

\$ _____
**WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS**

BOND PURCHASE AGREEMENT

_____, 2026

Board of Education
Willows Unified School District
823 West Laurel Street
Willows, CA 95988

Ladies and Gentlemen:

The undersigned, Piper Sandler & Co., as underwriter (the "Underwriter"), acting on its own behalf and not as fiduciary or agent to the Willows Unified School District (the "District"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the District, which, upon the District's acceptance hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., California time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the District.

Section 1. Purchase and Sale of the Bonds.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the District's 2026 General Obligation Refunding Bonds (the "Bonds"). The Underwriter shall purchase the Bonds at a price of \$_____ (which is equal to the aggregate principal amount of the Bonds of \$_____, plus [net] original issue premium of \$_____ and less an Underwriter's discount of \$_____). The Underwriter shall wire the amount of [\$_____ to [INSURER] (the "Insurer") as payment of the premium for a policy of municipal bond insurance (the "Policy") for the Bonds]. At the request and on behalf of the District, on the Closing Date (defined herein), the Underwriter will transfer \$_____ from the purchase price to Zions Bancorporation, National Association, as custodian, for payment of costs of issuance on the Closing Date (as defined herein)

(b) The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is acting solely as a principal and not as an agent or fiduciary of, or a municipal advisor (as defined in Section 15B(e)(4) of the Securities Exchange Act of

1934, as amended) or financial advisor to, the District, (iii) the Underwriter has not assumed a financial advisory or a fiduciary responsibility in favor of the District with respect to (A) the offering of the Bonds and the discussions, undertakings, and procedures leading thereto (irrespective of whether the Underwriter has advised or has provided other services, or is currently advising the District on other matters) or (B) any other obligation to the District except the obligations expressly set forth in this Purchase Agreement, (iv) the Underwriter is acting solely in its capacity as underwriter for its own accounts, and (v) the District has consulted with its own legal, financial and other professional advisors, as applicable, to the extent it deemed appropriate in connection with the offering of the Bonds and any related actions.

(c) The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter's disclosure under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB").

Section 2. The Bonds.

(a) The Bonds shall be dated their date of delivery (the "Date of Delivery"). The Bonds shall be payable as to interest on each February 1 and August 1, commencing August 1, 2026. The Bonds shall bear interest at the rates, shall mature on the dates and in the years, and shall be subject to redemption, as shown on Appendix A hereto which is incorporated herein by reference, and shall otherwise be as described in the Official Statement (defined herein), and shall be issued and secured pursuant to the provisions of (i) a resolution adopted by the Board of Education of the District on _____, 2026 (the "Resolution") and (ii) Articles 9 and 11 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement or, if not defined in the Official Statement, in the Resolution. The forms of this Purchase Agreement, the Continuing Disclosure Agreement (defined below) and the Preliminary Official Statement were approved pursuant to the Resolution.

(b) The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolution. The Bonds shall be in book-entry form, shall bear CUSIP numbers, and shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). The Bonds shall initially be in authorized denominations of \$5,000 principal amount or any integral multiple thereof.

(c) The proceeds of the Bonds will be applied by the District to refund all or a portion of the District's outstanding General Obligation Bonds, 2016 Election, 2017 Series A (the "Refunded Bonds").

(d) Zions Bancorporation, National Association (the "Paying Agent") shall serve as the initial authenticating agent, bond registrar, transfer agent, and paying agent for the Bonds pursuant to a Paying Agent Agreement with respect to the Bonds (the "Paying Agent Agreement"), entered into by and between the District and the Paying Agent. Zions Bancorporation, National Association shall also serve as escrow bank (the "Escrow Bank") with respect to the Refunded Bonds pursuant to an Escrow and Deposit Agreement (the "Escrow Agreement") entered into by and between the District and the Escrow Bank.

Section 3. Use of Documents. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement (defined herein), the Preliminary Official Statement (defined herein) and the Official Statement, the Resolution, the Paying Agent Agreement, the Escrow

Agreement and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, except as such other documents shall otherwise provide. The Resolution, Purchase Agreement, Paying Agent Agreement, Escrow Agreement, Continuing Disclosure Agreement and Official Statement are collectively referred to as the "Legal Documents." The District does not object to distribution of the Official Statement in electronic form.

Section 4. Public Offering of the Bonds. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement and as set forth in Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; provided that the Underwriter shall not change the interest rates on the Bonds set forth in Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter reserves the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market; and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

Section 5. Establishment of Issue Price.

(a) The Underwriter agrees to 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, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel (defined herein), to accurately reflect, as applicable, the sales price or prices or the Initial Offering Price (defined below) or prices to the public of the Bonds. As applicable, all actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by Eastshore Consulting, LLC as the District's municipal advisor ("Municipal Advisor"), and any notice or report to be provided to the District may be provided to the Municipal Advisor.

(b) Except as otherwise set forth in Appendix A attached hereto, the District will treat the first price at which 10% of each maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% Test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. Unless the Hold-The-Offering-Price Rule (described below) applies, that reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as

otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the Initial Offering Price to the public of each such maturity as of the sale date as the issue price of that maturity (the "Hold-The-Offering-Price Rule"). So long as the Hold-The-Offering-Price Rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity 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:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has 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 Underwriter will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has 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.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (2) to comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party 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 third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity

allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) 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 requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement 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 requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(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 third-party 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 (A) more than 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), (B) 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 (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Purchase Agreement by all parties.

Section 6. Review of Official Statement.

(a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2026 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final, except for either revision or addition of the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), and consents to and ratifies the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the public offering of the Bonds by the Underwriter prior to the date hereof of the Preliminary Official Statement. The District does not object to distribution of the Preliminary Official Statement in electronic form.

(b) The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first-class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(c) The Underwriter hereby represents that it will provide, consistent with the requirements of MSRB Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to the MSRB in electronic format as prescribed by the MSRB on or before the Closing Date (as defined below), and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and G-36 and the Rule.

Section 7. Closing. At 9:00 a.m., California time, on _____, 2026 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing" or the "Closing Date"), the District will deliver to the Underwriter, through the facilities of DTC utilizing DTC's FAST delivery system, or as the District and the Underwriter may otherwise mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Dannis Woliver Kelley ("Bond Counsel"), in Berkeley, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to or upon the order of the District.

Section 8. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriter that:

(a) **Due Organization.** The District is, and will be on the Closing Date, a school district duly organized and validly existing under the laws of the State, with full legal power to issue the Bonds pursuant to the Act, to adopt the Resolution and enter into this Purchase Agreement and the other Legal Documents.

(b) **Due Authorization.** (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into the Legal Documents, to adopt the Resolution, to refund the Refunded Bonds, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Legal Documents; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds and the Legal Documents have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement and the Continuing Disclosure Agreement constitute valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

(c) **Consents.** No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) **Internal Revenue Code.** The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds, and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax, of the interest on the Bonds.

(e) **No Conflicts.** To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the Legal Documents and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) **Litigation.** As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds, or the collection or levy of taxes contemplated by the Resolution and available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the Legal Documents or contesting the powers of the District or its authority with respect to the Bonds or the Legal Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (iii) in which a final adverse decision could (A) materially adversely affect the operations of the District or the consummation of the transactions contemplated by the Legal Documents, (B) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (C) adversely affect the exclusion of the interest paid on the Bonds from gross income

for federal income tax purposes and the exemption of such interest from State personal income taxation.

(g) **No Other Debt.** Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body on behalf of the District, nor any entity or person on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement or otherwise consented to in writing by the Underwriter.

(h) **Arbitrage Certificate.** The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(i) **Certificates.** Any certificates signed by any authorized officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(j) **Continuing Disclosure.** At or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"). The Continuing Disclosure Agreement shall comply with the provisions of the Rule and be substantially in the form attached to the Preliminary Official Statement and Official Statement as Appendix D. Except as otherwise described in the Official Statement, the District has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure agreement or other agreement under the Rule.

(k) **Official Statement Accurate and Complete.** The Preliminary Official Statement, as of its date and at the date hereof, did not and does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof, the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is supplemented or amended pursuant to paragraph (g) of Section 10 of this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(l) **Financial Statements of District.** The financial statements of the District contained in the Preliminary Official Statement and final Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the District.

(m) **No Financial Advisory Relationship.** The District has had no financial advisory relationship with the Underwriter with respect to the Bonds, nor with any investment firm controlling, controlled by or under common control with the Underwriter.

(n) **Underwriter Not Fiduciary.** Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Underwriter, for its own account.

(o) **Levy of Tax.** The District hereby agrees to take any and all actions as may be required by Glenn County, California (the "County") or otherwise necessary in order to arrange for the levy and collection of taxes and payment of the Bonds.

(p) **Application of Proceeds.** The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution.

Section 9. Representations and Agreements of the Underwriter. The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken of it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District and is not prohibited thereby from acting as Underwriter with respect to securities of the District.

(c) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to any officer, agent or employee of the District), other than a bona fide officer, agent or employee working for the Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement;

(d) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(e) The Underwriter represents that it is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

Section 10. Covenants of the District. The District covenants and agrees with the Underwriter that:

(a) **Securities Laws.** The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request and, at the Underwriter's cost and expense, in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions; provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof.

(b) **Application of Proceeds.** The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution.

(c) **Official Statement.** The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in (a) an electronic copy in word-searchable pdf format, and (b) printed, conformed copies in such quantities as may be requested by the Underwriter, in order to permit the Underwriter not later than seven (7) business days following the date this Purchase Agreement is signed to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds.

(d) **Subsequent Events.** The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is 30 days following the Closing.

(e) **Filings.** The District authorizes the Underwriter to file, to the extent required by the applicable rules promulgated by the Securities and Exchange Commission ("SEC") or the MSRB, and the Underwriter agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system); or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filing referred to above). If an amended Official Statement is prepared in accordance with Section 10(g) of this Purchase Agreement during the Primary Offering Disclosure Period (as defined in MSRB Rule G-32), and if required by an applicable Securities and Exchange Commission Rule or MSRB rule, the Underwriter shall also make the required filings of the amended Official Statement. The "Primary Offering Disclosure Period" shall end on the twenty-fifth day after the Closing Date.

(f) **References.** References herein to the Preliminary Official Statement and the final Official Statement include the cover page, inside cover pages, and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

(g) **Amendments to the Official Statement.** During the period ending on the twenty-fifth day after the End of the Underwriting Period (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter, provided that the Underwriter may not unreasonably withhold such approval and that the Underwriter may not object to such amendments or supplements if they result in a correction of the Official Statement; and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that 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 required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the

supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Agreement, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the Closing Date; or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing Date.

Section 11. Conditions to Closing. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement are, and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) **Representations True.** The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and the District shall be in compliance with each of the agreements made and conditions required by it in this Purchase Agreement prior to or at the Closing Date.

(b) **Obligations Performed.** At the time of the Closing, (i) the Official Statement and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (iii) the District shall perform or have performed all of its obligations required under or specified in the Legal Documents to be performed at or prior to the Closing; (iv) at or prior to the Closing Date, the Resolution shall have been duly executed and delivered by the District and the District shall have duly executed and delivered and the Paying Agent shall have duly authenticated the Bonds; (v) at the time of the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the District, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement; (vi) the District shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money; and (vii) all steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Purchase Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter.

(c) **Adverse Rulings.** No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending

or threatened which has any of the effects described in Section 8(g) hereof or contesting in any way the completeness or accuracy of the Official Statement.

(d) **Marketability.** The Underwriter shall have the right to cancel the Underwriter's obligation to purchase the Bonds if, between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the Initial Offering Prices set forth in the Official Statement, have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason or occurrence of any of the following:

(i) legislation enacted by Congress, or passed by either house thereof, or favorably reported for passage thereto by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service (the "IRS"), with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences of the interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof;

(B) legislation enacted by the State legislature or a decision rendered by a State Court, or a ruling, order or regulation (final or temporary) made by a State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(C) by or on behalf of the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or would be in violation of any provision of the federal securities laws;

(ii) there shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; any outbreak, declaration of, or escalation of hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national emergency, calamity or crisis, or escalation thereof, relating to the effective operation of the government or the financial community in the United States or a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations;

(iii) the declaration of a general banking moratorium by federal, State, or New York State authorities having appropriate jurisdiction, or the general suspension

of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(iv) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(v) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(vi) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to the outstanding indebtedness of the District;

(vii) any rating on the Bonds is withdrawn or downgraded or placed on credit watch by a national rating agency;

(viii) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(ix) there shall have occurred any adverse change or any development involving a prospective change in the condition, financial or otherwise, of the District, which, in the reasonable opinion of the Underwriter, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement;

(x) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District;

(xi) the suspension by the SEC of trading of any outstanding securities of the District;

(xii) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(xiii) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income, securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds;

(xiv) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(xv) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(xvi) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred.

(e) **Delivery of Documents.** At or prior to the Closing Date, the Underwriter shall receive sufficient copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) Opinions.

(A) *Opinion of Bond Counsel.* (I) An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the Closing Date and addressed to the District, in substantially the form set forth in Appendix A of the Preliminary Official Statement and the Official Statement and (II) a reliance letter from Bond Counsel, dated the Closing Date and addressed to the Underwriter [and to the Insurer], to the effect that the Underwriter [and the Insurer] may rely upon such approving opinion of Bond Counsel.

(B) *Supplemental Opinions of Bond Counsel.* Supplemental opinions of Bond Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(1) the description of the Bonds and the security for the Bonds and statements in the Preliminary Official Statement and the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE" and APPENDIX A – "Form of Bond Counsel Opinion" to the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Continuing Disclosure Agreement, and the form and content of Bond Counsel's approving opinion with respect to the Bonds, fairly and accurately summarize the matters purported to be summarized therein; provided further that Bond Counsel need not express any opinion with respect to any financial or statistical data, or information concerning The

Depository Trust Company or related to its book-entry-only system [or the Insurer and the Policy],;

(2) assuming due authorization, execution and delivery by the other parties thereto, the Continuing Disclosure Agreement, the Paying Agent Agreement, and this Purchase Agreement have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(3) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(C) *Disclosure Counsel Letter.* A letter of Dannis Woliver Kelley, as disclosure counsel to the District ("Disclosure Counsel") dated the Closing Date and addressed to the District and the Underwriter, substantially to the effect that based on such counsel's participation in conferences with the Underwriter, the Municipal Advisor, the District and others, during which conferences the contents of the Preliminary Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Preliminary Official Statement, as of its date, or the Official Statement as of its date and as of the Closing Date (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, Appendices B, C, E, and F, [G] or any information about DTC or its book-entry-only system included therein, [or the Insurer and the Policy included therein] as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(D) *Underwriter's Counsel Opinion.* The opinion of Stradling Yocca Carlson & Rauth LLP, counsel to the Underwriter, in form and substance acceptable to the Underwriter.

