	Shopping Center	180,676,833	1.32
3.	PRC Multi Family LLC	Apartments	91,095,299	0.67
4.	Downey Landing LLC	Shopping Center	83,024,471	0.61
5.	Lone Oak Downey LLC	Industrial	53,705,448	0.39
6.	Fremont Rancho Limited	Industrial	49,964,806	0.37
7.	Hall Stewart and Gray Road LLC	Industrial	48,898,800	0.36
8.	RLJ II EM Downey LP	Hotel	40,355,184	0.30
9.	PARC @ 5 Downey LLC	Apartments	38,997,523	0.29
10.	Wal Mart Real Estate Business Trust	Commercial	35,594,196	0.26
11.	Andrews Rancho Del Norte/Andrews Rancho Del Sur	Commercial	33,767,668	0.25
12.	Downey Land Limited	Industrial	31,381,840	0.23
13.	Majestic Enterprises LP	Apartments	31,363,372	0.23
14.	Kaiser Foundation Health Plan	Office Building	30,549,851	0.22
15.	Furst Enterprises Group H&J LLC	Commercial	27,573,293	0.20
16.	Brookshire Avenue Apartments LLC	Apartments	27,300,073	0.20
17.	Hoag Foundation	Apartments	27,221,109	0.20
18.	Rexford Industrial Realty LP	Office Building	26,835,000	0.20
19.	DRMC Properties Inc.	Office Building	25,608,144	0.19
20.	Icon Owner Pool 1 LA	Industrial	24,176,654	0.18
			$1,133,270,884	8.29%

(1) The District's fiscal year 2020-21 local secured assessed valuation is $13,662,942,317.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of March 1, 2021. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Downey Unified School District

2020-21 Assessed Valuation: $14,156,878,345

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 03/01/21
Metropolitan Water District	0.434%	$116,442
Cerritos Community College District	26.660	104,618,090
Compton Community College District	0.646	699,837
Downey Unified School District	**100.000**	**196,988,240**[1]
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$302,422,609
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.828 %	$ 21,755,263
Los Angeles County Superintendent of Schools Certificates of Participation	0.828	37,801
Los Angeles County Sanitation District No. 2 Authority	20.495	514,014
City of Bell Gardens Certificates of Participation	1.827	91,715
City of Bellflower Certificates of Participation	8.474	1,261,355
City of Downey General Fund Obligations	98.644	43,161,682
City of Downey Pension Obligation Bonds	98.644	127,482,573
City of South Gate General Fund and Pension Obligation Bonds	9.027	1,724,157
TOTAL OVERLAPPING GENERAL FUND DEBT		$196,028,560
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$6,576,611
GROSS COMBINED TOTAL DEBT		$505,027,780[2]

Ratios to 2020-21 Assessed Valuation:
Direct Debt ($196,988,240)..1.39%
Total Direct and Overlapping Tax and Assessment Debt 2.14%
Combined Total Debt..3.57%

Ratio to Redevelopment Incremental Valuation ($1,063,574,393):
Total Overlapping Tax Increment Debt 0.62%

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(1) Excludes the Bonds as described herein and includes the Refunded Bonds.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA 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 XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted 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 the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

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

Proposition 19

On November 3, 2020, California voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

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

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

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

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

Proposition 50 and Proposition 171

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

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

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

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a 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 XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts and community college districts (collectively "K-14 school districts") to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year

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

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

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

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

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

Article XIIIC and Article XIIID of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State 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 XIIIC 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 XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

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

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

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

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

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

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

b. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' 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. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. The State may shift from schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also 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 reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was projected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

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

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

Jarvis v. Connell

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

Proposition 2

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

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

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

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

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

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

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

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

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

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State 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 schools ($500 million) and technical education facilities ($500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

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

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

Future Initiatives

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

DISTRICT FINANCIAL INFORMATION

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

State Funding of Education

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

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

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

The primary component of AB 97, as amended by SB 91, was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment has been calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts have had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants are to be adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "—State Budget Measures" herein.

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. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

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

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2019-20, and projected amounts for fiscal year 2020-21.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2020-21
Downey Unified School District

	Average Daily Attendance(1)					Enrollment(2)	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment(3)
2012-13	5,608	4,726	3,671	8,116	22,121	22,848	--
2013-14	5,617	4,732	3,611	8,241	22,201	22,878	74.73%
2014-15	5,630	4,694	3,602	8,040	21,966	22,698	71.93
2015-16	5,618	4,661	3,584	7,926	21,789	22,649	70.54
2016-17	5,526	4,619	3,490	7,864	21,499	22,302	71.11
2017-18	5,473	4,535	3,443	7,695	21,146	21,961	71.32
2018-19							
2019-20							
2020-21(4)							

(1) Reflects P-2 ADA.

(2) For fiscal year 2012-13, reflects enrollment as of the October report submitted to the California Basic Educational Data System ("CBEDS") in such school year. For fiscal year 2013-14 and later, reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and is used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students is expressed solely as a percentage of its total fiscal year 2013-14 enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment is based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(3) The District did not calculate the EL/LI student enrollment prior to the implementation of the LCFF in fiscal year 2013-14.

(4) Projected.

Source: Downey Unified School District.

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

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, 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 "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. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. The State Board of Education adopted 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 districts 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 are required to be updated annually, covering a three-year period. The State Board of Education has developed a template LCAP for school districts to use.

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

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

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

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

Other Revenue Sources

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

Lease Revenues. The District has entered into lease agreements with various lessees for certain District properties and facilities (the "Leases"). None of the Leases contain options to purchase, and all of the Leases contain termination clauses providing for cancellation under certain criteria. The District does not expect that the Leases will be terminated prior to their expiration dates. The revenues received from the District under the Leases are deposited into the District's Special Reserve for Capital Outlay Fund. The following schedule shows the future minimum lease payments expected to be received by the District under the Leases.

LEASE REVENUES
Future Minimum Lease Revenues

Fiscal Year	Lease Revenues
2021	$219,444
2022	226,028
2023	232,806
2024-2028	1,262,570
2029-2034	1,303,560
2034-2038	1,303,560
2039-2043	1,303,560
2044-2048	1,303,560
2049-2053	1,303,560
2054-2058	1,303,560
2059-2060	477,972
Total	$10,240,180

Source: Downey Unified School District.

Developer Fees. The District receives developer fees per square foot pursuant to Government Code Section 65995 (the "Developer Fees"). The Developer Fees received by the District are deposited directly into the District's Capital Facilities Fund. The following table lists the Developer Fees collected for the last five fiscal years, and a projected amount for fiscal year 2020-21.

DEVELOPER FEES
Fiscal Years 2013-14 through 2020-21
Downey Unified School District

Fiscal Year	Developer Fees Collected
2015-16	$316,841
2016-17	1,097,319
2017-18	693,969
2018-19	
2019-20	
2020-21(1)	

(1) Projected.
Source: Downey Unified School District.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021, which includes approximately $900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The Consolidated Appropriations Act, 2021 provides approximately $82 billion of COVID-19 related relief for education, including $54.3 billion for K-12 schools (largely through Title I funding), $22.7 billion for higher education and $4 billion for state governors to spend at their discretion.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

On March 17, 2020, Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117") were signed by the Governor, both of which took effect immediately. SB 89 amends the Budget Act of 2019 by appropriating $500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to the COVID–19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID–19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriates $100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites.

The District received $88,811 pursuant to SB 117 for personal protective equipment and currently expects to receive $5,165,714 pursuant to the CARES Act based on the District's LCFF Supplemental and Concentration Grant funding for learning loss mitigation; the receipt of which is contingent on a Board adopting a new Learning Continuity and Attendance Plan by September 30, 2020, which the District approved prior to the deadline. The District also expects to receive $1,719,269 in CARES Act and Elementary and Secondary School Emergency Relief (ESSER) funding based on Title I status, $1,260,661 in federal and Governor's Emergency Education Relief (GEER) funding related to students with disabilities and $497,893 in additional Proposition 98 funding based on the District's 2019-20 LCFF allocation.

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order").

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The COVID-19 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("Executive Order N-60-20"), which directs the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The order provided that stages would be phased in gradually, and counties which met readiness criteria and worked with the State Department of Public Health could open more public spaces and workplaces, as outlined by the State, with variances allowed by county. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which takes effect immediately. SB 98 provides that distance learning may be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. For additional information about the provisions of SB 98, see "- State Budget – 2020-21 State Budget" herein.

