INFORMATION SHEET 12/14/2021 TRUSTEES' MEETING

ATTACHMENT 7.7

TO: Jim Bridges, Superintendent

FOR: Board of Trustees

FROM: Dena Whittington, CBO

ISSUE: RBC G-7 Disclosure Letter

At the October Regular Board Meeting, the District selected RBC Capital Markets to work with the Financial Advisor and Bond Counsel in the upcoming bond refunding and reissuance.

In accordance with SEC rules, the G-17 letter is attached.

RBC Capital Markets, LLC
Municipal Finance
Two Embarcadero Center, Suite 1200
San Francisco, CA 94111
Telephone: 415.445.8202

December 6, 2021

Dena Whittington
Chief Business Officer
Jefferson School District
1219 Whispering Wind Drive
Tracy, CA 95377

Re: **Jefferson School District**
2022 General Obligation Refunding Bonds & 2010 Election, 2022 Series D General Obligation Bonds (the "Bonds")

Dear Dena,

RBC Capital Markets, LLC (RBCCM) is writing you, the Chief Business Official of the Jefferson School District (the "District") to:

(i) Confirm the engagement of RBC Capital Markets, LLC as underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the above-captioned Bonds pursuant to the Securities and Exchange Commission's Municipal Advisor Rule, and
(ii) Provide certain disclosures as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).[1]

As part of our underwriting services as Underwriter, RBCCM may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

The following MSRB Rule G-17 (Rule G-17) conflict of interest disclosures are now broken down into three types, including: (i) dealer-specific conflicts of interest disclosures; (ii) transaction-specific disclosures (if applicable); and (iii) standard disclosures.

I. Dealer-Specific Conflicts of Interest Disclosures

RBCCM has identified the following potential or actual material conflicts:

ORDINARY COURSE OF BUSINESS ACTIVITIES AND RELATIONSHIPS

- RBCCM and its affiliates comprise a full service securities firm and a commercial bank among other entities. RBCCM engages in municipal advisory activities, securities trading and underwriting, corporate investment banking, asset management, retail and institutional brokerage, and other commercial and investment banking products and services for a wide range of corporations, municipal entities and individuals.
- The activities of RBCCM and its affiliates may include investment in, and trading of, securities and other financial instruments for their own account or the account of customers relating to the securities and/or financial instruments of the District.

[1] Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

- RBCCM and its affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views relating the securities of the District.
- RBCCM maintains business relationships with municipal advisory firms, broker-dealers, law firms and other transaction participants as part of its national municipal securities business but does not utilize referral arrangements with such entities regarding municipal underwriting, sales or trading. Further, RBCCM does not maintain any distribution agreements with respect to municipal securities offerings.

II. Transaction-Specific Disclosures

- Disclosures Concerning Fixed Rate Bonds and Complex Municipal Securities:
  Attached is a general description of the financial characteristics, risks and security structures of fixed rate municipal bonds as well as a general description of Capital Appreciation Bonds which are anticipated to be used in the upcoming bond financing (see Appendices A and B).

III. Standard Disclosures

- Disclosures Concerning the Underwriter's Role:
  - MSRB Rule G-17 requires an underwriter to deal fairly at all times with issuers, obligors and investors.
  - The underwriter's primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the District. The underwriter has financial and other interests that differ from those of the District.
  - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests.
  - The District may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the District's interest in this transaction.
  - The underwriter has a duty to purchase the Bonds from the District at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.
  - The underwriter will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.[2]

- Disclosures Concerning the Underwriter's Compensation:

  The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

If you or any other District officials have any questions or concerns about the engagement of RBCCM or these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you

[2] Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

should consult with the District's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate. This engagement is preliminary, non-binding and may be terminated at any time without penalty or liability for costs incurred by the underwriter.

Please note that nothing in this letter should be viewed as a commitment by the underwriters to purchase or sell all the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

You have been identified as a primary contacts for the District's receipt of these disclosures, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Please sign and return the enclosed copy of this letter to me via PDF or to the address set forth herein. Depending on the structure of the transaction that the District decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you in connection with the issuance of the Bonds. Thank you.

Sincerely,

_____
Frank Vega, Managing Director
RBC Capital Markets

_____
Katherine Jacobson, Director
RBC Capital Markets

Acknowledgement:

_____
Dena Whittington, Chief Business Officer
Jefferson School District

Date: _____

CC: Dr. James Bridges, Superintendent
Shin Green, Eastshore Consulting
Dan Maruccia, Lozano Smith

Appendix A

Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds (Fixed Rate Bonds), as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds.

Financial Characteristics

Maturity and Interest.
Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption.
Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security
Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds
"General obligation bonds" are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. Ad valorem taxes necessary to pay debt service on general obligation bonds may not be subject to state constitutional property tax millage limits (an unlimited tax general obligation bond). The term "limited" tax is used when such limits exist.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds
"Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for

payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

The description above regarding "Security" is only a brief summary of certain possible security provisions for Fixed Rate Bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the Fixed Rate Bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following:

Issuer Default Risk

You may be in default if the funds pledged to secure your bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk

Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk

If your financing plan contemplates refinancing some or all of the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the bonds to take advantage of lower interest rates.

Reinvestment Risk

You may have proceeds of the bonds to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest

those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as "negative arbitrage".

Tax Compliance Risk
The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing Fixed Rate Bonds.

Appendix B

Capital Appreciation Bonds

The following is a general description of the financial characteristics of Capital Appreciation Bonds (CABs), as well as a general description of certain financial risks that you should consider before deciding whether to issue CABs. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

Financial Characteristics

CABs accrete interest over the life of the bond and such interest is compounded semi-annually. Interest is not paid to the investor periodically. Instead, on each accretion date (the date when interest would normally be paid on a Current Interest Bond (CIB)) the interest is computed and then compounded, or essentially added to the principal (plus any initial premium). Therefore all of the interest that has accreted/compounded over the life of the bond, as well as the principal and any initial premium, are repaid at maturity. This can be contrasted with CIBs in which interest is typically paid out semi-annually and the principal is paid back at maturity.

Convertible CABs are a hybrid structure in which the bonds accrete interest while in CAB mode and then pay annual principal and semi-annual interest as a standard CIB after the conversion date. The interest and principal paid after the conversion date are based on the maturity value of the bonds instead of the original par value.

Financial Risk Considerations

Certain characteristics that may arise in connection with the issuance of CABs, including some or all of the following:

1. The rate of interest on a CAB is typically higher than that of a CIB of the same maturity date. Since investors do not receive interest payments until the maturity date, they require a higher interest rate to compensate for the loss of semi-annual interest payments.
2. The total debt service, or total principal, premium and interest paid, on a CAB will be more than that of a CIB of a corresponding maturity date. This is due to two reasons. First, the CAB interest rate is higher, which leads to more interest being paid. Second, since the accreted interest is compounded semi-annually, the issuer is effectively paying interest on interest.
3. Because no semi-annual interest payments are made on a CAB, the amount due at maturity can be large in comparison to the original amount borrowed. The longer the maturity date of the CAB, the greater the effect of the accreted/compounded interest will be and, consequently, the greater the maturity value of the CAB will be compared to a CIB.
4. CABs can be issued without an optional call provision which may limit the ability of the borrower to refinance.
5. If a CAB has an optional call provision, investors often seek a higher premium on the yield at the time of sale (reflecting the value of the call provision) than a comparable CIB.
6. The proportionate costs of issuance associated with selling CABs, as a percentage of the amount borrowed, may be greater on a CAB than on a comparable CIB. This is due to the fact that CABs generate less proceeds at issuance than a comparable CIB.