(ii) *District Certificates.* A certificate signed by appropriate officials of the District to the effect that (A) such officials are authorized to execute this Purchase Agreement; (B) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the Closing Date; (C) the District has

complied with all the terms of the Legal Documents to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect; (D) to the best of the District's knowledge, no litigation, proceeding, or tax challenge is pending or threatened (either in State or federal courts) (i) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (ii) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds or the Legal Documents or (iii) in any way contesting the existence or powers of the District, including the levy or collection of the taxes pledged or to be pledged to pay principal of and interest on the Bonds, or the pledge thereof; (E) such District officials have reviewed the Preliminary Official Statement and the Official Statement and on such basis certify that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the Closing Date, does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading (excluding therefrom information regarding DTC and its book-entry only system); (F) the Bonds being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution; (G) no further consent is required to be obtained for the inclusion of the District's audited financial statements, including the accompanying accountant's letter in the Official Statement; and (H) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading.

(iii) *Paying Agent Certificate.* A certificate of the Paying Agent, signed by a duly authorized officer thereof, in form and substance acceptable to Bond Counsel and the Underwriter to the effect that:

(A) the Paying Agent is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Paying Agent Agreement;

(B) the Paying Agent Agreement has been duly authorized, executed and delivered by the Paying Agent;

(C) to the best knowledge of the Paying Agent, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Paying Agent or threatened against the Paying Agent which in the reasonable judgment of the Paying Agent would affect the existence of the Paying Agent, or in any way contesting or affecting the validity or enforceability of the Paying Agent Agreement, or contesting the powers of the Paying Agent or its authority to enter into and perform its obligations under the Paying Agent Agreement; and

(D) to the best knowledge of the Paying Agent, compliance with the terms of the Paying Agent Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, bond, note, resolution or any other agreement or instrument to which the Paying Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction

over the Paying Agent or any of its activities or properties, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Paying Agent.

(iv) *Escrow Bank Certificate.* A certificate of the Escrow Bank, signed by a duly authorized officer thereof, in form and substance acceptable to Bond Counsel and the Underwriter to the effect that:

(A) the Escrow Bank is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Escrow Agreement;

(B) the Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank;

(C) to the best knowledge of the Escrow Bank, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Escrow Bank or threatened against the Escrow Bank which in the reasonable judgment of the Escrow Bank would affect the existence of the Escrow Bank, or in any way contesting or affecting the validity or enforceability of the Escrow Agreement, or contesting the powers of the Escrow Bank or its authority to enter into and perform its obligations under the Escrow Agreement; and

(D) to the best knowledge of the Escrow Bank, compliance with the terms of the Escrow Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, bond, note, resolution or any other agreement or instrument to which the Escrow Bank is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Bank or any of its activities or properties, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Escrow Bank.

(v) *Tax Certificate.* A tax certificate of the District in form satisfactory to Bond Counsel.

(vi) *[Insurance Policy.* The Policy of the Insurer for the Bonds, and any other documents executed in connection therewith.

(vii) *Insurer Certificate.* A certificate of the Insurer, dated the Closing Date, signed by an authorized officer of said Insurer.

(viii) *Insurer Opinion.* An opinion of counsel to the Insurer, dated the Closing Date, addressed to the Underwriter and in form and substance satisfactory to the Underwriter.]

(ix) *Rating.* Evidence satisfactory to the Underwriter that the Bonds have been rated "____" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") based upon the issuance of the Policy by the Insurer and "____"

by S&P without regards to the Policy and that such ratings have not been revoked or downgraded.

(x) *Resolution.* A certificate, together with a fully executed copy of the Resolution, of an authorized officer of the District's Board of Education to the effect that:

(A) such copy is a true and correct copy of the Resolution; and

(B) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(xi) *Official Statement.* A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule.

(xii) *Continuing Disclosure Agreement.* An executed copy of the Continuing Disclosure Agreement, substantially in the form presented in the Official Statement as Appendix D thereto.

(xiii) *Paying Agent Agreement.* Certified copies of the excerpts of the Bylaws of the Paying Agent authorizing the execution and delivery of certain documents by certain officers of the Paying Agent, as the case may be, which resolution authorizes the execution and delivery of the Bonds and the Paying Agent Agreement, with an executed copy of the Paying Agent Agreement between the District and the Paying Agent.

(xiv) *Escrow Agreement.* An executed copy of the Escrow Agreement between the District and the Escrow Bank.

(xv) *Form 8038-G.* Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(xvi) *CDIAC Statements.* A copy of the proposed and final sale reports filed with the California Debt and Investment Advisory Commission ("CDIAC") pursuant to the applicable provisions of the Government Code of the State.

(xvii) *Other Documents.* Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence: (A) compliance by the District with legal requirements; (B) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement; and (C) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) **Termination.** Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 7 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 15 hereof.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone and confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing in its sole discretion.

Section 12. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (a) the performance by the Underwriter of its obligations hereunder, and (b) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

Section 13. Expenses.

(a) Except as herein described, all expenses and costs of the District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter shall be paid for by the District from proceeds of the Bonds including, without limitation:

- (i) the cost of the preparation and reproduction of the Resolution;
- (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel;
- (iii) the cost of the preparation, printing and delivery of the Bonds;
- (iv) the fees for Bond ratings, including all necessary travel expenses;
- (v) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement;
- (vi) the initial fees of the Paying Agent;
- (vii) the fees and disbursements of the Municipal Advisor;
- (viii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance, and distribution of the Bonds; and
- (ix) all other fees and expenses incident to the issuance and sale of the Bonds.

(b) The District shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which is incidental to implementing this Purchase Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other fees and costs incident to the issuance and sale of the Bonds.

(c) Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the fees and disbursements of Underwriter's

counsel, the CDIAAC fee, CUSIP Bureau registration fees, travel and other expenses (except those expressly provided above), without limitation.

(d) The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

Section 14. Notices. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent at the address set forth on the first page hereof, or if to the Underwriter, to the Underwriter, Piper Sandler & Co., 50 California Street, Suite 310, San Francisco, CA 94111.

Section 15. Parties in Interest; Survival of Representations and Warranties. This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). The term "successor" shall not include any owner of any Bonds merely by virtue of such ownership. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Agreement shall survive regardless of (i) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (ii) delivery of and payment by the Underwriter for the Bonds hereunder, and (iii) any termination of this Purchase Agreement. If any provision of this Purchase Agreement is, or is held or deemed to be, invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 16. Severability. In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 17. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

Section 18. Entire Agreement. This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

Section 19. Execution in Counterparts; Electronic Signatures. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document. The parties hereby consent to the use of electronic signatures in connection with execution of this Purchase Agreement, in accordance with the Uniform Electronic Transactions Act. (Cal. Civ. Code, §1633.1 et seq.)

[REMAINDER OF PAGE INTENTIONALLY BLANK]

Section 20. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

PIPER SANDLER & CO., as Underwriter

By: _____
Managing Director

The foregoing is hereby agreed to and accepted
at _____ P.M. Pacific Time, this ____ day
of _____, 2026.

WILLOWS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

INTEREST RATES, REOFFERING YIELDS, MATURITIES, AND
REDEMPTION PROVISIONS

\$ _____
**WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Applies</u>	<u>Hold- the- Offering- Price Rule Applies</u>
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^T Term Bonds.

^C Yield to the par call on August 1, 20__.

Optional Redemption

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ may be redeemed, in whole or in part, before maturity at the option of the District, from any source of available funds, on any date on or after August 1, 20__ at a redemption price of par, plus accrued interest to the date of redemption.

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
**WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS**

CERTIFICATE OF THE UNDERWRITER

This certificate is being delivered by Piper Sandler & Co. ("Purchaser") in connection with the issuance of the \$ _____ Willows Unified School District (Glenn County, California) 2026 General Obligation Refunding Bonds (the "Bonds"). Purchaser hereby makes the representations, and provides the certifications, contained in this certificate based on the information available to it concerning the Bonds to the Willows Unified School District ("District" or "Issuer") and Dannis Woliver Kelley, Bond Counsel to the District ("Bond Counsel"), as follows:

1. Bond Purchase Agreement. On _____, 2026 (the "Sale Date"), Purchaser and the District executed a Bond Purchase Agreement (the "Purchase Agreement") in connection with the sale of the Bonds. Purchaser has not modified the Purchase Agreement since its execution on the Sale Date.

2. Establishment of Issue Price.

(a) Sale of the General Rule Maturities. As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price or prices at which at least 10% of such Maturity of the Bonds was sold to the Public (the "10% test") are the respective prices listed in Schedule A attached hereto.

(b) Initial Offering Price of the Hold-the-Offering-Price Maturities.

(i) Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. If any Hold-the-Offering-Price Maturities are identified in Schedule A, a copy of the pricing wire or equivalent communication for the Bonds will be attached to this certificate as Schedule B.

(ii) As set forth in the Purchase Agreement, Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-The-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-The-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a

price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Certain Defined Terms. Capitalized terms used in this certificate, unless otherwise defined herein or in the resolution of the Board of Education of the District adopted on _____, 2026 ("Resolution"), shall have the meaning(s) given to such terms in the Federal Tax Certificate, dated the date hereof (the "Tax Certificate") provided in connection with the execution and delivery of the Bonds.

(a) "General Rule Maturities" means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) "Hold-the-Offering-Price Maturities" means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) "Holding Period" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) "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.

(e) "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.

(f) "Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

4. Use of Certificate. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate, and with respect to compliance with the federal income tax rules affecting the Bonds, and by 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 Bond Counsel may give to the District from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: _____, 2026

PIPER SANDLER & CO.

By: _____
Managing Director

By: _____
Managing Director

SCHEDULE "A"

\$ _____
**WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS**

SALE PRICES OF THE GENERAL RULE MATURITIES
AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

General Rule Maturities

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
--------------------------------	-----------------------------	--------------------------	--------------	--------------

^C Priced to call at par on August 1, 20__.

^T Term Bonds.

Hold-the-Offering-Price Maturities

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
--------------------------------	-----------------------------	--------------------------	--------------	--------------

^C Priced to call at par on August 1, 20__.

^T Term Bonds.

SCHEDULE "B"

\$ _____
WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS

PRICING WIRE OR EQUIVALENT COMMUNICATION

[TO BE ATTACHED]

ESCROW AND DEPOSIT AGREEMENT

This Escrow and Deposit Agreement, dated as of _____ 1, 2026 (the "Agreement") by and between ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association, as escrow agent hereunder (the "Escrow Agent"), and WILLOWS UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California (the "District").

WITNESSETH:

WHEREAS, on April 11, 2017, the District issued its Willows Unified School District (Glenn County, California) General Obligation Bonds, 2016 Election, 2017 Series A in the aggregate principal amount of \$8,000,000 (the "Prior Bonds");

WHEREAS, the Prior Bonds were issued pursuant to a resolution of the Board of Education (the "Board") of the District adopted on February 2, 2017 (the "Prior Resolution") providing, among other things, the terms of redemption thereof;

WHEREAS, the Prior Bonds maturing on and after August 1, 2027 are subject to optional redemption on any date on or after August 1, 2026;

WHEREAS, the District has elected to redeem the Prior Bonds maturing on and after August 1, 2027, (the "Refunded Bonds") on August 1, 2026 (the "Redemption Date") at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium (the "Redemption Price");

WHEREAS, in order to provide for the payment of interest on the Refunded Bonds to, and redemption of the Refunded Bonds on, the Redemption Date, the District has issued \$_____ aggregate principal amount of its Willows Unified School District (Glenn County, California) 2026 General Obligation Refunding Bonds (the "Refunding Bonds");

WHEREAS, the Escrow Agent is the Paying Agent for the Refunded Bonds ("Paying Agent");

WHEREAS, the District wishes to provide for the application of the net proceeds of the Refunding Bonds, together with the interest earned from the investment thereof, to effect the refunding of the Refunded Bonds; and

NOW, THEREFORE, the District and the Escrow Agent agree as follows:

AGREEMENT

ARTICLE I

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Each party hereto, as to itself and not as to the other party, hereby represents, warrants and agrees that:

Section 1.1 Authorization. The execution, delivery and performance of this Agreement by such party are within such party's respective powers and have been duly authorized by all necessary action of such party.

Section 1.2 No Conflict. The District represents, warrants and agrees to its current actual knowledge that the execution, delivery and performance of this Escrow Agreement will not violate or conflict with (i) the Prior Resolution or any Resolution of the District; (ii) the Constitution or laws of the State of California; or (iii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the District or its operations.

The Escrow Agent represents and warrants that the execution, delivery and performance of this Escrow Agreement will not violate or conflict with (i) the articles of association or bylaws of the Escrow Agent; and (ii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the trust powers and operation of the Escrow Agent.

Section 1.3 Binding Obligation. This Escrow Agreement has been duly executed by, and is a legally valid and binding obligation of each party, enforceable against such party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights, and by general principles of equity.

Section 1.4 Title to Moneys Deposited in Escrow. The District has good, sufficient and legal title to the moneys deposited in the Escrow Fund established hereunder free and clear of all liens other than those created hereby.

ARTICLE II

ESTABLISHMENT OF ESCROW FUND

Section 2.1 Creation of Escrow Fund. The Escrow Agent is hereby directed to establish a special escrow fund to be designated as the "Willows Unified School District 2026 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund"), into which the Escrow Agent shall deposit proceeds of the Refunding Bonds in the amount of \$_____ (the "Escrow Deposit"). Initially, the Escrow Agent agrees to apply \$_____ from the Escrow Deposit to the purchase of those certain state and local government securities ("SLGS") as described on **Schedule B** hereto and to hold \$___ in cash, uninvested. The Escrow Agent is hereby irrevocably directed by the District to make the deposit and investments, if any, as set forth herein.

Section 2.2 Permitted Investments. The District hereby instructs that the Escrow Deposit shall be invested by the Escrow Agent in those certain SLGS, all of which are noncallable "Defeasance Securities," in accordance with the Prior Resolutions, as more particularly described on **Schedule B** to this Escrow Agreement, which is incorporated herein by this reference (the "Escrowed Securities"). The proceeds of the Escrowed Securities shall be applied to redeem the Refunded Bonds.

Section 2.3 Additional Investments. Except as otherwise expressly provided in Sections 2.1 and 2.2 hereof, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Escrowed Securities held hereunder or to sell, transfer or otherwise dispose of the Escrowed Securities acquired hereunder, or to pay interest on any such moneys not required to be invested hereunder.

Section 2.4 Terms of Prior Resolution and Refunded Bonds. Receipt is hereby acknowledged by the Escrow Agent of a copy of the Prior Resolution. Reference herein to, or citation herein of, any provision of the Prior Resolution or the terms of the Refunded Bonds shall be deemed to be incorporated as a part hereof in the same manner and with the same effect as if they were fully set forth herein.

Section 2.5 Deposit of Funds. The Escrow Agent hereby acknowledges receipt of the deposit of the moneys into the Escrow Fund as described in Section 2.1 hereof.