On August 28, 2020, the Governor released a new system, Blueprint for a Safer California (the "Blueprint"), which places the State's 58 counties into four color-coded tiers – purple, red, orange and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests, and establishes criteria for loosening and tightening restrictions on activities. Counties must spend at least three weeks in each tier before advancing to the next one. Schools can reopen for limited in-person instruction with local health official approval in counties that have been in the red tier (a daily new case of 4 to 7 per 100,000 people and 5-8% of positive tests) or a lower tier for two weeks. Counties in the purple tier can reopen elementary schools if the local health department provides a waiver. Schools that are not authorized to reopen, including TK-6 schools that have not received a waiver, may provide structured, in-person supervision and services to students under the State's guidance for small cohorts/groups of children and youth. [The County is currently assigned to the purple tier, and in-person instruction is not permitted.]

On November 19, 2020, the California Department of Public Health issued a limited Stay at Home order (the "Limited Stay at Home order"), effective November 21, 2020 for those counties under Tier One (Purple) of the Blueprint for a Safer Economy, requiring that all gatherings with members of other households and all activities conducted outside the residence, lodging, or temporary accommodation with members of other households cease between 10:00 p.m. PST and 5:00 a.m. PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the "Regional Stay at Home Order"), and a supplemental order, signed December 6, 2020, which divides the State into four regions (Norther California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which will go into effect at 11:59 PM the day after a region has been announced to have less than 15% ICU availability. The supplemental order clarifies retail operations and goes into effect immediately. The orders prohibit private gatherings of any size, close sector operations except for critical infrastructure and retail, and require 100% masking and physical distancing in all others. Guidance related to schools remains in effect and unchanged. Schools that have reopened for in-person instruction may remain open, and schools may continue to bring students back for in-person instruction under the existing elementary school waiver process or cohort guidance provided by the California Department of Public Health. The Regional Stay at Home Order went into effect in the County on December 6, 2020.

On January 25, 2021 the Regional Stay at Home Order was lifted for all regions statewide, because 4-week ICU capacity projections in all regions under the order had reached 15% or higher. The

Limited Stay At Home Order was also ended. All counties returned to restrictions according to their respective tiers under the Blueprint.

[To Be Updated] As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the 2019-20 school year effective March 16, 2020 and began instruction through distance learning. Since the County is currently assigned to the purple tier, the District opened the 2020-21 school year in an all distance learning environment. The District may not reopen for in-person learning until such time as the County is out of the purple tier for two weeks. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the 2020-21 academic year.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "DOWNEY SCHOOL DISTRICT – District Retirement Systems" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Los Angeles County Department of Health (http://publichealth.lacounty.gov/), the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding SB 117 or the Blueprint, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations" herein.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

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

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

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and 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 District has never had an adopted budget disapproved by the County superintendent of schools and has never received a "qualified" or "negative" certification of an Interim Financial Report pursuant to AB 1200.

Budgeting Trends. The District's general fund adopted budgets for fiscal years 2016-17 through 2020-21, audited actual results for fiscal years 2016-17 through 2019-20, and projected results for fiscal year 2020-21 are set forth on the following page.

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GENERAL FUND BUDGETING
Fiscal Years 2016-17 through 2020-21
Downey Unified School District

	Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21	
	Budgeted[1]	Audited[1]	Budgeted[1]	Audited[1]	Budgeted[1]	Audited[1]	Budgeted[1]	Audited[1]	Budgeted[2]	Projected[2]
REVENUES										
LCFF	$201,256,568	$204,890,700	$207,981,054	$207,735,358	$218,490,199	$220,117,099	$227,380,422	$227,611,657	$220,869,888	
Federal Sources	11,136,668	10,722,553	11,037,059	12,518,673	12,293,675	13,305,820	12,680,380	10,762,449	12,745,870	
Other State Sources	16,549,285	25,470,465	10,980,006	22,899,541	30,247,626	37,952,769	17,700,913	29,263,979	20,578,926	
Other Local Sources	12,705,526	13,545,082	12,439,750	13,984,858	12,655,395	14,057,084	20,987,118	27,112,290	29,546,166	
Total Revenues	241,648,047	254,628,800	242,437,869	257,138,430	273,686,895	285,432,772	278,748,833	294,760,375	283,740,850	
EXPENDITURES										
Current:										
Certificated Salaries	119,374,107	119,184,277	121,325,079	120,379,627	120,765,109	126,188,300	129,182,175	129,492,862	131,409,784	
Classified Salaries	33,348,943	33,536,536	34,578,041	34,742,256	35,271,218	37,526,019	39,090,747	41,597,749	40,854,409	
Employee Benefits	55,962,575	63,369,350	59,697,603	66,520,910	71,119,197	83,581,382	78,905,199	83,137,551	83,238,429	
Books & Supplies	20,993,091	14,445,847	10,925,291	12,156,089	13,905,595	10,175,261	13,257,783	9,917,355	11,691,972	
Services & Operating Expenditures	24,148,373	23,092,554	18,758,313	22,009,528	21,313,504	25,501,779	20,820,302	20,757,177	24,121,029	
Other Outgo	(24,611)	(339,657)	217,523	261,842	(270,034)	(423,088)	(478,084)	1,284,976	563,425	
Capital Outlay	2,910,433	2,285,507	4,301,567	910,125	3,445,272	888,776	612,925	407,259	337,994	
Total Expenditures	256,712,911	255,574,414	249,803,417	256,980,377	265,549,862	283,438,429	280,391,047	286,594,929	292,217,042	
Excess (Deficiency) of Revenues Over Expenditures	(15,064,864)	(945,614)	(7,365,548)	158,053	8,137,033	1,994,343	(1,642,214)	8,165,446	(8,476,192)	
Other Financing Sources (Uses)										
Transfers In	--	--	--	--	--	--	--	--	--	
Transfers Out	--	(3,665,141)	(3,397,538)	(3,897,538)	(3,648,942)	(4,648,942)	(3,883,754)	(3,383,754)	(3,383,754)	
Other Sources	--	--	--	--	--	--	--	--	--	
Other Uses	--	--	--	--	--	--	--	--	--	
Contributions	--	--	--	--	--	--	--	--	--	
Net Financing Sources (Uses)	--	(3,665,141)	(3,397,538)	(3,897,538)	(3,648,942)	(4,648,942)	(3,883,754)	(3,383,754)	(3,383,754)	
Net Change in Fund Balance	(15,064,864)	(4,610,755)	(10,763,086)	(3,739,485)	4,488,091	(2,654,599)	(5,525,968)	4,781,692	(11,859,946)	
Fund Balance - Beginning	44,619,150	44,619,150	40,008,395	40,008,395	36,268,910	36,268,910	33,614,311	33,614,311	38,396,003	
Fund Balance - Ending	$29,554,286	$40,008,395	$29,245,309	$36,268,910	$40,757,001	$33,614,311	$28,088,343	$38,396,003	$26,536,053	

(1) From the District's Audited Financial Statements for fiscal years 2016-17 through 2019-20, respectively. Reflects combined unrestricted and restricted general fund.

(2) From the District's Second Interim Financial Report for fiscal year 2020-21, approved by the Board on ________, 2021. Reflects restricted and unrestricted general fund. Numbers are rounded to nearest whole.

Source: Downey Unified School District.

Accounting Practices

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

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2020 and prior fiscal years are on file with the District and available for public inspection at the Downey Unified School District, 11627 Brookshire Avenue, Downey, California 90241, telephone: (562) 469-6500. The table on the following page reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2015-16 through 2019-20.

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AUDITED GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES[(1)]
Fiscal Years 2013-14 through 2017-18
Downey Unified School District

	2015-16	2016-17	2017-18	2018-19	2019-20
REVENUES:					
LCFF sources	$187,705,870	$204,890,700	$207,735,359	$220,117,099	$227,611,657
Federal sources	11,199,131	10,722,553	12,518,673	13,305,820	10,762,449
Other State sources	31,006,100	25,470,465	22,899,541	37,952,769	29,263,979
Other local sources	13,317,709	13,545,082	13,984,857	14,057,084	27,122,290
Total Revenues	243,228,810	254,628,800	257,138,430	285,432,772	294,760,375
EXPENDITURES:					
Instruction	172,294,658	178,700,363	181,339,356	195,382,436	200,011,416
Instruction-related activities:					
Supervision of instruction	4,267,865	5,763,305	6,860,901	7,454,820	8,424,589
Instructional library, media and technology	1,883,637	2,790,364	2,511,112	2,847,210	2,150,914
School site administration	14,165,162	14,342,166	15,094,776	16,050,573	17,099,912
Pupil services:					
Home-to-school transportation	2,649,913	3,136,358	2,969,936	3,143,499	3,015,435
Food services	441	--	379	156,437	--
All other pupil services	14,688,848	15,434,875	15,628,824	16,941,112	20,124,071
General administration:					
Data processing	6,161,382	3,904,084	2,121,057	4,516,752	2,523,611
All other general administration	9,906,994	10,354,902	9,042,330	9,745,700	9,748,779
Plant services	18,099,541	18,447,053	19,153,872	25,441,360	20,363,885
Facility acquisition and construction	421,974	997,344	5,441	--	--
Ancillary services	982,082	1,089,659	1,115,550	1,257,995	1,173,190
Other outgo	866,279	527,779	1,042,404	408,084	1,890,178
Enterprise services	96,711	86,162	94,439	92,451	68,949
Debt service:					
Principal	--	--	--	--	--
Interest and other	--	--	--	--	--
Total Expenditures	246,485,487	255,574,414	256,980,377	283,438,429	286,594,929
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,256,677)	(945,614)	158,053	1,994,343	8,165,446
Other Financing Sources (Uses):					
Transfers in	--	--	--	--	--
Transfers out	--	(3,665,141)	(3,897,538)	(4,648,942)	(3,383,754)
Net Financing Sources (Uses)	--	(3,665,141)	(3,897,538)	(4,648,942)	(3,383,754)
NET CHANGE IN FUND BALANCES	(3,256,677)	(4,610,755)	(3,739,485)	(2,654,599)	4,781,692
Fund Balance - Beginning	47,875,827	44,619,150	40,008,395	36,268,910	33,614,311
Fund Balance - Ending	$44,619,150	$40,008,395	$36,268,910	$33,614,311	$38,396,003

(1) From the District's Audited Financial Statements for fiscal years 2015-16 through 2019-20, respectively. Reflects combined restricted and unrestricted general fund.
Source: Downey Unified School District.

State Budget Measures

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

2020-21 State Budget. On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the "2020-21 Budget"). The following information is drawn from the DOF's and LAO's summaries of the 2020-21 Budget.

As with the Governor's May revision (the "May Revision") to the proposed State budget, the 2020-21 Budget acknowledged that the rapid onset of COVID-19 had an immediate and severe impact on the State's economy. The ensuing recession caused significant job losses, precipitous drops in family and business income, and exacerbated inequality. The 2020-21 Budget included a number of measures intended to address a projected deficit of $54.3 billion identified by the May Revision, and occasioned principally by declines in the State's three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, were intended to close this deficit and set aside $2.6 billion in the State's traditional general fund reserve, including $716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget drew down $8.8 billion in total State reserves, including $7.8 billion from the BSA, $450 million from the Safety Net Reserve and all funds in the PSSSA.

- *Triggers* – The 2020-21 Budget included $11.1 billion in reductions and deferrals that would have been restored if at least $14 billion in federal funds were received by October 15, 2020. If the State had received less than this amount, reductions and deferrals were to be partially restored. The triggers included $6.6 billion in deferred spending on education, $970 million in funding for the California State University and University of California systems, $2.8 billion in State employee compensation and $150 million for courts, as well as funding for various other State programs. The triggers would also have funded an additional $250 million for county programs to backfill revenue losses. Such federal funds, however, were not received by the October 15 date identified in the 2020-21 Budget. The District can make no representation as to whether such federal funds will be received or in what amount. See "—Future Actions and Events" herein.

- *Federal Funds* – The 2020-21 Budget relied on $10.1 billion in federal funds allocated to the State, including $8.1 billion of which had already been received as of the passage of the 2020-21 Budget. This relief included a temporary increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.

- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relied on $9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately $900 million of special fund borrowing was associated with reductions to State employee compensation and was to be subject to the triggers discussed above.

- *Increased Revenues* – The 2020-21 Budget temporarily suspended for three years net operating loss tax deductions for medium and large businesses and limited business tax credits, with an estimated increase in tax revenues of $4.3 billion in fiscal year 2020-21.

- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget included an additional $10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projected total general fund revenues and transfers of $137.6 billion and authorized expenditures of $146.9 billion. The State was projected to end the 2019-20 fiscal year with total available general fund reserves of $17 billion, including $16.1 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projected total general fund revenues and transfers of $137.7 billion and authorized expenditures of $133.9 billion. The State was projected to end the 2020-21 fiscal year with total available general fund reserves of $11.4 billion, including $2.6 billion in the traditional general fund reserve (of which $716 million is earmarked for COVID-related responses), $8.3 billion in the BSA and $450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimated that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 would be $70.1 billion, approximately $10 billion below the revised prior-year funding level. For K-12 school districts, this would have resulted in per-pupil spending in fiscal year 2020-21 of $10,654, a reduction of $1,339 from the prior year.

The 2020-21 Budget proposed several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provided for $1.9 billion in LCFF apportionment deferrals for fiscal year 2019-20. The deferrals increased to $11 billion in fiscal year 2020-21, which was to result in LCFF funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspended the statutory COLA in fiscal 2020-21. Of the total deferrals, $5.8 billion were to be triggered off in fiscal year 2020-21 if sufficient federal funding for this purpose was received. Such federal funds, however, were not received by the October 15 date identified in the 2020-21 Budget. The District can make no representation as to whether such federal funds will be received or in what amount. See "—Future Actions and Events" herein.

- *Learning Loss Mitigation* – The 2020-21 Budget included a one-time investment of $5.3 billion ($4.75 billion in CARES Act funding and $539.9 million in Proposition 98 funding) to local educational agencies to address learning losses related to COVID-19 school closures. Of these funds, $2.9 billion was to be allocated based on LCFF supplemental and concentration grant allocations, $1.5 billion based on the number of students with exceptional needs, and $979.8 million based on total LCFF allocations.

- *Supplemental Appropriations* – The 2020-21 Budget provided for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately $12.4 billion, and reflected the administration's estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund revenue. The 2020-21 Budget also increased the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by fiscal year 2023-24.

- *CalSTRS/CalPERS* – The 2020-21 Budget redirected $2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applied them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduced CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also "DOWNEY UNIFIED SCHOOL DISTRICT – District Retirement Systems" herein.

- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriated $1.6 billion in federal Elementary and Secondary School Emergency Relief funds awarded to the State. Of this amount, approximately $1.5 billion was to be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount was to be allocated to state-level activities.

- *Temporary Revenue Increases* – As discussed above, as part of closing the State's projected deficit, the 2020-21 Budget provided for a temporary revenue increase of approximately $4.3 billion in fiscal year 2020-21, of which approximately $1.6 billion counted towards the Proposition 98 funding guarantee.

Other significant features of K-12 education funding in the 2020-21 Budget included the following:

- *Special Education* – The 2020-21 Budget increased special education base rates to $625 per pupil, and provided $100 million to increase funding for students with low-incidence disabilities.

- *Average Daily Attendance* – The 2020-21 Budget provided for a hold-harmless for calculating apportionments in fiscal year 2020-21. ADA will be based on the 2019-20 year, except for new charter schools commencing instruction in fiscal year 2020-21. The 2020-21 Budget also provided an exemption for local educational agencies from certain annual minimum instructional minute requirements, and included requirements for distance learning to ensure that, in the absence of in-person instruction, students continue to receive access to quality education.

- *LCAPs* – In April of 2020, the Governor issued an executive order allowing local educational agencies to submit their LCAP (as defined herein) for fiscal year 2020-21 in December, in lieu of the usual July 1 deadline. Recognizing that federal relief funds needed to be expended on an accelerated timeline, and to ensure transparency, the 2020-21 Budget replaced the December LCAP with a Learning Continuity and Attendance Plan to be completed by September 30, 2020. The 2020-21 Budget required the State Superintendent of Public Instruction to develop a template of this plan for use by local educational agencies which included a description of how such agencies would provide continuity of learning during the pandemic, expenditures related to addressing the impacts of the pandemic, and how such agencies increased or improved services in proportion to concentration funding received under the LCFF.