Section 2.6 Purpose of Deposit. The deposit by the District of the Escrow Deposit in the Escrow Fund shall constitute an irrevocable deposit thereof for the uses and purposes specified in this Agreement and in the provisions of the Prior Resolutions expressly referred to herein, and such moneys and all interest thereon shall be held in trust and applied solely for such uses and purposes. The Escrow Deposit, along with the proceeds of investment thereof, shall be held by the Escrow Agent separate and apart from all other funds and shall not be commingled with other moneys for any purpose.

Section 2.7 Redemption of Refunded Bonds. (a) The Escrow Agent shall collect the matured principal of and payments of interest on the Escrowed Securities as the same become due and payable and deposit the same in the Escrow Fund. Not later than the date on which any payment on any of the Refunded Bonds is required to be made, as set forth on **Schedule A**, or if such date is not a Business Day (which shall mean any day other than a Saturday or Sunday on which the Escrow Agent and banks and trust companies located in New York, New York, or San Francisco, California are not authorized or required to remain closed and on which the New York Stock Exchange is open) then not later than the Business Day next preceding such date, the Escrow Agent shall transmit, from the funds in the Escrow Fund, the applicable amount as set forth in **Schedule A** attached hereto. The Escrow Agent may conclusively rely upon **Schedule A** with respect to all information set forth therein.

(b) If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make all payments required hereunder, the Escrow Agent shall give notice thereof to the District in accordance with Section 5.4 hereof of the amount of such deficiency and the District agrees to pay the amount of such deficiency into the Escrow Fund from any source of lawfully available moneys. In no event shall the Escrow Agent be responsible or liable for such deficiency of funds.

(c) Any moneys held by the Escrow Agent in trust for the redemption of the Refunded Bonds which remain unclaimed for 18 months after the date when all of the principal of and interest on the Refunded Bonds has become due and payable, shall be paid to the District (without liability for interest) to be used for any of its lawful purposes and the Escrow Agent shall thereupon be released and discharged with respect thereto.

Section 2.8 Redemption Notice to Owners of Refunded Bonds. The District hereby directs the Paying Agent to give notice to the Owners of the Refunded Bonds, at least 30 days, but not more than 60 days, prior to the Redemption Date, substantially in the form of **Schedule C** hereto.

Section 2.9 Compensation; Indemnification. (a) The District agrees to pay and shall pay to the Escrow Agent as compensation in full for all services to be rendered by the Escrow Agent under this Agreement the amounts set forth in a separate schedule of fees and expenses, as modified from time to time as agreed upon with the District, and shall

reimburse the Escrow Agent as set forth in such separate schedule for its expenses (including legal fees and expenses) incurred hereunder. Any payment to the Escrow Agent pursuant to this paragraph shall be made from any moneys of the District lawfully available therefor, but the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for any such payment.

(b) To the extent authorized by law, the District assumes liability for and agrees to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the District or the Escrow Agent (whether or not also indemnified against by any person under any other contract or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance and performance of the duties and obligations of the Escrow Agent hereunder, the establishment of the Escrow Fund, the acceptance of the moneys deposited in such fund, the retention of such moneys or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement, provided, that the District shall not be required to indemnify, protect, save and keep harmless the Escrow Agent against its own negligence. In no event shall the District be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this paragraph. The indemnities contained in this paragraph shall survive the termination of this Agreement, or the earlier removal or resignation of the Escrow Agent.

Section 2.10 Books and Records; Limited Liability. (a) The Escrow Agent agrees to maintain books and records for the Escrow Fund and to account separately for deposits therein, investments thereof, earnings thereon and losses (if any) with respect thereto. The Escrow Agent shall only act in accordance with the specific provisions set forth herein and shall not assume any implied duties or obligations hereunder.

(b) The Escrow Agent shall have no obligation to make any payment or disbursement of any type or risk or incur any financial liability in the performance of its duties under this Agreement unless the District shall have deposited sufficient funds therefor with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written or oral instructions of authorized representatives of the District or of their respective agents relating to any matter or action undertaken as Escrow Agent under this Agreement.

(c) The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine

the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

(d) None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of its duties hereunder. The liability of the Escrow Agent for the payment of moneys as hereinabove set forth respecting the redemption of the Refunded Bonds shall be limited to the amounts deposited in the Escrow Fund established hereunder. The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer, prepayment, substitution or other disposition made pursuant to this Agreement in compliance with the provisions hereof or the sufficiency of the moneys held hereunder to accomplish the redemption of the Refunded Bonds. The Escrow Agent shall not have any lien whatsoever upon any of the moneys deposited in accordance with Section 2.1 hereof for the payments of fees and expenses for services by it under this Agreement until after all payments required pursuant hereto in accordance herewith. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representations as to the sufficiency of the Escrowed Securities to be purchased pursuant hereto and any uninvested moneys to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be bond counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District. The Escrow Agent undertakes such duties as are expressly set forth herein, and no implied duties or obligations of the Escrow Agent shall be

read into this Agreement. The District hereby agrees to indemnify and hold harmless the Escrow Agent against any and all liability incurred by the Escrow Agent arising from this Agreement and not resulting from its own negligence or willful misconduct. The obligations of the District hereunder shall survive the termination or discharge of this Agreement.

(e) The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon the Prior Resolutions, or any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(f) Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics, or other similar occurrences.

(g) The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

(h) Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

ARTICLE III

TERMINATION OF ESCROW AGREEMENT

Section 3.1 Termination of Escrow Agreement. It is the intention of the District that amounts in the Escrow Fund shall be applied to the payment of interest on the Refunded Bonds to, and redemption of the Refunded Bonds on the Redemption Date, in

accordance with the terms of the Prior Resolution. The Escrow Agent agrees to apply the amounts deposited in the Escrow Fund to the payment of interest on the Refunded Bonds to, and redemption of the Refunded Bonds, on the Redemption Date, as aforesaid; any moneys remaining in the Escrow Fund following redemption of the Refunded Bonds, shall, after payment of any amounts due the Escrow Agent, be transferred to the District. Upon the completion of such transfer, if any, this Escrow Agreement shall be terminated and of no further force or effect except for those provisions which, by their terms, survive.

ARTICLE IV

FEES OF ESCROW AGENT

Section 4.1 Fees of Escrow Agent. The District shall pay to the Escrow Agent fees and expenses as are mutually agreed upon by the District and the Escrow Agent as and for payment in full for the services of the Escrow Agent as escrow holder hereunder, through the redemption of the Refunded Bonds as set forth herein.

It is also understood that the fee agreed upon for the services of the Escrow Agent hereunder shall be considered compensation for its ordinary services as contemplated by this Agreement, but in the event that the conditions of this Agreement are not promptly fulfilled or that the Escrow Agent renders any service hereunder not provided for in the foregoing instructions or that there is an assignment of any interest in the subject matter of this escrow, or modification hereof, or that any controversy arises hereunder or that the Escrow Agent is made a party to, or intervenes in, or, in good faith, interpleads in, any litigation pertaining to this escrow or the subject matter thereof, the Escrow Agent shall be reasonably compensated by the District for such extraordinary services and reimbursed for all costs and expenses, plus interest charged at the maximum rate permitted by law occasioned by such default, delay, controversy or litigation, including, without limitation, the fees and disbursements of legal counsel to the Escrow Agent.

Under no circumstances shall the Escrow Agent be entitled to assert a lien against the amounts held in the Escrow Fund to provide security for the payment of the fees described in this Section.

ARTICLE V

MISCELLANEOUS

Section 5.1 Severability of Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties hereto to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 5.2 Execution in Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original and shall constitute and be but one and the same instrument.

Section 5.3 Applicable Law. This Agreement shall be governed by the applicable laws of the State of California, applicable to contracts made and performed in said State.

Section 5.4 Notices. All notices, demands and formal actions under this Agreement shall be in writing and mailed, telegraphed or delivered to:

The District: Willows Unified School District
823 West Laurel Street
Willows, CA 95988
Attention: Superintendent

The Escrow Agent: Zions Bancorporation, National Association
550 South Hope Street, 2875
Los Angeles, CA 90071
Attention: Corporate Trust Department

Section 5.5 Amendments. This Agreement may be modified or amended at any time by a supplemental agreement which shall become effective with the written consent of the District and the Escrow Agent. Such supplemental agreement shall not materially adversely affect the rights of the holders of the Refunded Bonds (as evidenced by an opinion of counsel delivered to the Escrow Agent) without the written consent of 100% of the holders of the Refunded Bonds.

IN WITNESS WHEREOF, the District and the Escrow Agent have entered into this Escrow and Deposit Agreement as of the date first above written.

WILLOWS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

ACKNOWLEDGED AND ACCEPTED BY:

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Escrow Agent

By: _____
Authorized Officer

SCHEDULE A

PAYMENT SCHEDULES

Willows Unified School District
(Glenn County, California)
General Obligation Bonds, 2016 Election, 2017 Series A

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment Amount</u>
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SCHEDULE B

ESCROWED SECURITIES

[See attached Exhibit from Verification Report]

SCHEDULE C

CONDITIONAL NOTICE OF REDEMPTION

TO THE OWNERS OF
WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, 2016 ELECTION, 2017 SERIES A

NOTICE IS HEREBY GIVEN to the Owners of the Willows Unified School District General Obligation Bonds, 2016 Election, 2017 Series A (the "Bonds") that the Bonds maturing in the years and bearing the CUSIP numbers set forth below are subject to optional redemption by the District in accordance with the Resolution of the Board of Education of the District adopted on February 2, 2017, from the proceeds of certain general obligation refunding bonds of the District, which amounts have been determined to be sufficient to redeem the Bonds at a prepayment price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon, on the scheduled redemption date of August 1, 2026:

Maturity Date (August 1)	Principal Amount to be Refunded	Interest Rate	CUSIP (971263)
2028	\$305,000	2.750%	AP3
2029	320,000	3.000	AQ1
2027	1,245,000	3.000	AZ1
2030	345,000	3.125	AR9
2031	365,000	3.125	AS7
2032	385,000	3.250	AT5
2033	410,000	3.500	AU2
2034	435,000	3.500	AV0
2035	465,000	3.500	AW8
2037	1,010,000	3.625	AY4
2040	1,785,000	5.000	AW8

On August 1, 2026 all of the Bonds to be redeemed will become due and payable at the redemption price aforesaid, and payment will be made upon presentation and surrender to the Paying Agent at:

Interest payable on the Bonds until August 1, 2026 will be paid in the usual manner. From and after August 1, 2026 interest will cease to accrue on the Bonds called for redemption.

All the Bonds redeemed are required to be surrendered to the corporate trust office of the Paying Agent, on the redemption date at the following location (if the Bonds are mailed, the use of registered or insured mail is recommended):

Express Delivery/First Class/Registered/Certified/Hand Delivery
Zions Bancorporation, National Association
Corporate Trust Department
Attn: _____

Additional information regarding the foregoing actions may be obtained from Zions Bancorporation, National Association, Global Corporate Trust Department_____.

All owners submitting their Bonds for redemption must also submit a form W-9. Failure to submit a W-9 will result in a 24% backup withholding to the owners of Bonds pursuant to the Tax Cuts and Jobs Act of 2017. Please visit www.irs.gov for additional information on the tax forms and instructions.

The District and the Paying Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

Dated: _____, 2026

By: Zions Bancorporation, National Association, as
Paying Agent

SCHEDULE D

NOTICE OF DEFEASANCE

WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, 2016 2ELECTION, 2017 SERIES A

NOTICE IS HEREBY GIVEN to the Owners of the Willows Unified School District General Obligation Bonds, 2016 Election, 2017 Series A (the "Bonds") of the Willows Unified School District (the "District") in accordance with the Resolution of the Board of Education of the District adopted on February 2, 2017, with respect to the above-captioned Bonds, that the Bonds maturing in the years and bearing the CUSIP numbers set forth below have been defeased pursuant to an Escrow and Deposit Agreement, dated as of _____, 2026 by and between the District and Zions Bancorporation, National Association, as the Paying Agent for the Bonds.

Maturity Date (August 1)	Principal Amount to be Refunded	Interest Rate	CUSIP (971263)
2028	\$305,000	2.750%	AP3
2029	320,000	3.000	AQ1
2027	1,245,000	3.000	AZ1
2030	345,000	3.125	AR9
2031	365,000	3.125	AS7
2032	385,000	3.250	AT5
2033	410,000	3.500	AU2
2034	435,000	3.500	AV0
2035	465,000	3.500	AW8
2037	1,010,000	3.625	AY4
2040	1,785,000	5.000	AW8

The District and the Paying Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

By: Zions Bancorporation, National Association, as
Paying Agent

NEW ISSUE – BOOK ENTRY ONLY

RATING:
S&P: “___”
(See “RATING” herein.)

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

**\$(PAR AMOUNT)*
WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS
(BANK QUALIFIED)**

Dated: Date of Delivery

Due: August 1, as shown on inside cover.

The Willows Unified School District 2026 General Obligation Refunding Bonds (the “Refunding Bonds”) are being issued by the District to (i) refund certain outstanding general obligation bonds of the District described herein, and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption “THE REFUNDING.” The Bonds are 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 Bonds are general obligations of the District only and are not obligations of the County of Glenn (the “County”), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property within the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable.

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

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

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

The District has applied for insurance to guarantee the scheduled payment of principal and interest on the Bonds when due under a policy of municipal bond insurance to be issued concurrently with the delivery of the Bonds and will decide prior to the sale of the Bonds whether to purchase such insurance.

MATURITY SCHEDULE
On Inside Cover Page

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

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting as Disclosure Counsel for the issue and Stradling Yocca Carlson & Rauth LLP, San Francisco, California is acting as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about _____, 2026.

[PIPER LOGO]

The Date of this Official Statement is: _____, 2026.

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

MATURITY SCHEDULE

[\$[PAR AMOUNT]]*
WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS
(BANK QUALIFIED)

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP¹</u> <u>(971263)</u>
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* Preliminary, subject to change.

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

WILLOWS UNIFIED SCHOOL DISTRICT
Glenn County, State of California

Board of Education

Jeromy Geiger, *President*
Kirsten Gray, *Clerk*
Gina Taylor, *Vice President*
Lourdes Ruiz, *Member*
Jered Shipley, *Member*

District Administrators

Emmett Koerperich, *Superintendent*
Diana Baca, *Director of Business Services*¹
Michelle O'Dell, *Director of Curriculum, Instruction & Assessment*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Eastshore Consulting LLC
Oakland, California

Paying Agent, Transfer Agent and Registration Agent and Escrow Agent

Zions Bancorporation, National Association
Los Angeles, California

Verification Agent

Causey Public Finance, LLC
Denver, Colorado

¹ Diana Baca will be retiring during the summer of 2026. Her replacement has been selected.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Glenn, the County of Glenn has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "GLENN COUNTY POOLED INVESTMENT FUND."