- *Employee Protections* – The 2020-21 Budget suspended school districts' window to lay off teachers and other non-administrative certificated staff, which typically runs from the time the budget is approved by the State Legislature to August 15. The 2020-21 Budget also suspended layoffs of classified staff working in transportation, nutrition and custodial services from July 1, 2020 through June 30, 2021.

For additional information regarding the 2020-21 Budget, see the DOF website at www.dof.ca.gov and the LAO website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed Fiscal Year 2021-22 Budget. On January 8, 2021, the Governor released his proposed State budget for fiscal year 2021-22 (the "Proposed 2021-22 Budget"). The information below is drawn from the DOF summary of the Proposed 2021-22 Budget.

The Proposed 2021-22 Budget indicates that, since the adoption of the 2020-21 Budget, the administration's economic forecast and revenue projections have significantly improved, driven in large part by a rebound in the stock market and an attendant growth in capital gains tax revenues. However, the Proposed 2021-22 Budget acknowledges that the risks to the revenue forecast remain higher than usual, and economic inequality has intensified since the beginning of the COVID-19 pandemic. The Proposed 2021-22 Budget acknowledges that the State is currently in the midst of a second and more serious wave of COVID-19 infections, but that federally-approved COVID-19 vaccines are arriving to assist the recovery from the pandemic.

The Proposed 2021-22 Budget indicates that the revenue forecast was finalized prior to the passage of the most recent federal stimulus bill. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. Of the almost $900 billion in federal funding that was approved, the Proposed 2021-22 Budget identifies approximately $106 billion allocable to the State, including $42.4 billion in direct assistance to individuals and families (including $38.3 billion in unemployment benefits and direct payments), $2.2 billion for COVID-19 testing, tracing and vaccine distribution, $700 million for health and mental health services, $50.1 billion in business and transportation support, and $10.1 billion for education. The Governor's May revision to the Proposed 2021-22 Budget will include a revised revenue forecast that will reflect this federal assistance. The Proposed 2021-22 Budget also acknowledges that further federal relief will be critical to assisting individuals and businesses survive and recover from the pandemic.

For fiscal year 2020-21, the Proposed 2021-22 Budget projects total general fund revenues and transfers of $168.1 billion and expenditures of $156 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of approximately $22.7 billion, including $9 billion in the traditional State reserve, $12.5 billion in the BSA, $747 million in the PSSSA and $450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the Proposed 2021-22 Budget projects total general fund revenues and transfers of $170.6 billion and authorizes expenditures of $164.5 billion. The State is projected to end the 2021-22 fiscal year with total available general fund reserves of approximately $22 billion, including $2.9 billion in the traditional general fund reserve, $15.6 billion in the BSA, $3 billion in the PSSSA and $450 million in the Safety Net Reserve Fund. As a result of the projected year-end balance in the PSSSA, school district reserve caps would be triggered in fiscal year 2022-23 under the provisions of SB 858 and SB 751. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

In recognition of the need to address the various impacts of the COVID-19 pandemic, the Proposed 2021-22 Budget includes a package of measures intended to be implemented through legislative action earlier than the traditional State budget timeline. For immediate action in January, this package includes $3 billion in direct support for workers and small businesses and $2 billion to support the re-opening of K-12 schools (as further described herein). For early action in the spring, the package includes $4.7 billion in instructional support for K-14 school districts, $973 million in jobs and workforce training, $561 million in environmental sustainability measures and $262 million in housing and homelessness-related measures.

As a result of the expected increases in State general fund revenues, the Proposed 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at $85.8 billion. This represents a year-to-year increase of $14.9 billion over the level included in the 2020-21 Budget. The Proposed 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21 of $1.9 billion and $11.9 billion, respectively, due almost exclusively to increases in allocable general fund revenues in those years. As a result of these revisions, total per-pupil expenditures for K-12 education are projected to be $18,837 in fiscal year 2020-21 and $18,000 in fiscal year 2021-22. The year-to-year decrease reflects a significant allocation of one-time federal funding in fiscal year 2020-21. Ongoing per-pupil spending from Proposition 98 funding is $12,648 in fiscal year 2021-22, an increase of $1,994 from the level provided in the 2020-21 Budget.

Other significant features of K-12 education funding include the following:

- *Re-opening Schools* – $2 billion in one-time Proposition 98 funding available beginning in February, 2021 to augment resources for local educational agencies to resume safe, in-person instruction. Funding will be available on a per-pupil basis for all county schools, school districts and charter schools (with the exception of non-classroom based charter schools and independent study programs) that continue or commence in-person instruction by set dates. Specifically, all such educational agencies that continue or resume instruction (i) by February 16, for all transitional Kindergarten through 2nd grade students, disabled students, foster and homeless youth, and students without access to technology or high-speed internet, and (ii) by March 15 for all 3rd grade students, will be eligible for base grants starting at $450 and increasing to more than $700 per pupil for schools with higher enrollments of EL/LI students. Schools with later start dates will qualify for proportionally lower base grants, except those schools in counties with high rates of COVID-19 community spread. Schools in counties with high rates of community spread will be eligible for the full February grant amount if they re-open for instruction pursuant to State and local health guidance. Funds may be used for any purpose that supports instruction, including enhancing and expanding COVID-19 testing, personal protective equipment, improving ventilation and the safety of indoor and outdoor spaces, teacher and staff salaries for those providing and supporting in-person instruction, and social and mental health supportive services.

- *Local Control Funding Formula* – $64.5 billion in total LCFF funding, including an allocation to fund a combined COLA of 3.84%. This reflects both the 2.31% COLA that would have been due in fiscal year 2020-21, and which was suspended by the 2020-21 Budget, and a 1.5% adjustment for fiscal year 2021-22. With few exceptions, the Proposed 2021-22 Budget assumes in-person instruction in fiscal year 2021-22, and accordingly does not provide an ADA hold-harmless for purposes of calculating apportionments. However, because of the hold-harmless provided for fiscal year 2020-21 by the prior year's budgetary legislation, local educational agencies that experience enrollment declines in fiscal year 2021-22 will retain the ability to receive apportionments based on the higher of their 2019-20 or

2020-21 ADA. The Proposed 2021-22 Budget also provides an increase of $10.2 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for county offices of education.

- *Categorical Programs* – An increase of $85.7 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for categorical programs which remain outside of the LCFF.

- *Deferrals* – The Proposed 2021-22 Budget pays off LCFF apportionment deferrals for fiscal year 2019-20 that were provided for by the 2020-21 Budget, as well as $7.3 billion of the LCFF deferral for fiscal year 2020-21. This leaves an ongoing deferral balance of $3.7 billion due in fiscal year 2021-22.

- *Supplemental Payment* – The 2020-21 Budget provided for a new, multi-year payment obligation to avoid a permanent decline in K-14 education funding as a result of then-projected reductions in available revenues. The Proposed 2021-22 Budget would eliminate this supplemental payment obligation in its entirety. However, in recognition of the extraordinary needs of students and the public school system related to the COVID-19 pandemic, the Proposed 2021-22 Budget provides a one-time supplemental payment to K-14 education of $2.3 billion.

- *Educator and Professional Development* – $315.3 million to develop quality training in high-need areas and provide timely access to training. The Proposed 2021-22 Budget also includes $225 million to improve the State's teacher pipeline, including providing grants to students enrolled in teacher preparation programs, support for clinical teacher preparation programs and grants to recruit non-certificated school employees.

- *Community Schools* - $264.9 million in one-time Proposition 98 funding to expand networks of community schools and establish new community schools, which typically integrate health, mental health and other services for students and families and provide these services directly on school campuses.

- *Learning Loss Mitigation* - $4.6 billion in one-time Proposition 98 funding to facilitate targeted interventions by local educational agencies that focus on student achievement and well-being most affected by COVID-19 related disruptions to educational learning, including interventions with low-income families, English-learners and foster and homeless youth.

- *Federal Funds* – As a result of recent federal stimulus legislation, the Proposed 2021-22 Budget estimates that the State could receive more than $6 billion for the Elementary and Secondary Schools Emergency Relief Fund and $400 million for the Governor's Emergency Education Relief Fund. These funds are expected to assist schools in reopening and remaining open for in-person instruction.

- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The Proposed 2021-22 Budget allocates $1.5 billion of such bond funds for K-12 school facility projects.

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

Future Actions and Events. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal and Accreted Value of and interest on the Bonds would not be impaired.

DOWNEY UNIFIED SCHOOL DISTRICT

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 Maturity Value of and interest on the Bonds are payable from the general fund of the District. The principal and Maturity Value of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied annually by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District was established on July 1, 1961, and encompasses an area of approximately 14 square miles in the County. The District operates 13 elementary schools, four middle schools, two high schools, one adult education school, one regional K-12 program, and one continuation school. For fiscal year 2020-21, the District has projected an average daily attendance ("ADA") of _____ students and an enrollment of _____students. The District's ADA and enrollment may be impacted by COVID-19. See also "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The District has a total fiscal year 2020-21 assessed valuation of $__________.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Downey Unified School District, Attention: Associate Superintendent of Business Services, 11627 Brookshire Avenue, Downey, California 90241.

Administration

The District is governed by the seven-member Board. The Board members each serve four-year terms, and are elected by voters within the seven trustee areas making up the District. Elections for positions on the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

BOARD OF EDUCATION
Downey Unified School District

Name	Office	Term Expires
D. Mark Morris	President	December 2020
Barbara R. Samperi	Vice President	December 2022
Martha E. Sodetani	Clerk	December 2022
Linda Salomon-Saldaña	Member	December 2024
Giovanna Perez-Saab	Member	December 2020
Jose J. Rodriguez	Member	December 2024
Nancy A. Swenson	Member	December 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. John A. Garcia, Jr., Ph.D. is currently the Superintendent of the District. Brief biographies of the Superintendent and Associate Superintendent of Business Services follow:

John A. Garcia, Jr., Ph.D., Superintendent. Dr. Garcia joined the District as the Superintendent in April 2013. Immediately prior thereto, Dr. Garcia served as the Deputy Superintendent for Educational Services at Glendale Unified School District. Dr. Garcia's previous positions also include Assistant Superintendent for Human Resources and Classified Personnel Director for the Personnel Commission, each at Glendale Unified School District, middle school and high school principal at Newport-Mesa Unified School District and Norwalk-La Mirada Unified School District, and teacher at Norwalk-La Mirada Unified School District and Inglewood Unified School District. He earned a Bachelor's degree from California State University, Long Beach, an elementary teaching credential from California State University, Dominguez Hills, a Master's degree in education from California State University, Fullerton, and an Executive Masters of Business Administration and a Doctor of Philosophy degree from Claremont Graduate University.

Christina Aragon, Associate Superintendent of Business Services. Ms. Aragon joined the District as the Associate Superintendent of Business Services in April 2018. Immediately prior thereto, Ms. Aragon served as the Assistant Superintendent of Business Services for 18 years and as the Director of Fiscal Services for nine years at the Arcadia Unified School District. Ms. Aragon's previous positions also include Accounting Manager for Pupil Transportation Cooperative and Senior Accountant/Auditor for Frazer and Torbet, CPA, LLC. Ms. Aragon has been an active member and served as a State President of California School Business Officials (CASBO), a 24,000 member school business association. She earned a Bachelor's degree from California State University, Fullerton and holds a Certificate in School Business Management from both California State University, Fullerton and CASBO.

Historical Enrollment

On average throughout the District, the regular education pupil-teacher ratio is approximately __:1 in grades K and TK, __:1 in grades 1-3, and __:1 in grades 4-12. The following table shows a 10-year enrollment history for the District.

HISTORICAL ENROLLMENT
Fiscal Years 2011-12 through 2020-21
Downey Unified School District

Fiscal Year	Enrollment[1]
2011-12	22,782
2012-13	22,848
2013-14	22,878
2014-15	22,698
2015-16	22,649
2016-17	22,302
2017-18	21,961
2018-19	
2019-20	
2020-21[2]	

(1) Reflects enrollment as of the October CBEDS for fiscal years 2009-10 through 2012-13, and October CALPADS for fiscal years 2013-14 through 2019-20.
(2) Projected.
Source: Downey Unified School District.

Labor Relations

The District currently employs ____ full-time and part-time certificated employees and ____ full-time and part-time classified employees. In addition, the District employs ____ other part-time and temporary/substitute staff. District employees, except for management and some part-time employees, are represented by three employee bargaining units as shown below.

BARGAINING UNITS
Downey Unified School District

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
Downey Education Association	____	July 31, 2021
California School Employees Association I	____	September 30, 20__
California School Employees Association II	____	September 30, 20__

Source: Downey Unified School District.

District Retirement Systems

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

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

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

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

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

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

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

Source: AB 1469.

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

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 16.02% in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget" herein.

The District's contributions to STRS were $12,397,003 in fiscal year 2015-16, $14,911,498 in fiscal year 2016-17, $17,340,488 in fiscal year 2017-18, $20,339,022 in fiscal year 2018-19 and $22,348,836 in fiscal year 2019-20. The District projects $________ for its contribution to STRS for fiscal year 2020-21.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2020-21. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

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

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2019 included 1,612 public agencies and 1,319 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Pursuant to SB 90, the State Legislature appropriated $144 million for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 was 19.721%. See "DISTRICT FINANCIAL INFORMATION – State Budget" herein.

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The actuarial determined employer contribution rate for fiscal year 2020-21 is 20.7%, which reflects the redirection of funds by the State's 2020-21 Budget by AB 84 (defined below), that were previously appropriated pursuant to SB 90 for long-term unfunded liabilities (discussed above). See "DISTRICT FINANCIAL INFORMATION – State Budget" herein. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2020-21. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $3,878,875 in fiscal year 2015-16, $4,858,340 in fiscal year 2016-17, $5,611,147 in fiscal year 2017-18, $6,746,185 in fiscal year 2018-19 and $8,389,729 in fiscal year 2019-20. The District projects $________ for its contribution to PERS for fiscal year 2020-21.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

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

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2018-19

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18	92,071	64,846	27,225	--(4)	--(4)
2018-19	99,528	68,177	31,351	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

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

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the "2020 Experience Analysis"), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the "2019 STRS Actuarial Valuation"). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions, and actuarial asset gains recognized from the current and prior years, the 2019 STRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by $1.5 billion since the 2018 STRS Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the $1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

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

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

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

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

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

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

The Schools Pool Actuarial Valuation as of June 30, 2019 (the "2019 PERS Actuarial Valuation"), reported that the contribution rate for 2021-22 is projected to be 23.0%, with annual increases thereafter, resulting in a projected 27.6% employer contribution rate for fiscal year 2026-27. The projected contribution rates reflect a 4.7% investment return reduced by estimated administrative expenses for fiscal year 2019-20 and the anticipated decrease in normal cost due to new hires entering lower benefit formulas under the Reform Act, as well as the additional $904 million contributed by the

State in July 2019 pursuant to SB 90, which was subsequently amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 is deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. See "DISTRICT FINANCIAL INFORMATION – State Budget" herein. The projected contribution rate also assumes that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As reported in the 2019 PERS Actuarial Valuation, the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%) from June 30, 2018 to June 30, 2019, primarily due to increases in liability resulting from the decrease in the discount rate, discussed above, and by the investment return in 2018-19 being less than expected.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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

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

As of June 30, 2020, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be $208,399,137 and $81,727,709, respectively. See also "APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" attached hereto.

Other Postemployment Benefits

Plan Benefits. The postemployment benefit plan (the "Plan") is a single-employer defined benefit health care program administered by the District. The Plan provides medical, dental and vision insurance benefits to eligible retirees (the "Benefits"). Employees who retire from the District on or after attaining age 55 with at least 10 years of continuous service at the District are eligible for the Benefits. Membership of the Plan consists of ___ retirees and beneficiaries currently receiving the Benefits, _____ fully eligible active employees who have met the retirement criteria, and ____ active employees who are not yet fully eligible for the Benefits.

Funding Policy. The contribution requirements of the Plan members and the District are established and may be amended by the District, the labor organizations, and unrepresented groups. The required contribution is based on a projected pay-as-you-go basis to cover the costs of its current retirees. The District contributed $1,523,715 to the Plan in fiscal year 2016-17, $1,398,598 to the Plan in fiscal year 2017-18, $1,254,823 to the Plan in fiscal year 2018-19 $________ to the Plan in fiscal year 2019-20 and projects to contribute $________ in fiscal year 2020-21. Since October 1, 2007, all retirees contribute 10% of the premiums. Retirees pay the full cost of any dental and vision plans.