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

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

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

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

[\$[PAR AMOUNT]]*
WILLOWS UNIFIED SCHOOL DISTRICT
(GLENN COUNTY, CALIFORNIA)
2026 GENERAL OBLIGATION REFUNDING BONDS
(BANK QUALIFIED)

INTRODUCTION

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

General

The Willows Unified School District (the “District”) proposes to issue \$[PAR AMOUNT]* aggregate principal amount of its 2026 General Obligation Refunding Bonds (the “Bonds”) in order to: (i) refund all or a portion of the District’s outstanding General Obligation Bonds, 2016 Election, 2017 Series A and (ii) pay certain costs of issuance associated therewith. See “THE REFUNDING” herein.

The Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Registration

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

The District

The District, a school district of the State of California (the “State”), was created in 1966, from the unification of five distinct school districts. The District is located in the south-central portion of Glenn County (the “County”) approximately 85 miles north of the City of Sacramento. The District is comprised primarily of the City of Willows and unincorporated areas of the County. The District operates four schools including one elementary school, one middle school, one high school and one community high school providing alternative education services. The average daily attendance (“ADA”) for the District at P-2 for fiscal year 2025-26 is _____ students and the District has a 2025-26 assessed valuation of \$1,556,947,300.

The District’s audited financial statements for the fiscal year ended June 30, 2025, are attached hereto as APPENDIX B. For further information concerning the District, see the caption “WILLOWS UNIFIED SCHOOL DISTRICT” herein.

* Preliminary, subject to change.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Bonds are not payable from the General Fund of the District. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal and interest on the Bonds when due. See “SECURITY FOR THE BONDS” and “TAX BASE FOR REPAYMENT OF THE BONDS” herein.

Continuing Disclosure

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

Bank Qualified

The District has designated the Bonds as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel to the District with respect to the Bonds. Dannis Woliver Kelley, Long Beach, California is acting as Disclosure Counsel to the District with respect to the Bonds. Eastshore Consulting LLC, Oakland, California is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Stradling Yocca Carlson & Rauth LLP, San Francisco, California is serving as counsel to the Underwriter with respect to the Bonds. Dannis Woliver Kelley and Eastshore Consulting LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Stradling Yocca Carlson & Rauth LLP will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about _____, 2026.

THE BONDS

Authority for Issuance

The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on _____, 2026 (the “Resolution”).

Purpose of Issue

The net proceeds of the Bonds will be applied to refund the Refunded Bonds. See “THE REFUNDING” herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of \$5,000 principal amount or integral multiples thereof. The Bonds will mature on the dates and in the amounts and bear interest at the rates *per annum*, all as set forth on the inside cover page of this Official Statement.

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

Book-Entry Only System

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

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

Payment of the Bonds

Interest on the Bonds is payable commencing August 1, 2026, and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date”). Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover page hereto until maturity, or, with respect to

the Bonds, the earlier redemption thereof. The Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof.

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

Redemption *

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

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

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

⁽¹⁾ Maturity.

In the event that a portion of the Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately,

* Preliminary; subject to change.

or as otherwise directed by the District, in integral multiples of \$5,000 principal amount of such Bonds optionally redeemed.

Selection of Bonds for Redemption

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

Notice of Redemption

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

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

Right to Rescind Notice of Redemption

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

Effect of Notice of Redemption

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

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

Transfer and Exchange

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

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

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

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

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

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

Defeasance

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

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

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), substantially in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds
[Net] Original Issue Premium
Total Sources

Uses of Funds

Deposit to Interest and Sinking Fund
Deposit to Escrow Fund
Costs of Issuance⁽¹⁾
Total Uses

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

District Investments; Application of Proceeds

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

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

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

DEBT SERVICE SCHEDULES

The first of the following two tables summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption. The second table shows the annual debt service payments on all of the District’s outstanding general obligation bonds, comprising its General Obligation Bonds, 2016 Election, 2017 Series A and the Bonds, assuming no optional redemption.

Bond Year Ending August 1	Bonds		Total Debt Service
	Principal	Interest	
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			

2040
Total

DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS⁽¹⁾

Bond Year Ending August 1	2017 Series A Bonds ⁽²⁾	The Bonds	Total Debt Service
2026	\$505,900.00		
2027	517,950.00		
2028	529,400.00		
2029	536,012.50		
2030	551,412.50		
2031	560,631.26		
2032	569,225.00		
2033	581,712.50		
2034	592,362.50		
2035	607,137.50		
2036	615,862.50		
2037	628,100.00		
2038	644,250.00		
2039	656,500.00		
2040	<u>666,750.00</u>		
Total	\$12,631,653.48		

¹ Totals may not sum due to rounding.

² Includes debt service on the Refunded Bonds intended to be refunded with proceeds of the Bonds.

THE REFUNDING

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

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

Willows Unified School District (Glenn County, California) General Obligation Bonds, 2016 Election, 2017 Series A

Maturity Date (August 1)	Principal Amount to be Refunded	Redemption Date*	Interest Rate	CUSIP (971263)
2028	\$305,000	August 1, 2026	2.750%	AP3
2029	320,000	August 1, 2026	3.000	AQ1
2027	1,245,000	August 1, 2026	3.000	AZ1
2030	345,000	August 1, 2026	3.125	AR9
2031	365,000	August 1, 2026	3.125	AS7
2032	385,000	August 1, 2026	3.250	AT5
2033	410,000	August 1, 2026	3.500	AU2
2034	435,000	August 1, 2026	3.500	AV0
2035	465,000	August 1, 2026	3.500	AW8
2037	1,010,000	August 1, 2026	3.625	AY4
2040	1,785,000	August 1, 2026	5.000	AW8

Upon the issuance of the Bonds, the District will transfer the net proceeds of the Bonds to Zions Bancorporation, National Association, as escrow agent (the “Escrow Agent”), for deposit into an escrow fund (the “Escrow Fund”) established pursuant to that certain Escrow and Deposit Agreement by and between the District and the Escrow Agent (the “Escrow Agreement”), to be applied to the redemption of the Refunded Bonds on or about August 1, 2026, at a redemption price of the par amount of the Refunded Bonds plus accrued interest.

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

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

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District

* Preliminary; subject to change.

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

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

Property Taxation System

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

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

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

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

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

Pledge of Tax Revenues

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

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

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem Property Taxation

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

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

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

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

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

Assessed Valuations

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

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

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

The following table presents assessed valuation in the District since fiscal year 2016-17. The District’s total assessed valuation was \$1,556,947,300 for fiscal year 2025-26.

WILLOWS UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2016-17 Through 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2016-17	\$ 976,337,868	\$941,323	\$54,894,342	\$1,032,173,533	--
2017-18	1,011,821,089	941,323	53,321,855	1,066,084,267	3.3%
2018-19	1,055,575,400	908,653	52,849,947	1,109,334,000	4.1
2019-20	1,281,205,568	612,229	52,517,990	1,334,335,787	20.3
2020-21	1,398,478,429	612,229	54,369,917	1,453,460,575	8.9
2021-22	1,438,142,745	612,229	55,784,074	1,494,539,048	2.8
2022-23	1,567,012,296	612,229	62,123,472	1,629,747,997	9.0
2023-24	1,599,224,742	634,544	66,233,022	1,666,092,308	2.2
2024-25	1,440,750,166 ¹	634,544	69,561,909	1,510,946,619	(9.3)
2025-26	1,485,686,964	634,544	70,625,792	1,556,947,300	3.0

¹ [To Come]

Source: *California Municipal Statistics, Inc.*

Economic and other factors beyond the District’s control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, or toxic contamination, or other impacts of climate change and global warming, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See “SECURITY FOR THE BONDS” and the following section regarding natural disasters

Natural Disasters Impacting Assessed Valuations

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

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

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

Currently, according to the U.S. Drought Monitor, none of the State, including the County, is experiencing any drought or abnormally dry conditions. The District cannot predict if water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

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

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

The County has experienced a total of 63 earthquakes since 1931, with the largest earthquake within 30 miles of the County being a 4.6 magnitude, which occurred in 1995. According to the USGS database, there is a 61% chance of a major earthquake (5.0 magnitude or greater) within 30 miles of the County within the next 50 years.

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

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

Change in Economic Conditions. The outbreak of COVID-19 and the corresponding measures to prevent its spread caused widespread unemployment and economic slowdown in the United States, the State and the County. The economic slowdown created by such a pandemic may increase the risk of an economic recession or depression or a general market decline in real estate values in the future, which in turn could lead to a reduction of assessed values in the District. Economic downturn which impacts property values can occur as a result of many factors which cannot be predicted.

The District cannot make any representation regarding the effects that drought, flooding, changes in economic conditions (caused by pandemic, tariffs or otherwise), fire conditions, earthquakes, or other

natural disasters has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to economic activity, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Re-assessments and Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 (“Proposition 8”), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization (“SBE”), with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A of the California Constitution.”

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

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred between 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

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

Assembly Bill 102. On June 27, 2017, the Governor of the State (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 only hears appeals related to the programs that it constitutionally administers and the Office of Tax Appeals hears 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.

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

Assessed Valuation by Jurisdiction

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

**WILLOWS UNIFIED SCHOOL DISTRICT
2025-26 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Willows	\$ 489,882,388	31.46%	\$ 489,882,388	100.00%
Unincorporated Glenn County	<u>1,067,064,912</u>	<u>68.54</u>	3,270,446,265	32.63
Total District	\$1,556,947,300	100.00%		
Glenn County	\$1,556,947,300	100.00%	\$4,467,912,570	34.85%

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation by Land Use

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

WILLOWS UNIFIED SCHOOL DISTRICT 2025-26 Assessed Valuation and Parcels by Land Use

	2025-26 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	\$707,101,633	47.59%	1,649	33.11%
Commercial	154,667,574	10.41	246	4.94
Vacant Commercial	10,140,566	0.68	71	1.43
Industrial	108,560,888	7.31	11	0.22
Vacant Industrial	62,738	0.00	1	0.02
Mineral Rights	7,120,294	0.48	194	3.90
Recreational	317,986	0.02	4	0.08
Government/Social/Institutional	2,728,350	0.18	32	0.64
Miscellaneous	535,813	0.04	26	0.52
Subtotal Non-Residential	\$991,235,842	66.72%	2,234	44.86%
Residential:				
Single Family Residence	\$410,685,653	27.64%	2,170	43.57%
Mobile Home	21,570,389	1.45	201	4.04
Mobile Home Park	2,588,663	0.17	4	0.08
2-3 Residential Units	21,902,426	1.47	115	2.31
4+ Residential Units/Apartments	25,717,438	1.73	39	0.78
Miscellaneous Residential	2,840,530	0.19	46	0.92
Vacant Residential	9,146,023	0.62	171	3.43
Subtotal Residential	\$494,451,122	33.28%	2,746	55.14%
Total	\$1,485,686,964	100.00%	4,980	100.00%

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2025-26, including the median and average assessed value per single family parcel.

WILLOWS UNIFIED SCHOOL DISTRICT Per Parcel 2025-26 Assessed Valuation of Single Family Homes

	No. of <u>Parcels</u>	2025-26 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	2,170	\$410,685,653	\$189,256	\$162,241

2025-26 <u>Assessed Valuation</u>	No. of <u>Parcels⁽¹⁾</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$24,999	42	1.935%	1.935%	\$ 726,104	0.177%	0.177%
\$25,000 - \$49,999	126	5.806	7.742	4,836,467	1.178	1.354
\$50,000 - \$74,999	157	7.235	14.977	9,982,529	2.431	3.785
\$75,000 - \$99,999	224	10.323	25.300	19,730,801	4.804	8.590
\$100,000 - \$124,999	240	11.060	36.359	26,785,031	6.522	15.112
\$125,000 - \$149,999	219	10.092	46.452	29,866,972	7.272	22.384
\$150,000 - \$174,999	168	7.742	54.194	27,379,045	6.667	29.051
\$175,000 - \$199,999	139	6.406	60.599	26,190,533	6.377	35.428
\$200,000 - \$224,999	151	6.959	67.558	32,081,332	7.812	43.240
\$225,000 - \$249,999	104	4.793	72.350	24,608,466	5.992	49.232
\$250,000 - \$274,999	127	5.853	78.203	33,514,737	8.161	57.392
\$275,000 - \$299,999	94	4.332	82.535	26,845,850	6.537	63.929
\$300,000 - \$324,999	87	4.009	86.544	27,105,796	6.600	70.529
\$325,000 - \$349,999	61	2.811	89.355	20,578,607	5.011	75.540
\$350,000 - \$374,999	62	2.857	92.212	22,338,093	5.439	80.979
\$375,000 - \$399,999	35	1.613	93.825	13,545,903	3.298	84.278
\$400,000 - \$424,999	35	1.613	95.438	14,385,245	3.503	87.780
\$425,000 - \$449,999	28	1.290	96.728	12,236,398	2.980	90.760
\$450,000 - \$474,999	19	0.876	97.604	8,758,817	2.133	92.893
\$475,000 - \$499,999	16	0.737	98.341	7,756,198	1.889	94.781
\$500,000 and greater	<u>36</u>	<u>1.659</u>	100.000	<u>21,432,729</u>	<u>5.219</u>	100.000
	2,170	100.000%		\$410,685,653	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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Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2025-26. 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.

WILLOWS UNIFIED SCHOOL DISTRICT 2025-26 Largest Total Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2025-26 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Johns Manville International Inc.	Industrial	\$ 82,645,089	5.56%
2.	California Olive Ranch Inc.	Agricultural	54,211,666	3.65
3.	San Francisco Region Prop Inc.	Agricultural	20,810,173	1.40
4.	Rumiano Cheese Co.	Industrial	13,637,280	0.92
5.	California Water Service Co.	Water Company	12,636,884	0.85
6.	Co Rd 35 Artois CA LP	Agricultural	12,226,941	0.82
7.	Walker Creek Partners LLC	Agricultural	12,124,037	0.82
8.	Michael and Sherry Polit	Agricultural	11,156,317	0.75
9.	The 0312 Ramona Apts LP	Apartments	10,853,498	0.73
10.	Walmart Real Estate Business Trust	Commercial	10,513,420	0.71
11.	Walker Creek Orchards	Agricultural	10,307,839	0.69
12.	Farm Credit Leasing Services Corp.	Industrial	8,789,108	0.59
13.	Violich Farms Inc.	Agricultural	8,301,533	0.56
14.	Willows Investment Holdings LLC	Industrial	8,250,000	0.56
15.	Wade S. and Elizabeth P. Danley	Agricultural	7,158,578	0.48
16.	Colusa County Farm Supply Inc.	Industrial	7,003,998	0.47
17.	Snow Mountain Properties LLC	Industrial	6,844,250	0.46
18.	Navid and Naima Khan	Agricultural	6,391,015	0.43
19.	Kumar Hotels. Inc.	Hotel/Motel	6,075,279	0.41
20.	Warmerdam Dairy Inc.	Agricultural	<u>5,998,847</u>	<u>0.40</u>
			<u>\$315,935,752</u>	<u>21.27%</u>

⁽¹⁾ 2025-26 local secured assessed valuation: \$1,485,686,964
Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for fiscal year 2025-26 account for 21.27% of the local secured assessed value in the District which is \$1,485,686,964. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for fiscal year 2025-26 was Johns Manville International Inc. accounting for 5.56% of the total secured assessed value in the District. No other secured taxpayer accounts for more than 3.65% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. The District cannot determine from County assessment records 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.