[***Actuarial Study***. The District has implemented *GASB Statement #No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study, dated _________ (the "Study"), had a measurement and valuation date of June 30, 20__ and concluded that the Total OPEB Liability (the "TOL") with respect to the Benefits was $________. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL. For more information regarding the District's other post-employment benefit liability, see "APPENDIX A – THE DISTRICT'S 2019-20 AUDITED FINANCIAL STATEMENTS – Note 9" attached hereto.]

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

No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

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

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability (the "TOL"), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 has an effective date for plan fiscal years beginning after June 15, 2017.

Medicare Premium Payment Program

The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan Defined Benefit Program ("DB Program") who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

An actuarial study, with measurement and valuation dates of June 30, 2019, has been prepared pursuant to GASB Statements No. 74 and No. 75 with respect to the liability of the MPP Program. At June 30, 2020, the District reported a liability of $1,520,087 for its proportionate share of the net OPEB liability for the MPP Program. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions relative to the projected contributions of all participating school districts, actuarially determined.

For the year ended June 30, 2020, the District recognized an MPP Program expense of ($25,577).

Retirement Incentive Plans

The District has offered a retirement incentive in 2016 to qualified employees, which will be administered through Public Agency Retirement Services ("2016 PARS"). The District purchased qualified 403(b) annuity contracts from Pacific Life Insurance Company, payable in annual installments as shown in the table below. Eligibility requirements are that the employee must attain age 50, with at least 30 years of service at the District, or attain age 55, with at least five years of service at the District. Eighty-two employees have accepted the incentive.

Additionally, the District has offered a retirement incentive in 2019 to qualified employees, which will be administered through Public Agency Retirement Services ("2016 PARS"). The District purchased qualified 403(b) annuity contracts from Pacific Life Insurance Company, payable in annual installments as shown in the table below. Eligibility requirements are that the employee must attain age 50, with at least 30 years of service at the District, or attain age 55, with at least five years of service at the District. Ninety-one employees have accepted the incentive.

As of June 30, 2020, the remaining balance of the payments for the 2016 PARS and 2019 PARS was $4,542,660.

Fiscal Year	2016 PARS Payments	2019 PARS Payments
2021	$627,564	$978,744
2022	--	978,744
2023	--	978,744
2024	--	978,744
Total	$627,564	$3,915,096

Source: Downey Unified School District.

Risk Management

Property and Liability. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and employees and natural disasters. The District participates in the Alliance of Schools for Cooperative Insurance Programs ("ASCIP") for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. Workers' compensation claims are handled through the District's Self-Insurance Fund up to $750,000 per claim. Excess coverage is provided by Commercial Reinsurance.

Employee Medical Benefits. Medical and health benefits are provided through the District's Self-Insurance Fund for medical, dental and vision.

Public Entity Risk Pools, JPAs, and Other Related Party Transactions

The District is a member of ASCIP and the Schools' Excess Liability Fund ("SELF") public entity risk pools. The District pays an annual premium to each of the risk pools for its workers' compensation and property liability coverage. The relationships between the District and the risk pools are such that the risk pools are not component units of the District for financial reporting purposes. The District made payments to ASCIP for insurance plans in the amount of $1,043,166 in fiscal year 2016-17, $1,101,539 in fiscal year 2017-18, $________ in fiscal year 2018-19, $________ in fiscal year 2019-20 and has projected payments of $_______ in fiscal year 2020-21. The payments include a premium for SELF.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2020, is shown below:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
General obligation bonds	$215,976,036	$412,261	$10,050,000	$206,338,297
Premium on issuance	5,512,371	--	196,698	5,315,673
Retirement incentive plans	6,148,998	--	1,606,338	4,542,673
Compensated absences	2,464,744	407,956	--	2,872,700
Claims liability	13,430,540	17,896,037	17,792,576	13,534,001
Total	$243,532,689	$18,716,254	$29,645,612	$232,603,331

Source: Downey Unified School District.

General Obligation Bonds. The District has issued general obligation bonds pursuant to three voter-approved authorizations to finance the construction, modernization and equipping of District sites and facilities. The District has also previously issued general obligation refunding bonds to refinance prior bonded indebtedness. The following table presents summary information on the District's currently outstanding general obligations bonds (not including the Bonds).

Issuance	Initial Principal Amount	Principal Outstanding[1]	Date of Delivery
1999 General Obligation Refunding Bonds	$9,680,255.85		April 20, 1990
2007 General Obligation Refunding Bonds	20,825,000.00		April 12, 2007
2011 General Obligation Refunding Bonds[2]	12,105,000.00		June 7, 2011
2012 General Obligation Refunding Bonds[2]	17,620,000.00		February 8, 2012
Election of 2014 General Obligation Bonds, Series A	50,000,000.00		October 29, 2015
2015 General Obligation Refunding Bonds	3,015,000.00		December 15, 2015
2016 General Obligation Refunding Bonds	7,380,000.00		May 4, 2016
Election of 2014 General Obligation Bonds, Series B	125,000,000.00		February 5, 2019
Election of 2014 General Obligation Bonds, Series B-1	9,997,983.60		February 5, 2019
Total:	$255,623,239.45		

(1) As of ________, 2021.
(2) Includes the Refunded Bonds to be refunded with proceeds of the Refunding Bonds.
Source: Downey Unified School District.

The table on the following page shows future debt service payments on all of the District's outstanding general obligation bonds, including the Bonds.

COMBINED GENERAL OBLIGATION BONDED INDEBTEDNESS
Downey Unified School District

Year Ending August 1	1999 Refunding Bonds[1]	2007 Refunding Bonds[2]	2011 Refunding Bonds[3]	2012 Refunding Bonds[3]	2014 Series A Bonds	2015 Refunding Bonds	2016 Refunding Bonds	Series B Bonds	Series B-1 Bonds	The Series C Bonds	The Series C-1 Bonds	The Refunding Bonds	Total Annual Debt Service
2021	$701,945.00	$2,596,037.50	$1,442,512.50	$1,435,500.00	$1,294,075.00	$94,528.00	$689,065.00	$4,656,025.00	--				
2022	702,580.00	2,596,037.50	366,512.50	2,497,500.00	1,294,075.00	94,376.00	687,501.50	4,656,025.00	--				
2023	706,185.00	2,600,525.00	379,012.50	2,520,000.00	1,294,075.00	94,224.00	690,388.50	4,656,025.00	--				
2024	702,110.00	2,593,975.00	390,262.50	2,536,250.00	1,294,075.00	94,072.00	682,726.00	4,656,025.00	--				
2025	710,000.00	2,601,650.00	375,262.50	2,546,250.00	1,294,075.00	88,920.00	689,592.50	4,656,025.00	--				
2026	700,000.00	262,500.00	384,512.50	--	1,784,075.00	2,252,032.00	690,752.50	4,656,025.00	--				
2027	500,000.00	--	382,450.00	--	1,854,375.00	751,248.00	691,284.50	4,656,025.00	--				
2028	--	--	364,600.00	--	1,927,125.00	--	691,267.00	6,041,025.00	--				
2029	--	--	56,750.00	--	2,007,175.00	--	675,621.50	5,251,775.00	$1,220,000.00				
2030	--	--	54,500.00	--	2,089,225.00	--	--	5,473,525.00	1,280,000.00				
2031	--	--	52,250.00	--	2,173,125.00	--	--	5,712,525.00	1,335,000.00				
2032	--	--	--	--	2,258,725.00	--	--	5,972,275.00	1,400,000.00				
2033	--	--	--	--	2,345,875.00	--	--	6,116,025.00	1,465,000.00				
2034	--	--	--	--	2,441,387.50	--	--	6,358,775.00	1,530,000.00				
2035	--	--	--	--	2,537,512.50	--	--	6,625,775.00	1,600,000.00				
2036	--	--	--	--	2,640,362.50	--	--	6,918,775.00	1,675,000.00				
2037	--	--	--	--	2,747,787.50	--	--	7,191,175.00	1,750,000.00				
2038	--	--	--	--	2,859,437.50	--	--	7,477,175.00	1,830,000.00				
2039	--	--	--	--	2,970,000.00	--	--	7,776,012.50	1,915,000.00				
2040	--	--	--	--	3,088,200.00	--	--	9,765,662.50	--				
2041	--	--	--	--	3,213,200.00	--	--	10,150,062.50	--				
2042	--	--	--	--	3,344,400.00	--	--	10,559,262.50	--				
2043	--	--	--	--	3,476,200.00	--	--	10,989,200.00	--				
2044	--	--	--	--	3,618,200.00	--	--	11,443,200.00	--				
2045	--	--	--	--	--	--	--	11,906,000.00	--				
2046	--	--	--	--	--	--	--	15,296,000.00	--				
2047	--	--	--	--	--	--	--	15,919,800.00	--				
2048	--	--	--	--	3,759,600.00	--	--	16,562,000.00	--				
Total	$4,722,820.00	$13,250,725.00	$4,248,625.00	$11,535,500.00	$59,606,362.50	$3,469,400.00	$6,188,199.00	$222,098,200.00	$17,000,000.00				

(1) Concurrently with the issuance of the 1999 Refunding Bonds, the Golden West Schools Financing Authority issued its 1999 Revenue Bonds, Series A (School District General Obligation Bond Refunding Program) in the aggregate principal amount of $68,491,183.35, for the purpose of purchasing the 1999 Refunding Bonds, as well as bonds issued by other school districts. The 1999 Refunding Bonds have February 1 and August 1 principal payment dates.