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Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area 2-001 by the County within the District for fiscal years 2021-22 through 2025-26:

**WILLOWS UNIFIED SCHOOL DISTRICT
Typical Tax Rate per \$100 Assessed Valuation
(TRAs 2-001⁽¹⁾)**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
General Tax Rate	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Reclamation District No. 2047	0.000000	0.000000	(.006000)	0.000000	0.000000
Butte-Glenn Community College District	0.033120	0.035529	0.036930	0.033844	0.036413
Willows Unified School District	<u>0.033956</u>	<u>0.032028</u>	<u>0.035354</u>	<u>0.025000</u>	<u>0.025000</u>
Total Tax Rate	\$1.067076	\$1.067557	\$1.066284	1.058844	1.061413

⁽¹⁾ 2025-26 assessed valuation of TRA 2-001 is \$262,194,338 which is 16.84% of the District’s total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

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

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

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

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County. There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District’s share of property tax

collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District’s or the County’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of pandemics or natural or manmade disaster.

Direct and Overlapping Debt

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

The following table is a statement of the District’s direct and estimated overlapping bonded debt as of March 1, 2026:

**WILLOWS UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness**

2025-26 Assessed Valuation: \$1,556,947,300

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/26</u>
Butte-Glenn Community College District	4.514%	\$ 8,792,734
Willows Unified School District	100.000	<u>6,375,000</u>⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$15,167,734
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Glenn County Certificates of Participation	34.847%	\$ 3,420,930
Willows Unified School District General Fund Obligations	100.000	10,212,634
City of Willows Pension Obligation Bonds	100.000	<u>6,015,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$19,648,564
 COMBINED TOTAL DEBT		 \$34,816,298 ⁽²⁾

Ratios to 2025-26 Assessed Valuation:

Direct Debt (\$6,375,000)	0.41%
Total Overlapping Tax and Assessment Debt.....	0.97%
Combined Direct Debt (\$16,587,634)	1.07%
Combined Total Debt.....	2.24%

Source: *California Municipal Statistics, Inc.*

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DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and interest on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

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

For fiscal year 2025-26, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) \$11,323 per ADA for transitional kindergarten/kindergarten through grade 3; (b) \$10,411 per ADA for grades 4 through 6; (c) \$10,719 per ADA for grades 7 and 8; and (d) \$12,746 per ADA for grades 9 through 12. For fiscal year 2025-26, the LCFF also provides an adjusted add-on for Transitional Kindergarten ("TK") equal to \$5,545.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2024-25, the COLA was 1.07%, and for fiscal year 2025-26, the COLA is slightly higher, at 2.30%. See "– State Budget Measures – 2024-25 State Budget." and "– 2025-26 State Budget" for information regarding the COLA for fiscal year 2024-25 and for fiscal year 2025-26. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

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

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

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

ADA and Enrollment

The following table sets forth the historical ADA at P-2 and enrollment for fiscal years 2017-18 through 2024-25.

**WILLOWS UNIFIED SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2017-18 through 2024-25**

Fiscal Year	ADA	Enrollment
2017-18	1,444	1,374
2018-19	1,488	1,386
2019-20	1,469	1,370
2020-21 ¹	1,363	1,287
2021-22	1,397	1,281
2022-23	1,391	1,295
2023-24	1,356	1,284
2024-25	1,069	1,439

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

Enrollment Trends. The District, similar to many school districts in the State, has experienced slow enrollment decline in recent years due to the impact of the COVID-19 pandemic. The District expects enrollment to decrease _____.

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The following table sets forth the estimated ADA, enrollment and the percentage of EL/LI enrollment for fiscal year 2024-25, budgeted for fiscal year 2025-26 and projected for fiscal years 2026-27 through 2027-28.

**WILLOWS UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2024-25 through 2027-28**

ADA							Total Enrollment	Unduplicated Count (as % of Total Enrollment)
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA			
2024-25								
2025-26 ⁽¹⁾								
2026-27 ⁽²⁾								
2027-28 ⁽²⁾								

¹ Budgeted.

² Projected.

Source: *The District*.

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

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

Certain school districts, known as "community-funded" districts (formerly, "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community-funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for community-funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property

tax growth and the local economy are the primary determinants. The District does not qualify as community-funded.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

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

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

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

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

Revenue Sources

The District categorizes its General Fund revenues into four sources. Each of these revenue sources is briefly described below. See “-Percentage of Revenues by Source” below for the percentage of total General Fund revenues from each of the four sources of revenue for fiscal years 2021-22 through 2025-26.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. This category also includes local property taxes. See “-- State Funding of Education – Local Control Funding Formula” above. When a district is a community-funded district, like the District, such district’s share of local property taxes meets or exceeds its LCFF entitlement and therefore the District only receives minimum State aid and not any portion of its Base Grant from the State. The District not a community-funded district.

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

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

Before the OMB Memorandum became effective, two separate lawsuits were filed in federal district courts in Rhode Island and the District of Columbia challenging the OMB Memorandum and seeking injunctions. On January 28, 2025, shortly before the OMB Memorandum became effective, a District of Columbia federal judge issued an emergency administrative stay through February 3, 2025, at which time a preliminary injunction hearing was set. On January 29, 2025, OMB rescinded the OMB Memorandum. Although the OMB Memorandum was rescinded, the executive orders are in effect and the matter is ongoing as spending reviews are ongoing. On January 31, 2025, a Rhode Island federal judge issued a temporary restraining order on the pause. On February 3, 2025, the District of Columbia federal judge issued a temporary restraining order as well. On February 10, 2025, the Rhode Island federal judge granted a motion for a preliminary injunction and issued an Enforcement Order clarifying the scope of the temporary restraining order and ordering the Trump Administration to release federal funds and comply with the earlier order. The Trump Administration appealed the temporary restraining order to the U.S. Court of Appeals for the First Circuit. The Trump Administration’s request to stay the temporary restraining order pending appeal was denied. The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding. The District cannot predict any action to be taken in carrying out the executive orders nor its effect on the District’s federal funding or operations of the District.

On March 20, 2025, President Trump signed an executive order aimed at terminating the United States Department of Education. On June 30, 2025, the Trump Administration announced it would be withholding approximately \$6.8 billion in federal funding due to be released on July 1, 2025 for certain

Title I, II, III and IV programs, including migrant education, professional development, English-learner services, academic enrichment, before-and after-school programs, and adult basic and literacy education. In the June 30, 2025 announcement, the Trump Administration stated that such program grants were under review and no decision had yet been made for the upcoming academic year.. The District cannot predict the types of possible federal funding cuts that may occur or the extent of such cuts, if any, however, the District does not expect the withholding of such federal funds to have a material impact on the District’s revenues or operations..

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

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

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

Percentage of Revenues by Source

The following table presents each revenue source as a percentage of total General Fund revenues for fiscal years 2021-22 through 2025-26.

**WILLOWS UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source⁽¹⁾
Fiscal Years 2021-22 through 2025-26**

Revenue Source	2021-22	2022-23	2023-24	2024-25	2025-26 ⁽²⁾
LCFF sources	80.18%	68.51%	74.17%	82%	77.55%
Federal revenues	5.93	7.48	8.49	3	3.11
Other State revenues	8.54	19.99	13.95	13	17.65
Other local revenues	5.35	4.02	3.39	2	1.69

⁽¹⁾ Percentages may not total to 100% due to rounding.
⁽²⁾ Budgeted, per fiscal year 2025-26 Second Interim Budget Report.
Source: *The District*.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees collected by the District are \$3.36 per square foot for residential construction and \$0.54 per square foot of commercial/residential construction.

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees are \$3.36 per square foot for residential housing and \$0.54 per square foot for commercial or industrial development. For fiscal years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 the District received

approximately \$96,705, \$34,950, \$32,955, \$43,163 and \$15,902 in developer fees, respectively. The District has budgeted receipt of \$0 for fiscal year 2025-26.

COVID-19 Outbreak and its Economic Impact

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

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

Budget Procedures

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

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

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets may be disapproved if they fail the above conditions. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

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

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

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

General Fund Budget. The District's General Fund adopted budgets for fiscal years 2021-22 through 2025-26, audited actuals for the fiscal years 2021-22 through 2024-25, and the Second Interim Budget Report for fiscal year 2025-26, are set forth on the following page.

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**WILLOWS UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING**

	Original Budget 2021-22 ⁽¹⁾	Audited Actuals 2021-22 ⁽¹⁾	Original Budget 2022-23 ⁽¹⁾	Audited Actuals 2022-23 ⁽¹⁾	Original Budget 2023-24 ⁽¹⁾	Audited Actuals 2023-24 ⁽¹⁾	Original Budget 2024-25 ⁽¹⁾	Audited Actuals 2024-25 ⁽¹⁾	Original Budget 2025-26 ⁽²⁾	2 nd Interim Results 2025-26 ⁽³⁾
REVENUES										
LCFF Sources	\$16,275,773	\$16,680,290	\$18,993,576	\$18,533,613	\$20,416,928	\$19,684,995			\$19,750,022	\$20,485,012
Federal Sources	1,659,944	1,233,400	1,302,209	2,023,649	3,007,699	2,253,260			737,578	821,090
Other State Sources	1,829,911	1,777,387	990,209	5,407,152	2,649,547	3,701,639			4,145,530	4,662,950
Other Local Sources	<u>542,449</u>	<u>1,112,641</u>	<u>294,728</u>	<u>1,086,665</u>	<u>256,100</u>	<u>899,058</u>			<u>449,075</u>	<u>445,722</u>
Total Revenues	20,308,077	20,803,718	21,580,803	27,051,079	26,330,274	26,538,952			25,082,205	26,414,774
EXPENDITURES										
Current										
Certificated Salaries	8,413,661	8,739,881	8,698,931	8,633,677	9,022,698	8,656,418			9,593,007	9,743,614
Classified Salaries	2,115,214	2,672,875	2,945,422	3,328,901	3,760,582	3,889,445			3,799,057	4,186,051
Employee Benefits	3,191,238	3,266,290	3,712,390	3,767,775	4,113,768	3,948,643			4,347,533	5,156,505
Books and Supplies	1,187,406	922,201	1,337,778	1,757,564	2,474,941	1,438,047			1,348,947	2,616,004
Services, Other Operating Expenses	1,296,712	1,648,459	1,315,473	1,938,836	2,001,117	2,178,690			2,963,923	4,284,060
Capital Outlay	304,694	783,269	530,819	339,795	963,750	643,212			1,847,150	1,811,921
Other Outgo										
Excl. Transfer ind.	2,520,034	2,083,778	2,779,979	1,956,830	2,766,341	2,083,674			5,017,528	5,441,572
Transfer of ind.	<u>(55,683)</u>	<u>(31,302)</u>	<u>(36,928)</u>	<u>(38,824)</u>	<u>(48,257)</u>	<u>---</u>			<u>---</u>	<u>---</u>
Total Expenditures	18,973,276	20,085,451	21,283,864	21,684,554	25,054,940	22,838,129			28,917,145	33,229,727
Excess (Deficiency) Of Revenues Over (Under) Expenditures	1,334,801	718,267	296,939	5,366,525	1,275,334	3,700,823			(3,834,940)	(6,824,953)
OTHER FINANCING SOURCES (USES)										
Transfers in	--	--	--	--	--	--			--	--
Transfers out	<u>(210,000)</u>	<u>(150,000)</u>	<u>(300,000)</u>	<u>(800,000)</u>	<u>(400,000)</u>	<u>(2,200,000)</u>			<u>(150,000)</u>	<u>(223,374)</u>
Net Financing Sources/(Uses)	(210,000)	(150,000)	(300,000)	(800,000)	(400,000)	(2,200,000)			(150,000)	(223,374)
NET CHANGE IN FUND BALANCE										
Fund Balance, July 1	1,124,801	568,267	(3,061)	4,566,525	875,334	1,500,000			(3,984,940)	(7,048,327)
Fund Balance, June 30	7,183,715	7,183,715	7,524,277	7,751,982	8,687,702	12,318,507			9,923,343	12,667,352
Fund Balance, June 30	\$8,308,516	\$7,751,982	\$7,521,216	\$12,318,507	\$9,653,036	\$13,819,330			\$5,308,403	\$5,619,025

⁽¹⁾ From the District's comprehensive audited financial statements for fiscal years 2021-22 through 2024-25, respectively.

⁽²⁾ From the District's adopted budget for fiscal year 2025-26.

⁽³⁾ From the District's Second Interim Report results for fiscal year 2025-26.

The District.

Comparative Financial Statements

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2025, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 823 West Laurel Street, Willows, California 95988. See APPENDIX B hereto for the fiscal year 2024-25 Audited Financial Statements of the District.

The table on the following page reflects the District's audited General Fund revenues, expenditures and fund balances from fiscal year 2021-22 to fiscal year 2024-25.

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WILLOWS UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2021-22 through 2024-25

	2021-22 Audit	2022-23 Audit	2023-24 Audit	2024-25 Audit
REVENUES				
LCFF Sources	\$16,530,290	\$18,533,613	\$19,684,995	
Federal Revenues	1,179,457	1,998,091	2,236,271	
Other State Revenues	2,628,460	6,921,573	4,482,886	
Other Local Revenues	<u>1,167,502</u>	<u>1,113,901</u>	<u>919,435</u>	
TOTAL REVENUES	21,505,709	28,567,178	27,323,587	
EXPENDITURES				
Instruction	10,690,105	12,417,212	11,748,873	
Instruction-Related Services				
Instructional supervision and admin	669,685	896,575	771,191	
Instructional library, media & tech	202,343	300,953	411,216	
School site administration	1,588,564	1,560,516	1,773,898	
Pupil Services				
Home-to-school transportation	482,536	305,286	237,920	
Food services	6,987	100,700	75,987	
All other pupil services	729,309	870,563	938,233	
General Administration				
Centralized data processing	93,398	442,793	408,818	
All other general administration	1,532,823	1,671,992	2,024,816	
Plant Services	2,092,254	1,963,837	2,297,207	
Facilities Acquisition and Maintenance	349,324	7,000	109,211	
Ancillary services	227,438	282,666	634,873	
Community services	187,980	422,052	103,459	
Transfers to other agencies	1,765,432	1,635,495	1,766,351	
Debt Service – Principal	257,858	260,308	262,781	
Debt Service – Interest	<u>65,488</u>	<u>63,027</u>	<u>60,542</u>	
TOTAL EXPENDITURES	20,941,524	23,200,975	23,625,376	
Excess (Deficiency) of Revenues Over Expenditures	564,185	5,366,203	3,698,211	
OTHER FINANCING SOURCES/USES				
Transfers in	--	--		
Transfers out	--	<u>(800,000)</u>	<u>(2,200,000)</u>	
NET FINANCING SOURCES (USES)	--	(800,000)	(2,200,000)	
NET CHANGE IN FUND BALANCES	564,185	4,566,525	1,498,211	
Fund Balance at Beginning of Year	7,295,846	7,860,031	12,426,234	
Fund Balance at End of Year	\$7,860,031	\$12,426,234	\$13,924,445	

Source: *The District.*

Accounting Practices

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

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information.