(2) Concurrently with the issuance of the 2007 Refunding Bonds, the Downey School Facilities Financing Authority issued its 2007 General Obligation Revenue Bonds (Downey Unified School District General Obligation Bond Refunding) in the aggregate principal amount of $21,030,000, for the purpose of purchasing the 2007 Refunding Bonds, and to finance the acquisition and construction of capital improvements in the District.

(3) Includes debt service on the Refunded Bonds expected to be refunded with proceeds of the Refunding Bonds as described herein.

Source: Downey Unified School District.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Bond Owner of the Bonds is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO

OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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

LIMITATION ON REMEDIES; BANKRUPTCY

General

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

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

Statutory Lien

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

Special Revenues

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

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX F – LOS ANGELES COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

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

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

LEGAL MATTERS

Legality for Investment in California

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

Enhanced Reporting Requirements

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

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2020-21 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Previous Undertakings. [To Be Updated] [Within the past five years, the District has failed to include in the annual reports for fiscal years 2012-13 and 2013-14 information related to District personnel required pursuant to the continuing disclosure undertakings entered into in connection with the 2011 Refunding Bonds and 2012 Refunding Bonds. Within such period, the District also failed to file in a timely manner notices of certain listed events required in connection with its then-existing continuing disclosure undertakings.]

No Litigation

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

Escrow Verification

Upon delivery of the Refunding Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds.

Legal Opinion

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Rating

S&P has assigned a rating of "____" to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041.

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

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any rating changes on the Bonds. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Eide Bailly LLP (the "Auditor") dated December 18, 2020, are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds for the Series C Bonds (the "Series C Bonds Notice Inviting Proposals"), ___________ (the "Series C Bonds Underwriter") will purchase all of the Series C Bonds for a purchase price of $________, which is equal to the initial principal amount of the Series C Bonds of $_________, plus net original issue premium of $__________, less $_________ of underwriting discount.

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds for the Series C-1 Bonds (the "Series C-1 Bonds Notice Inviting Proposals"), ___________ (the "Series C-1 Bonds Underwriter," and together with the Series C Bonds Underwriter, the "Underwriters") will purchase all of the Series C-1 Bonds for a purchase price of $________, which is equal to the initial principal amount of the Series C-1 Bonds of $_________, plus net original issue premium of $__________, less $_________ of underwriting discount.

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds for the Refunding Bonds (the "Refunding Bonds Notice Inviting Proposals," and together with the Series C Bonds Notice Inviting Proposals and Series C-1 Notice Inviting Proposals, the "Notices Inviting Proposals"), ___________ (the "Refunding Bonds Underwriter," and together with the Series C Bonds Underwriter and Series C-1 Underwriter, the "Underwriters") will purchase all of the Refunding Bonds for a purchase price of $________, which is equal to the initial principal amount of the Refunding Bonds of $_________, less $_________ of underwriting discount.

The Notices Inviting Proposals provide that the respective Underwriters will purchase all of the respective series of Bonds, if any are purchased. The initial offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell respective series of Bonds to certain dealers and others at prices lower than such initial offering prices.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

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

DOWNEY UNIFIED SCHOOL DISTRICT

By: ______________________________

John A. Garcia, Jr., Ph.D.
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the New Money Bonds substantially in the following form:

_____________, 2021

Board of Education
Downey Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $_____________ Downey Unified School District Election of 2014 General Obligation Bonds, Series C (Current Interest Bonds) and $_____________ Downey Unified School District Election of 2014 General Obligation Bonds, Series C-1 (Capital Appreciation Bonds) (together, the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a 55% vote of the qualified electors of the Downey Unified School District (the "District") voting at an election held on November 4, 2014, and a resolution of the Board of Education of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate sum of all debt service payments on capital appreciation bonds. Original issue discount accrues under a constant yield method, and original issue discount

will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, as amended, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

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

_______, 2021

Board of Education
Downey Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $_________ Downey Unified School District 2021 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the "Resolution") of the Board of Education of the Downey Unified School District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a

Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Downey Unified School District (the "District") in connection with the issuance of (i) $_____________ of the District's Election of 2014 General Obligation Bonds, Series C (Current Interest Bonds) (the "Series C Bonds"), (ii) $_____________ of the District's Election of 2014 General Obligation Bonds, Series C-1 (Capital Appreciation Bonds) (the "Series C-1 Bonds") and (iii) 2021 General Obligation Refunding Bonds (the "Refunding Bonds," and together with the Series C Bonds and Series C-1 Bonds, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Education of the District adopted on April 20, 2021 (the "Resolution"). The District covenants and agrees as follows:

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

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

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

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

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

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

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of ________, 2021, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2020-21 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

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

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

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

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

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

(a) State funding received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness and lease obligations as of the last completed fiscal year;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation of taxable property within the District for the current fiscal year; and

(f) secured *ad valorem* property tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, if adopted by Los Angeles County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District.

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

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondowners.

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

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

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

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

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

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

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

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

Dated: _______________, 2021

DOWNEY UNIFIED SCHOOL DISTRICT

By: ________________________________

Christina Aragon
Associate Superintendent of Business Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: DOWNEY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2014 General Obligation Bonds, Series C (Current Interest Bonds)
Election of 2014 General Obligation Bonds, Series C-1 (Capital Appreciation Bonds)
2021 General Obligation Refunding Bonds

Date of Issuance: _______________, 2021

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

Dated:_________________________

DOWNEY UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]_________

APPENDIX D

ACCRETED VALUES TABLE

APPENDIX E

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE COUNTY OF LOS ANGELES AND THE CITY OF DOWNEY

The following information regarding the City of Downey (the "City"), and Los Angeles County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District or Bond Counsel.

General

City of Downey. The City is located 12 miles southeast of the City of Los Angeles and was incorporated in 1956. In 1996 it became a charter city. It has an area of 12.6 square miles and operates under the Council-Manager form of government. The City Council is comprised of four members elected from districts and one member elected at large to four-year staggered terms. With its nationally recognized schools and many parks the City has experienced a positive financial impact due to the strong housing market.

Los Angeles County. Established by an act of the State Legislature on February 18, 1850, Los Angeles is one of the original 27 counties of the State of California (the "State"). With 4,083 square miles, the county borders 70 miles of coast on the Pacific Ocean. By population it is the largest of any county in the country, home to 88 incorporated Cities and many unincorporated areas, and hosting over 10 million residents. Its 2017 Gross Domestic Product of $670 billion made Los Angeles County's economy larger than that of 44 states and all but 21 countries. In between the large desert portions of the county — which make up around 40% of its land area — and the heavily urbanized central and southern portions, sit the San Gabriel Mountains, containing the Angeles National Forest. Los Angeles is a charter county governed by a five-member elected Board of Supervisors whose members serve staggered four-year terms.