2025-26 State Budget. On June 27, 2025, Governor Newsom signed the fiscal year 2025-26 budget for the State ("2025-26 State Budget"), subsequent to the State Legislature passing several pieces of legislation comprising the 2025-26 State Budget bill, including Senate Bill 101 and Assembly Bill 102. The 2025-26 State Budget addresses a projected \$11.8 billion shortfall through spending cuts, borrowing, and other solutions. The 2025-26 State Budget includes statutory changes to address the State's housing affordability challenges and facilitate housing and infrastructure production. Because the 2025-26 State Budget was approved in late June 2025, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July 2025.

The 2025-26 State Budget projects approximately \$215.7 billion in general fund revenues with a prior year balance of \$35.1 billion for total resources of approximately \$250.9 billion, and \$228.4 billion in expenditures for fiscal year 2025-26. For fiscal year 2024-25, the 2025-26 State Budget estimates \$268.7 billion in total resources and \$233.6 billion in expenditures. The 2025-26 State Budget contains total reserves of approximately \$15.7 billion, including \$11.2 billion in the Rainy-Day Fund and \$4.5 billion in the reserve for economic uncertainty. The 2025-26 State Budget maintains the withdrawal of the \$8.4 billion balance in the PSSSA in fiscal year 2023-24 and includes the scheduled \$7.1 billion BSA withdrawal in fiscal year 2025-26 included in the fiscal year 2024-25 State Budget. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2025-26 State Budget provides total TK-12 funding of \$137.6 billion (\$80.5 billion general fund and \$57.1 billion from other funds) and includes per pupil funding of over \$25,000 per student. Revised estimates of General Fund revenues in the 2025-26 State Budget result in adjusted Proposition 98 Guarantee amounts of \$98.5 billion in fiscal year 2023-24, \$119.9 billion in fiscal year 2024-25, and \$114.6 billion in fiscal year 2025-26, an increase of approximately \$3.9 billion over the three-year period relative to the 2024-25 State Budget. The 2025-26 State Budget also shifts \$232.9 million in Proposition 98 resources from community colleges to TK-12 schools to implement the expansion of transitional kindergarten.

The LCFF under the 2025-26 State Budget receives a COLA of 2.3%. To fully fund the LCFF, approximately \$405.3 million of the \$8.4 billion withdrawal from the PSSSA will support LCFF costs in fiscal year 2025-26. While the 2025-26 State Budget fully repays budgetary deferrals of \$246.6 million from fiscal year 2024-25, \$1.9 billion in LCFF funding is deferred from June 2026 to July 2026 in order to maintain the level of fiscal year 2025-26 principal apportionments.

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

- *Transitional Kindergarten* — \$2.1 billion Proposition 98 funds (inclusive of all prior years' investments) to support the full implementation of universal TK; and an additional \$1.2 billion ongoing Proposition 98 funds to support lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.
- *Expanded Learning Opportunities Program* — \$515.1 million for the full implementation of the program by increasing the number of elementary schools that offer universal access to all those in school districts with at least 55% unduplicated students and \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per school district.
- *Literary Instruction* — \$480 million to support literacy instruction, including one-time Proposition 98 funds to expand the existing Literacy Coaches and Reading Specialists Grant Program and to support evidence-based professional learning for elementary school educators.
- *Teacher Preparation and Professional Development* — \$300 million one-time Proposition 98 funds to establish the Student Teacher Stipend Program, providing \$10,000 grants to teacher candidates beginning in the 2026-27 school year, and available through the 2028-29 school year; \$70 million one-time Proposition 98 funds to increase funding for high-quality teacher residency programs; and \$30 million one-time Proposition 98 funds to extend the timeline of the existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.
- *Student Support and Professional Development Discretionary Block Grant* — \$1.7 billion one-time Proposition 98 funds for the Student Support and Professional Development Discretionary Block Grant to provide school districts with additional discretionary fiscal support in recognition of rising costs and to fund statewide priorities.
- *State Preschool* — \$19.3 million Proposition 98 funds and \$10.2 million non-Proposition 98 funds for the California State Preschool Program to support the cost of care.
- *Learning Recovery Emergency Block Grant* — \$378.6 million one-time Proposition 98 funds to support the Learning Recovery Emergency Block Grant to establish learning recovery initiatives through the 2027-28 school year.
- *Career Technical Education* — \$150 million one-time Proposition 98 funds for career technical education and career pathways programming, subject to pending legislation.
- *Universal School Meals Support Grant* — \$145 million one-time Proposition 98 funds for specialized kitchen equipment, infrastructure, training, and procurement of sustainably grown food to support schools in providing more freshly prepared meals; \$10 million one-time Proposition 98 funds to recruit and retain school food service workers; and \$5 million one-time Proposition 98 funds for a study of ultra-processed foods offered in California school meals.
- *Summer Electronic Benefits Transfer (SUN Bucks)* — \$21.9 million in additional ongoing Proposition 98 funds to support the SUN Bucks Program, which provides nutrition funding to eligible students during the summer months. These funds will provide the match to an equal amount of federal funds to support the program.

- *Children and Youth Behavioral Health Initiative Grants* — \$20 million one-time Proposition 98 funds to support the implementation of the Children and Youth Behavioral Health Initiative’s all-payer fee schedule.
- *Secondary School Redesign Pilot Program* — \$10 million one-time Proposition 98 funds for the California Collaborative of Educational Excellence to administer a pilot program to redesign middle and high schools to better serve the needs of all students and increase student outcomes.
- *English Language Proficiency Screener for TK Students* — \$10 million one-time Proposition 98 funds for the statewide use of English language proficiency of a list of one or more screeners to support multilingual learners in TK.
- *TK Multilingual Learner Supplementary Funding* — \$7.5 million one-time Proposition 98 funds to mitigate reductions in potential LCFF apportionment funding resulting from the recent exemption of TK students from the English language proficiency assessment.

Proposed 2026-27 State Budget. The proposed budget for fiscal year 2026-27 for the State (“Proposed 2026-27 State Budget”) was released by the Governor on January 9, 2026. The Proposed 2026-27 State Budget forecast reflects general fund revenues that are higher by more than \$42 billion for the period from fiscal year 2024-25 through fiscal year 2026-27, than projected at the 2024-25 State Budget. The increase is driven by higher cash receipts, higher stock market levels, and an improved economic outlook. At the same time, constitutional funding requirements, the need for an adequate discretionary budget reserve, and higher program costs exceed the level of increased revenues, resulting in a projected shortfall of \$2.9 billion. As a result, the Proposed 2026-27 State Budget focuses on implementation of previous investments and does not include new significant spending proposals.

While the Proposed 2026-27 State Budget is balanced in fiscal year 2026-27, with a discretionary reserve of \$4.5 billion, it projects a deficit of roughly \$22 billion in fiscal year 2027-28 and shortfalls in the two years following. Over the last two fiscal years, the State has withdrawn approximately \$12.2 billion from the BSA and suspended deposits into the BSA for fiscal years 2024-25 and 2025-26. Consistent with these actions, the Proposed 2026-27 State Budget suspends a \$2.8 billion “true-up” deposit into the BSA in fiscal year 2025-26. However, the Proposed 2026-27 State Budget reflects a BSA deposit in fiscal year 2026-27 of approximately \$3 billion and a minor “true-up” for fiscal year 2024-25. Accounting for these actions, the BSA balance in fiscal year 2026-27 is \$14.4 billion, an increase compared to the 2025-26 State Budget level of \$11.2 billion. In addition, the Proposed 2026-27 State Budget includes \$4.5 billion in the reserve for economic uncertainties and \$4.1 billion in the Rainy Day Fund, bringing the combined amount of reserves in fiscal year 2026-27 to roughly \$23 billion.

The Proposed 2026-27 State Budget states that federal policy changes, including House of Representatives (H.R.) 1 of 2025 (“H.R. 1”), which included changes for Health and Human Services programs, are projected to result in costs of \$1.4 billion general fund resources fiscal year 2026-27. Of this amount, \$1.1 billion in additional costs are in Medi-Cal. In addition, H.R. 1 will add nearly \$300 million in costs to CalFresh, the state’s Supplemental Nutrition Assistance Program providing food purchase assistance for adequate nutrition to more than 3 million State households.

The Proposed 2026-27 State Budget proposes spending of \$348.9 billion in total State funds, consisting of approximately \$248.3 billion from the General Fund, \$93.7 billion from special funds, and \$6.9 billion from bond funds. The Proposed 2026-27 State Budget includes total funding of \$149.1 billion (\$88.7 billion General Fund and \$60.4 billion other funds) for all TK-12 education programs. TK-12 per pupil funding totals \$20,427 general funds, a 74.6% increase over fiscal year 2018-19, and \$27,418 per

pupil when accounting for all funding sources, a 60.8% increase over fiscal year 2018-19. Both per pupil amounts are the highest level ever for California schools.

Certain budgeted programs and adjustments for K-12 education set forth in the Proposed 2026-27 State Budget include the following:

- Proposition 98. The Proposed 2026-27 State Budget reflects Proposition 98 funding levels of \$123.8 billion in fiscal year 2024-25, \$121.4 billion in fiscal year 2025-26, and \$125.5 billion in fiscal year 2026-27, representing an increase of approximately \$21.7 billion relative to the 2024-25 State Budget. At the beginning of the three-year budget window, the Proposition 98 Guarantee had an outstanding maintenance factor balance of \$8.3 billion. At the 2024-25 State Budget, there was a projected mandatory maintenance factor payment of \$5.5 billion in fiscal year 2024-25. Revised Proposition 98 factors have increased that payment amount in the Proposed 2026-27 State Budget to \$7.8 billion. No other mandatory payments are projected in fiscal years 2025-26 or 2026-27, leaving a \$584.6 million maintenance factor balance at the end of fiscal year 2026-27. The 2024-25 State Budget created \$1.9 billion in settle-up in fiscal year 2024-25. The Proposed 2026-27 State Budget proposes to fully repay the settle-up balance in fiscal year 2024-25. Additionally, the Proposed 2026-27 State Budget proposes creating \$5.6 billion in settle-up in fiscal year 2025-26. This means that the funded level of the Proposition 98 Guarantee in fiscal year 2025-26 is \$115.9 billion, instead of the calculated amount of \$121.4 billion. This is intended to mitigate the risk of potentially appropriating more resources to the Proposition 98 Guarantee than are ultimately available in the final calculation for fiscal year 2025-26. The Proposition 98 Guarantee continues to be in a Test 1 for fiscal years 2024-25, 2025-26, and 2026-27.
- Proposition 98 Rainy Day Fund. As a result of adjustments in capital gains revenues in the Proposed 2026-27 State Budget, a deposit of \$3.8 billion is required in fiscal year 2024-25, eliminating the mandatory withdrawal in fiscal year 2025-26 and replacing it with a mandatory deposit of \$424.3 million, and requiring a mandatory withdrawal of \$407.1 million in fiscal year 2026-27. Additionally, the Proposed 2026-27 State Budget proposes a discretionary deposit of \$240 million in fiscal year 2025-26, further increasing the Proposition 98 safety net. At the end of the three-year budget window, the total balance in the Proposition 98 Rainy Day Fund is \$4.1 billion. There is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Rainy Day Fund is equal to or greater than 3% of the total TK-12 share of the Proposition 98 Guarantee. The balance in the Rainy Day Fund triggers school district reserve caps in fiscal years 2025-26 and 2026-27.
- Local Control Funding Formula. The Proposed 2026-27 State Budget includes an LCCF cost-of-living adjustment of 2.41%. The cost-of-living adjustment, when combined with population growth adjustments, increases discretionary funding for LEAs by approximately \$2 billion. Additionally, budgetary deferrals of \$1.9 billion for TK-12 education are fully repaid in fiscal year 2026-27. The Proposed 2026-27 Budget also includes an ongoing increase of \$30.7 million Proposition 98 General Fund to provide a 20% increase in LCCF funding for Necessary Small Schools, which is the funding formula for the smallest schools in the state.
- State Education Governance. The Proposed 2026-27 State Budget proposes to implement the 2002 “California’s Master Plan for Education” recommendation to amend the Education Code to move oversight authority of the management of the California Department of Education and support of LEAs under the SBE. The Proposed 2026-27 State Budget further proposes to provide the State Superintendent the ability to strengthen coordination and alignment among the bodies setting policy from early childhood through postsecondary education.

- Community Schools. The Proposed 2026-27 State Budget proposes \$1 billion ongoing Proposition 98 general fund resources to expand the community school model to more school sites that have large concentrations of students from low-income families, English learners, and youth in foster care. To date approximately 2,500 schools in California have received community schools grants through the California Community Schools Partnership Program; this new funding would provide ongoing resources for these grantees and expand access to the model to thousands of additional high-need schools.
- Special Education. The Proposed 2026-27 State Budget proposes an increase of \$509 million ongoing Proposition 98 general fund resources to increase special education base rates. This additional funding will allow for full equalization of special education rates across the state, meaning that all LEAs will now receive the same rate per pupil for state special education funding.
- Master Plan for Career Education: TK-12 Education. The Proposed 2026-27 State Budget proposes: (1) \$100 million one-time Proposition 98 general fund resources to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities, and (2) including prioritizing creation and expansion of dual enrollment and pathways programs with funds allocated through the \$2.8 billion Student Support and Discretionary Block Grant.
- Before, After and Summer School. The Proposed 2026-27 State Budget proposes \$62.4 million ongoing Proposition 98 general fund resources to provide a guaranteed \$1,800 per pupil for Tier 2 LEAs, stabilizing the existing variable Tier 2 rate. With this increase, total ongoing program funding is \$4.7 billion Proposition 98 general fund resources.
- Teacher Preparation. The Proposed 2026-27 State Budget includes \$250 million one-time Proposition 98 general fund resources to continue educator residency programs through 2029-30. California has invested \$620 million in residency programs over the last five years; these funds will be fully awarded by the end of fiscal year 2025-26.
- Student Support and Professional Development Discretionary Block Grant. The Proposed 2026-27 State Budget proposes \$2.8 billion one-time Proposition 98 general fund resources to provide LEAs with additional fiscal support to manage attendance and enrollment declines, including those caused by federal government immigration actions, and address rising costs. The funds will also support implementation of statewide priorities including: including: (1) professional development for teachers on the English Language Arts/English Language Development (ELA/ELD) Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners; (2) professional development for teachers on the Mathematics Framework; (3) teacher recruitment and retention strategies; (4) professional development for TK teachers and site administrators on the principles and guidelines of developmentally appropriate TK instruction; and (5) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.
- Charter School Accountability. The Proposed 2026-27 State Budget proposes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight. It also provides for the use of verified data in the charter school renewal process until June 30, 2028.
- School Facilities. The recently approved Kindergarten through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024 (Proposition 2) authorizes a total of \$8.5 billion in state General Obligation bonds for TK-12 schools to be allocated through the School Facility Program. These funds are allocated across

several key areas: \$4 billion for modernization projects, \$3.3 billion for new construction, \$600 million for charter schools, and \$600 million for career technical education projects. The Proposed 2026-27 State Budget continues to allocate \$1.5 billion Proposition 2 bond funds to support school construction projects in fiscal year 2026-27, similar to amounts allocated in prior years.