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Population

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

POPULATION ESTIMATES
2011 through 2020
City of Downey, Los Angeles County and the State of California

Year[(1)]	City of Downey	Los Angeles County	State of California
2011	112,358	9,879,298	37,561,624
2012	113,077	9,956,882	37,924,661
2013	113,729	10,025,712	38,269,864
2014	114,005	10,078,930	38,556,731
2015	114,148	10,126,423	38,870,150
2016	114,157	10,158,196	39,131,307
2017	114,110	10,193,753	39,398,702
2018	114,280	10,209,676	39,586,646
2019	113,863	10,184,378	39,695,376
2020	113,529	10,172,951	39,782,870

(1) As of January 1.
Source: 2011-20 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

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Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2010 through 2019
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2010	$43,594	$43,636	$40,547
2011	46,470	46,175	42,739
2012	49,525	48,813	44,605
2013	49,157	49,303	44,860
2014	52,272	52,363	47,071
2015	55,578	55,833	49,019
2016	57,538	58,048	50,015
2017	59,625	60,549	52,118
2018	62,300	63,720	54,606
2019	65,094	66,619	56,490

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: November 17, 2020 – new statistics for 2019; revised statistics for 2010 - 2018. Estimates for 2010 – 2019 reflect county population estimates available as of March 2020.
All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS
2020
City of Downey

Employer Name	Industry	Number of Employees
Kaiser Permanente	Services: Health Services	5,400
Downey Unified School District	Services: Educational	3,044
Stonewood Shopping Center	Retail Trade: General Merchandise Stores	2,000
Rancho Los Amigos Medical Center	Services: Health Services	1,600
PIH Health (formally Downey Regional Medical Center)	Services: Health Services	1,500
Office of Education, County of Los Angeles	Services: Educational	973
City of Downey	Public Administration	834
Coca-Cola Bottling Company	Manufacturing: Food and Kindred Products	800
County of Los Angeles, Internal Service Department	Public Administration	712
Lakewood Health Center	Services: Health Services	450

Source: City of Downey Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2020.

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LARGEST EMPLOYERS
2020
Los Angeles County

Employer	Industry	Employees
Cedars-Sinai Medical Center	Medical Center	10,000+
Los Angeles County Sheriff	Government Offices-County	10,000+
Los Angeles International Airport	Airports	10,000+
University of CA Los Angeles	Schools-Universities & Colleges Academic	10,000+
Vxi Global Solutions	Call Centers	10,000+
AHMC Healthcare Inc.	Health Care Management	5,000-9,999
JET Propulsion Laboratory	Research Service	5,000-9,999
Kaiser Permanente Los Angeles	Hospitals	5,000-9,999
LA County Office of Education	Educational Service-Business	5,000-9,999
LAC & USC Medical Center	Hospitals	5,000-9,999
Long Beach City Hall	Government Offices-City/Village & Twp	5,000-9,999
Longshore Dispatch	Nonclassified Establishments	5,000-9,999
Los Angeles Medical Center	Pathologists	5,000-9,999
Los Angeles Police Department	Police Departments	5,000-9,999
National Institutes of Health	Physicians & Surgeons	5,000-9,999
Northrop Grumman	Engineers	5,000-9,999
Six Flags Magic Mountain	Amusement & Theme Parks	5,000-9,999
Sony Pictures Entertainment	Motion Picture Producers & Studios	5,000-9,999
Space Exploration Tech Corp.	Aerospace Industries (mfrs)	5,000-9,999
University of CA Los Angeles	University-College Dept/Facility/Office	5,000-9,999
Walt Disney Co.	Water Parks	5,000-9,999
All Nations Church	Churches	1,000-4,999
Infineon Technologies Americas	Semiconductor Devices (mfrs)	1,000-4,999
Security Industry Specialist	Security Systems Consultants	1,000-4,999
Water Garden Management	Office Buildings & Parks	1,000-4,999

Source: America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition. California Employment Development Department.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2015 through 2019 for the City, the County, the State and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2015 through 2019[1]
City of Downey, Los Angeles County, State of California, and United States

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2015				
City of Downey	56,300	53,000	3,300	5.9
Los Angeles County	4,980,300	4,650,700	329,600	6.6
State of California	18,851,100	17,681,800	1,169,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Downey	56,900	54,000	2,900	5.1
Los Angeles County	5,030,500	4,765,900	264,600	5.3
State of California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Downey	57,300	54,700	2,600	4.5
Los Angeles County	5,084,000	4,841,900	242,200	4.8
State of California	19,205,300	18,285,500	919,800	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Downey	57,300	54,800	2,500	4.4
Los Angeles County	5,095,500	4,860,300	235,200	4.6
State of California	19,281,100	18,460,400	820,700	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
City of Downey	57,500	55,200	2,400	4.1
Los Angeles County	5,121,600	4,894,300	227,300	4.4
State of California	19,408,300	18,623,900	784,400	4.0
United States	163,539,000	157,538,000	6,001,000	3.7

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2019 Benchmark.

Industry

The County is included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "Metropolitan Division"). The distribution of employment in the Metropolitan Division is presented in the following table for the last five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2015 through 2019
Los Angeles County (Los Angeles-Long Beach-Glendale Metropolitan Division)

Category	2015	2016	2017	2018	2019
Total Farm	5,000	5,300	5,700	4,600	4,500
Total Nonfarm	4,288,500	4,397,700	4,451,000	4,518,100	4,566,900
Total Private	3,720,000	3,821,000	3,864,900	3,927,500	3,927,700
Goods Producing	497,300	497,300	489,800	489,400	490,500
Mining and Logging	2,900	2,400	2,000	1,900	1,900
Construction	126,100	134,000	138,700	146,300	149,300
Manufacturing	368,200	360,800	349,000	341,200	339,200
Durable Goods	208,200	203,400	201,300	199,800	201,400
Nondurable Goods	160,000	157,400	147,700	141,300	137,800
Service Providing	3,791,200	3,900,400	3,961,200	4,028,700	4,076,500
Private Service Providing	3,222,700	3,323,800	3,375,100	3,438,100	3,482,200
Trade, Transportation and Utilities	822,200	835,600	845,700	851,600	851,500
Wholesale Trade	222,400	222,100	221,500	223,200	220,500
Retail Trade	422,200	424,600	426,100	424,800	417,300
Transportation, Warehousing and Utilities	177,600	188,900	198,200	203,600	213,800
Information	207,600	229,400	214,900	216,400	217,300
Financial Activities	215,600	219,800	221,600	223,200	223,900
Professional and Business Services	593,800	603,000	612,100	630,400	642,800
Educational and Health Services	745,900	772,700	800,600	821,300	843,600
Leisure and Hospitality	486,600	510,000	524,600	536,500	544,700
Other Services	151,000	153,300	155,700	158,800	158,400
Government	568,500	576,700	586,100	590,600	594,200
Total, All Industries	4,293,500	4,403,000	4,456,700	4,522,700	4,571,400

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2019 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the County for the last five years are shown in the following tables.

ANNUAL TAXABLE SALES
2015 through 2019
City of Downey
(Dollars in Thousands)

Year	Retail Permits	Retail and Food Services: Taxable Transactions	Total Permits	Total All Outlets: Taxable Transactions
2015	1,597	$1,276,437	2,401	$1,531,254
2016	1,633	1,374,776	2,470	1,678,320
2017	1,683	1,518,005	2,534	1,820,110
2018	1,748	1,582,602	2,698	1,898,359
2019	1,667	1,630,200	2,657	1,980,438

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2015 through 2019
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail and Food Services: Taxable Transactions	Total Permits	Total All Outlets: Taxable Transactions
2015	194,425	$109,094,979	306,398	$151,981,739
2016	197,386	110,944,350	312,039	155,155,640
2017	197,452	114,298,559	313,226	160,280,129
2018	200,603	119,145,053	328,047	166,023,795
2019	206,732	122,444,678	342,359	172,313,602

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2015 through 2019
City of Downey
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Valuation					
Residential	$1,666	$11,961	$37,355	$13,581	$8,682
Non-Residential	70	15,325	180	1,817	0
Total	$1,736	$27,286	$37,535	$15,398	$8682
Units					
Single Family	3	44	133	49	16
Multi Family	0	0	6	0	16
Total	3	44	139	49	32

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2015 through 2019
Los Angeles County
(Dollars in Thousands)

	2015	2016	2017	2018	2019
Valuation					
Residential	$6,383,036	$6,575,607	$7,368,352	$7,441,001	$6,554,316
Non-Residential	5,645,372	5,287,623	6,037,503	6,694,097	6,589,602
Total	$12,028,408	$11,863,230	$13,405,855	$14,135,098	$13,143,918
Units					
Single Family	4,487	4,780	5,456	6,070	5,738
Multiple Family	18,405	15,589	17,023	17,152	15,884
Total	22,892	20,369	22,479	23,222	21,622

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

APPENDIX F

LOS ANGELES COUNTY TREASURY POOL

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