Additional budgeted programs and adjustments for K-12 education set forth in the Proposed 2026-27 State Budget include the following:

- Learning Recovery Emergency Block Grant. The Proposed 2026-27 State Budget provides \$757.3 million in one-time Proposition 98 general fund resources to support the Learning Recovery Emergency Block Grant, which supports LEAs in establishing learning recovery initiatives through the 2027-28 school year. This investment is expected to be the final payment to this program, which has received multi-year investments totaling \$7.2 billion in past budgets to support schools in learning recovery efforts related to the COVID-19 Pandemic.
- Home-to-School Transportation. The Proposed 2026-27 State Budget includes \$322 million one-time and \$239.2 million ongoing Proposition 98 general fund to reflect higher costs in the Home-to-School Transportation Program.
- Cost-of-Living Adjustments. The Proposed 2026-27 State Budget proposes \$228.2 million ongoing Proposition 98 general fund resources to reflect a 2.41% COLA for specified categorical programs and the LCFF Equity Multiplier. The specified categorical programs include Special Education, Child Nutrition, State Preschool, Foster Youth Services Coordinating Program, Mandates Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.
- Kitchen Infrastructure and Training. The Proposed 2026-27 State Budget proposes \$100 million one-time Proposition 98 general fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- Reading Difficulties Risk Screening. The Proposed 2026-27 State Budget proposes \$40 million one-time Proposition 98 general fund resources to support continued implementation of student reading difficulties screenings.
- L.A. County School Wildfire Recovery. The Proposed 2026-27 State Budget proposes \$22.9 million one-time Proposition 98 general fund resources to support LEAs that are continuing to recover from the January 2025 Los Angeles County wildfires.
- Universal and Targeted Assistance. The Proposed 2026-27 State Budget proposes \$13.3 million additional ongoing Proposition 98 general fund resources, for a total of \$131.9 million, for county offices of education to provide universal and targeted support to school districts and charter schools, including those eligible for differentiated assistance.
- Fiscal Crisis and Management Assistance Team (FCMAT). The Proposed 2026-27 State Budget proposes \$994,000 in additional ongoing Proposition 98 general fund resources to support increased FCMAT workload.
- California School Information System (CSIS). \$966,000 in additional ongoing Proposition 98 general fund resources to support increased CSIS costs.

- Curriculum-Embedded Performance Tasks for Science. The Proposed 2026-27 State Budget proposes \$890,000 ongoing Proposition 98 general fund resources to maintain performance task resources at the Los Angeles County Office of Education in support of inquiry-based science instruction and the state’s Next Generation Science Standards.
- K-12 High Speed Network. The Proposed 2026-27 State Budget proposes \$629,000 in additional ongoing Proposition 98 general fund resources to support the K-12 High Speed Network program.
- County Offices of Education LCFF. The Proposed 2026-27 State Budget proposes an ongoing decrease of \$15.6 million Proposition 98 general fund resources to reflect ADA changes applicable to the county office of education LCFF, and a 2.41% COLA adjustment.
- School Nutrition Programs. The Proposed 2026-27 State Budget proposes an ongoing decrease of \$67.9 million Proposition 98 general fund resources to support the Universal School Meals program, reflecting a reduction in fiscal year 2025-26 estimates compared to the 2025-26 State Budget projections and an increase in meal reimbursement rates.
- Local Property Tax Adjustments. The Proposed 2026-27 State Budget proposes a decrease of \$18 million Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2025-26, and a decrease of \$1.4 billion ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2026-27, resulting from increased offsetting property taxes.

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

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

Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIII A of the California Constitution

Article XIII A of the State Constitution (“Article XIII A”) limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the County assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under ‘full cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain

circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

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

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

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

Legislation Implementing Article XIII A

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

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the County by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

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

Article XIII B of the California Constitution

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

(a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

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

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, if a school district's revenues exceed its spending limit, such school district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

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

Article XIII C and Article XIII D of the California Constitution

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

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

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

(1%) *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. Proposition 26 does not apply to the levy of *ad valorem* taxes to pay general obligations bonds, including the Bonds.

Proposition 98

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

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

an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

Proposition 111

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

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

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

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above 1990 levels (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State General Fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State General Fund

revenues (the “first test”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State General Fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the “Controller”). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District’s budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing

authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

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

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

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency").

All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other “enforceable obligations” (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

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

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative (“Proposition 55”) which extends the increase in personal income tax

on high-income taxpayers imposed under Proposition 30 until 2030. Proposition 55 did not extend the sales tax increases imposed under Proposition 30 which expired at the end of 2016.

Proposition 2

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

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

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or General Fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

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

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

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSSA appears to be intended

to provide a substitute for local reserves in the event of a future economic downturn. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2025-26 State Budget” for information regarding the triggering of the reserve cap in fiscal year 2025-26.

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainties at least equal to 3% of General Fund expenditures and other financing uses. On June 30, 2025, the District had available reserves of \$4,603,339 or 20.49% of General Fund expenditures and other financing uses and has budgeted available reserves of \$2,836,150, or 12.87% of General Fund expenditures and other financing uses for fiscal year 2025-26. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District’s current policies on reserves.

Proposition 2 (Facilities)

K-12 School Facilities. The State school facilities bond approved by voters on November 6, 2018 (the “2024 State School Facilities Bond”) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities. Up to \$10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion assigned for modernization of existing K-12 facilities, up to \$115 million will be allocated for the repairment of lead in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school facilities (\$600 million) and technical education facilities (\$600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

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

Proposition 28

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

As a condition to receipt of funds under Proposition 28, school districts must certify that funds are to be used for arts education and that funds received in the prior fiscal year were, in fact, used for those purposes. Additionally, no more than 1% of Proposition 28 funds may be used for administrative purposes in implementing Proposition 28 programs. Schools with 500 or more students must certify that at least 80% of the funding is to be used to employ teachers and that the remainder will be spent on training, supplies, and education partnerships. Amounts appropriated under Proposition 28 in a given year may be

reduced if the State legislature suspends the Proposition 98 guarantee but only in an amount equal to the percent reduction of the Proposition 98 guarantee. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2025-26 State Budget” for information regarding Proposition 28.

Future Initiatives. Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues, particularly revenues from the State, or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

THE DISTRICT

Introduction

The District was created in 1966, from the unification of five distinct school districts. The District is located in the south-central portion of the County approximately 85 miles north of the City of Sacramento. The District is comprised primarily of the City of Willows and unincorporated areas of the County. The District operates four schools including one elementary school, one middle school, one high school and one community high school providing alternative education services. ADA for fiscal year 2025-26 at P-2 is _____ students and the District has a 2025-26 total assessed valuation of \$1,556,947,300. The audited financial statements for the District for the fiscal year ended June 30, 2025 are attached hereto as APPENDIX B.

Board of Education

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

BOARD OF EDUCATION

Name	Office	Term Expires December
Jeromy Geiger,	President	2028
Gina Taylor	Vice President	2026
Kirsten Gray	Clerk	2026
Lourdes Ruiz	Member	2026
Jered Shipley	Member	2026

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Willows Unified School District, 823 West Laurel Street, Willows, California 95988, Attention: Superintendent. The District may charge a small fee for copying, mailing and handling.

Key Personnel

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

Name	Title
Emmett Koerperich	Superintendent
Diana Baca ¹	Director of Business Services
Michelle O'Dell	Director of Curriculum, Instruction & Assessment

Emmett Koerperich – Superintendent. Superintendent Koerperich has served as Superintendent of the District since July, 2020. Prior to becoming the Superintendent, Mr. Koerperich was a principal at Anderson Union High School District. He has more than 35 years of experience in public education in a variety of roles, including teacher and school site principal. Mr. Koerperich earned a Bachelor of Applied Science in Biological Sciences from the University of California, Davis and a Master of Arts in Athletic Administration from Chico State University.

Employees and Labor Relations

The District has budgeted approximately 79 full-time equivalent (“FTE”) certificated academic professionals approximately 72 FTE classified employees, and approximately 12 FTE management/supervisor/confidential employees.

The certificated employees have assigned the Willows Unified Teachers Association (“WUTA”) as their exclusive bargaining agent and the contract between the District and WUTA expires on June 30, 2026.

The classified employees of the District have assigned the California School Employees Association Willows Chapter #119 (“CSEA”) as their exclusive bargaining agent. The contract between the District and CSEA expires on June 30, 2026.

The District has settled salary and benefit negotiations with its confidential and management employees (unrepresented units) through June 30, 2026.

District Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries, under a defined benefit program (the “STRS Defined Benefit Program”).

Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law. For fiscal year 2025-26, the District is required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contributed either

¹ Diana Baca will be retiring during the summer of 2026. Her replacement has been selected.

10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.828% of teacher payroll for fiscal year 2025-26. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria, and a contribution of 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

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

In addition, based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Board, is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to AB 1469, school districts' employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 16.15% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21.)

Recent Investment Returns. In fiscal years 2023-24 and 2024-25, STRS realized net return on investments of 8.4% and 8.5% respectively, exceeding its investment rate of return assumption of 7.0% in both years. The STRS pension system is ahead of schedule in reaching full funding by 2046.

The District contributed \$1,576,539 to STRS for fiscal year 2021-22, \$1,559,644 for fiscal year 2022-23, \$1,561,331 for fiscal year 2023-24 and \$1,891,897 for fiscal year 2024-25. Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of \$1,801,323 for fiscal year 2025-26, per its Second Interim Budget Report. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS Classified employees working four or more hours per day are members of the California Public Employees’ Retirement System (“PERS”). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees’ Retirement Law. The District is currently required to contribute to PERS at an actuarially determined rate, which is 26.81% of eligible salary expenditures for fiscal year 2025-26, while Classic Members contribute at a rate established by statute which is 7% of their respective salaries, and PEPRAs Members contribute at an actuarially determined rate which is 8.00% of their respective salaries. See –“California Public Employees’ Pension Reform Act of 2013” below.

On April 14, 2025, the PERS Board adopted the fiscal year 2025-26 contribution rate for school districts of 26.81%. On November 13, 2025, PERS released its school employer projected contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates (PERS Actuarial Report) ⁽¹⁾
2026-27	26.40%
2027-28	26.90
2028-29	26.10
2029-30	25.30
2030-31	24.20

⁽¹⁾As of November 13, 2025.

Recent Investment Returns. From its Basic Financial Statements issued on November 15, 2022, PERS reported a negative 7.5% net return on investments for fiscal year 2021-22, which was PERS’ first negative return on investments since fiscal year 2008-09. However, PERS Basic Financial Statements for fiscal year ended June 30, 2023 and for fiscal year ended June 30, 2024 reported investment returns of 6.1% and 9.5%, respectively. Most recently, on July 14, 2025, PERS reported a preliminary investment return of 11.6% for the fiscal year ended June 30, 2025.

The District contributed \$544,382 to PERS for fiscal year 2021-22, \$848,101 for fiscal year 2022-23, \$1,056,401 for fiscal year 2023-24 and \$1,152,155 for fiscal year 2024-25. The District has budgeted a contribution of \$1,127,667 for fiscal year 2025-26, per its Second Interim Budget Report.

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 PERS as of June 30, 2024 and STRS as of June 30, 2024.

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

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
California Public Employees Retirement Fund (PERS)	\$133,978	\$ 93,187	\$(40,791)
California State Teachers' Retirement Fund Defined Benefit Program (STRS)	380,507	321,910	(85,532)

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

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

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

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements No. 67 and No. 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 such 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, and 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. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District’s proportionate shares of the net pension liability of PERS and STRS, as of June 30, 2025, are as shown in the following table.

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>
PERS	
STRS	
Total	

Source: The District.

For further information about the District’s contributions to PERS and STRS, see Note ___ in the District’s audited financial statements for fiscal year ended June 30, 2025 attached hereto as APPENDIX D.

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

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board (“GASB”) pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Employees who are eligible to receive retiree employment benefits other than pensions (“Health & Welfare Benefits” or “OPEB”) while in retirement must meet specific criteria, *i.e.*, age and years with the District. The District provides Health & Welfare Benefits to qualified eligible employees and their spouses who retire from the District on or after attaining age 55 with at least 15 years of service to the District for certificated employees, on or after attaining age 55 with at least 20 years of service to the District for classified employees and on or after attaining age 55 with at least 16 years of service to the District for confidential, management and administrative employees. As of the most recent actuarial valuation, July 1, 2023, 36 retirees and their beneficiaries were receiving Health and Welfare Benefits and 168 employees were active plan members.

The following table shows the changes in the District’s net Health and Welfare Benefits as of June 30, 2025.

**WILLOWS UNIFIED SCHOOL DISTRICT
Total June 30, 2025 OPEB Liability**

Service Cost
Interest on Total OPEB Liability
Changes of Assumptions
Benefits Payments
Net Change in Total OPEB Liability
Total OPEB Liability - Beginning
Total OPEB Liability - Ending

Source: *The District.*

Risk Management

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters.

The District is a member of three joint powers authorities (“JPAs”); (i) California’s Valued Trust which provides Health & Welfare Benefits, (ii) the Golden State Risk Management Authority, which provides property and liability coverage and (iii) the Schools Excess Liability Fund, which provide excess liability coverage. Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District’s representation on the governing boards. The relationships between the District and the JPAs are such that none of the JPAs are a component unit of the District for financial reporting purposes.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker’s compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, The District believes that the recorded liabilities for self-insured claims are adequate.

Cyber Security

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such

information, the District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers recently approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks.

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

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (State Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State’s charter school law states that local boards are the primary charter-approving agency and that county boards of education can approve a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation. There are no charter schools in the District. [To confirm]

District Debt Structure

Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2025, is shown below:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
General Obligation Bonds	--	--	--	9,2661,606	No
Qualified Zone Academy Bonds	1,974,921	--	282,164	1,692,757	No
Compensated absences	81,639	74,740	--	156,379	N/A
Total OPEB liability	4,809,178	--	594,857	4,214,321	No
Net Pension liability					
Total Long-Term liabilities					

Source: The District.

Qualified Zone Academy Bonds. The District issued a Qualified Zone Academy Bond (“QZAB”) in the amount of \$3,955,000 through the execution and delivery of a lease agreement with Public Property Financing Corporation of California pursuant to which the District makes semi-annual payments through December, 2030. The QZAB bears interest at 0.95% annually and future payments under the QZAB are as follows:

Year ended June 30	Principal	Interest	Total
2026	\$267,797	\$14,360	\$282,157
2027	270,341	11,803	282,144
2028	272,910	9,223	282,133
2029-2031	<u>834,383</u>	<u>11,940</u>	<u>846,323</u>
Total	\$1,1645,431	\$47,326	\$1,692,757

Source: *The District.*

General Obligation Bonds. The District received authorization at an election held on November 8, 2016 by 55% or more of the votes cast by eligible voters within the District to issue \$8,000,000 aggregate principal amount of general obligation bonds (the “2016 Authorization”). On April 11, 2017, the District issued its \$8,000,000 General Obligation Bonds, 2016 Election, 2017 Series A (the “2017 Series A Bonds”). There are no remaining general obligation bonds to be issued under the 2016 Authorization. The District intends to refund all or a portion of the 2017 Series A Bonds with the proceeds of the Bonds.

GLENN COUNTY POOLED INVESTMENT FUND

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

The County Board of Supervisors approved the current County Investment Policy Statement (the “Investment Policy”) effective _____ 1, 20__ . See APPENDIX E – “GLENN COUNTY INVESTMENT POLICY STATEMENT.” The Investment Policy applies to all funds managed by the Treasurer as delegated by the County Board of Supervisors. The objective of the Investment Policy is to obtain the highest feasible return consistent with a high degree of safety of principal and the level of liquidity necessary to meet the needs of the County and the agencies participating in the Pooled Investment Fund. In that regard, safety and liquidity sufficient to meet cash flow needs are of primary concern. Under the Investment Policy, return is secondary and subordinate to safety and liquidity in making investment decisions.

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

Decisions on the investment of funds in the Pooled Investment Fund are made by the County Treasurer and deputies in accordance with established policy guidelines. In the County, investment decisions are governed by Government Code Sections 53601 and 53635, et seq., which govern legal

investments by local agencies in the State of California, and a more restrictive Investment Policy proposed by the Treasurer and adopted by the County Board of Supervisors on an annual basis. The Investment Policy is reviewed and approved annually by the County Board of Supervisors. The Treasurer's compliance with the Investment Policy is also audited annually by an independent certified public accountant. See APPENDIX E hereto for the Glenn County Investment Policy.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pooled Investment Fund and has made no assessment of the current Investment Policy. The value of the various investments in the Pooled Investment Fund will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, after a review and approval by the County Board of Supervisors may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pooled Investment Fund will not vary significantly from the values described therein.

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CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than nine (9) months following the end of the District’s fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the 2025-26 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Market Access system (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

Within the last five years _____.

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

LEGAL MATTERS

The legal opinions of Dannis Woliver Kelley, Long Beach, California, Bond Counsel to the District (“Bond Counsel”), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, forms of which are attached hereto as APPENDIX A. Dannis Woliver Kelley, Long Beach, California is also acting as Disclosure Counsel to the District. Stradling Yocca Carlson & Rauth LLP, San Francisco, California, is acting as counsel to the Underwriter (“Underwriter’s Counsel”). Bond Counsel, Disclosure Counsel and Underwriter’s Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

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

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the “Bankruptcy Code”), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking

bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

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

California Senate Bill 222

Government Code Section 53515, added by Senate Bill 222 (“SB 222”), applicable to general obligations bonds issued after its effective date on January 1, 2017, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a “statutory” lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds.

TAX MATTERS

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

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the “Tax Certificate”) of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be

invested, if required, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

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

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

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

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

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

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

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

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

LEGALITY FOR INVESTMENT

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

RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its municipal bond rating of ____” to the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained as follows: S&P at 55 Water Street, New York, New York 10041, tel. (212) 438-7280. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the

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

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

VERIFICATION

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

UNDERWRITING

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

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

NO MATERIAL LITIGATION

Absence of Pending or Threatened Litigation Relating to the Bonds. No litigation is pending or threatened, nor is any audit or investigation known to be premised on any assertion, concerning or contesting the validity of the Bonds, or contesting the District's ability to issue the Bonds. The District is not aware of any litigation pending or threatened, nor is any audit or investigation known to be premised on any assertion, questioning the political existence of the District or contesting the title to the offices of District officers who will execute the Bonds or District officials who will sign certifications relating to the Bonds, or the powers of those officers. A certificate (or certificates) to that effect will be furnished to the Underwriter (defined herein) at the time of the original delivery of the Bonds.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. A copy of the Resolution is available upon request from the Willows Unified School District, 823 West Laurel Street, Willows, California 95988.

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

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

WILLOWS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

_____, 2026

Board of Education
Willows Unified School District
823 West Laurel Street
Willows, California 95988

Re: \$_____ Willows Unified School District (Glenn County, California)
2026 General Obligation Refunding Bonds (Bank Qualified)

Members of the Board:

We have acted as bond counsel for the Willows Unified School District (Glenn County, California) (the “District”), in connection with the issuance by the District of \$_____ aggregate principal amount of the District’s 2026 General Obligation Refunding Bonds (Bank Qualified) (the “Bonds”). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), and that certain resolution adopted by the Board of Education of the District on _____, 2026 (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the

Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have

not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion herein with respect thereto.

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

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

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

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

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

Dannis Woliver Kelley

APPENDIX B

**WILLOWS UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR GLENN COUNTY

The following information concerning Glenn County (the “County”) is presented for information purposes only. The following information has been obtained from the sources referenced as of the dates indicated. These sources are believed to be reliable but the information is not guaranteed as to accuracy or completeness, and is not, and should not be construed as, a representation by the District. The District comprises only a portion of the County. The Bonds are only payable from ad valorem property taxes levied on property in the District. The Bonds are not a debt or obligation of the County.

General

The County is located in the Sacramento Valley, in the northern part of the California Central Valley. The County’s transportation facilities are excellent with U.S. Interstate 5 and State Routes 32, 45 and 162 providing access to the rest of California. The County has Glenn Ride which runs buses throughout and the California Northern Railroad which serves Willows. The County has a total area of 1,327 square miles of which 13 square miles are covered by water.

Population

The following table shows historical population statistics, from 2021 to 2025, for the City, other cities in the County, the unincorporated portion of the County, and the County as a whole.

POPULATION ESTIMATES⁽¹⁾ Cities of Glenn County and County Total Calendar Years 2021 through 2025

Area	2021	2022	2023	2024	2025
Orland	8,321	8,278	8,168	8,603	8,704
Willows	6,346	6,440	6,340	6,372	6,475
Balance Of County	14,149	14,103	13,934	14,004	14,190
Incorporated	14,667	14,718	14,508	14,975	15,179
	28,816	28,821	28,442	28,979	29,369
Total	8,321	8,278	8,168	8,603	8,704

⁽¹⁾ Population estimates as of January 1st for cities in the County.

Source: California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Census Benchmark. Sacramento, California, May 2025.

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Employment

The County, State, and United States civilian labor force figures are shown in the following table for the years 2020 through 2024. The County figures are County-wide and may not necessarily reflect employment trends in the District.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT ⁽¹⁾ Glenn County, California, and the United States Calendar Years 2020 through 2024

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2020				
Glenn County	11,910	10,760	1,150	9.7%
California	18,956,600	17,097,800	1,916,800	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Glenn County	11,720	10,830	890	7.6%
California	18,954,600	17,564,900	1,389,700	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Glenn County	11,850	11,150	700	5.9%
California	19,218,300	18,393,900	824,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Glenn County	11,970	11,170	800	6.7%
California	19,471,000	18,551,800	919,200	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
Glenn County	12,140	11,290	860	7.1%
California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346,000	6,761,000	4.0

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

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

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

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Industry

Service providing services are the largest employers in the County followed by transportation, warehousing and utility services. The table below shows the estimated employment by industry group for 2020 through 2024.

**EMPLOYMENT BY INDUSTRY⁽¹⁾
Glenn County
Calendar Years 2020 through 2024**

Industry	2020	2021	2022	2023	2024
Total Farm	2,430	2,250	2,220	2,210	2,310
Total Nonfarm	6,980	7,240	7,590	7,600	7,670
Goods Producing	1,100	1,140	1,210	1,150	1,050
Mining Logging Construction	380	360	360	330	310
Manufacturing	730	790	850	820	740
Service Providing	5,880	6,100	6,380	6,450	6,630
Wholesale Trade	340	330	330	310	320
Retail Trade	870	970	980	970	950
Transportation, Warehousing, Utl.	1,720	1,790	1,870	1,840	1,840
Financial Activities	150	160	160	160	160
Professional Business and Services	270	240	240	230	240
Private Education and Health	950	950	1,020	990	1,110
Leisure and Hospitality	650	750	780	780	770
Government	2,010	2,060	2,150	2,290	2,360
Total	38,380	39,570	41,360	41,410	41,910

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

Source: *State of California Employment Development Department Labor Market Information Division, Industry Employment and Labor Force by Annual Average, March 2024 Benchmark*. Sacramento, California, May 2025.

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Major Employers

The County and the City host a diverse mix of major employers representing industries ranging from government to retail, wholesale, health services, and education. The following table lists the County's and the City's major employers in 2025.

MAJOR EMPLOYERS Glenn County Calendar Year of 2025

Employer	Location	Industry
Department of Child Family Svc	Orland	Government-Individual/Family Social Svcs
Fairview Elementary School	Orland	Schools
Glen County Mental Health	Willows	Government Offices-County
Glenn County Emergency Svc	Willows	County Government-Public Order & Safety
Glenn County Planning & Public	Willows	Government Offices-County
Glenn County Sheriff's Civil	Willows	Sheriff
Glenn County Sheriff's Office	Willows	Government Offices-County
Glenn Family Medical Group	Willows	Clinics
Hamilton Elementary School	Hamilton City	Schools
Head Start	Orland	Child Care Service
Lake View Charter School	Orland	Schools
Lassen Land Co	Orland	Farm Management Service
Mar-Val Food Stores	Willows	Grocers-Retail
Mendocino National Forest	Willows	Federal Government-Land/Mineral/Wildlife/Fore
Mill Street School	Orland	Schools
Murdock Elementary School	Willows	Schools
Olson Meat Co	Orland	Meat-Retail
Omega Walnuts	Orland	Nuts-Edible-Processing
Orland Unified School District	Orland	School Districts
Riverwest Processing Inc	Glenn	Nuts-Edible-Wholesale & Processing
Sav-Mor Foods	Orland	Grocers-Retail
Sierra Nevada Cheese Co	Willows	Cheese
Sun Bridge Ctr of Willows	Willows	Convalescent Homes
Sunsweet Dryers	Orland	Fruits-Dried (whls)

Source: *California Employment Development Department*, extracted from the *America's Labor Market Information System (ALMIS) Employer Database, 2026 1st Edition*, last updated March 2026.

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Income

The following tables show the personal income and per capita personal income for the County, the State of California and the United States from 2020 through 2024.

PERSONAL INCOME Glenn County, State of California, and the United States Calendar Years 2020 through 2024

Year	Glenn County	California	United States
2020	1,435,156	2,770,488,779	19,613,059,000
2021	1,505,763	3,019,215,724	21,144,814,000
2022	1,477,598	3,021,645,501	23,577,208,000
2023	1,552,265	3,182,779,295	23,577,208,000
2024	1,650,270	3,400,237,317	24,897,613,000

Source: U.S. Bureau of Economic Analysis, *SAINCI State annual personal income summary: personal income, population, per capita personal income* and *CAINCI County and MSA personal income summary: personal income, population, per capita personal income* (accessed Tuesday, March 3, 2026).

PER CAPITA PERSONAL INCOME⁽¹⁾ Glenn County, State of California, and the United States Calendar Years 2020 through 2024

Year	Glenn County	California	United States
2020	49,678	70,100	59,151
2021	52,440	77,134	64,692
2022	52,081	77,196	66,298
2023	55,064	81,196	70,002
2024	58,305	86,232	73,204

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

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Commercial Activity

A summary of historic taxable sales in the County and City from 2020 through 2024 (the most recent data available) are shown in the following tables.

**VALUATION OF TAXABLE TRANSACTIONS
Glenn County
Fiscal Years 2020 through 2024**

<u>Year</u>	<u>Total Retail and Food Permits</u>	<u>Retail and Food Taxable Transactions</u>	<u>Total Outlet Permits</u>	<u>Total Outlets Taxable Transactions</u>
2020	669	\$296,748,029	1,089	\$503,272,307
2021	569	346,734,512	955	581,486,601
2022	590	375,780,094	996	363,141,496
2023	551	352,261,972	939	612,530,860
2024	529	344,550,188	893	593,208,721

Source: California Department of Tax and Fee Administration.

**VALUATION OF TAXABLE TRANSACTIONS
City of Willows
Fiscal Years 2020 through 2024**

<u>Year</u>	<u>Total Retail and Food Permits</u>	<u>Retail and Food Taxable Transactions</u>	<u>Total Outlet Permits</u>	<u>Total Outlets Taxable Transactions</u>
2020	169	\$84,041,088	260	\$111,790,868
2021	146	92,345,598	228	117,682,038
2022	144	97,109,689	227	123,128,928
2023	127	92,659,914	201	123,138,973
2024	129	88,730,913	199	121,448,480

Source: California Department of Tax and Fee Administration.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Willows Unified School District (the “District”) in connection with the execution and delivery of \$ _____ aggregate principal amount of the District’s 2026 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the District on _____, 2026 (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

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

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

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

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

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

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

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

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

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2026 (“Final Official Statement”).

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than nine (9) months after the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the fiscal year ended June 30, 2026, which would be due on April 1, 2027, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

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

(c) The Dissemination Agent shall:

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

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

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

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

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

(i) Adopted general fund budget for the current fiscal year;

(ii) Assessed valuations, as shown on the most recent equalized assessment roll;

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

(iv) Secured tax charges and delinquencies, only if the County terminates or discontinues the Teeter Plan within the District.

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

SECTION 6. Reporting of Significant Events.

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

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

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

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

(ii) Modifications of rights to security holders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; and

(viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

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

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

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

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

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

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

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

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

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

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

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

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

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

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

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

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

Dated: _____, 2026

WILLOWS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

Acceptance of duties as Dissemination Agent:

EASTSHORE CONSULTING LLC

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Willows Unified School District

Name of Issue: \$_____ 2026 General Obligation Refunding Bonds

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____, 2026. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

EASTSHORE CONSULTING LLC

By: _____
Authorized Representative

APPENDIX E

GLENN COUNTY INVESTMENT POLICY STATEMENT

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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

General

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

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

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