

**SUPPLEMENT DATED AUGUST 24, 2020
TO
OFFICIAL STATEMENT DATED JULY 21, 2020**

**\$12,130,000
2020 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
HUNTINGTON BEACH CITY SCHOOL DISTRICT
(Orange County, California)**

This Supplement dated August 24, 2020 (the “Supplement”) supplements the above referenced Official Statement dated July 21, 2020 (the “Official Statement”) with respect to the above-captioned certificates. This Supplement provides certain updated information with respect to the District’s budget for fiscal year 2020-21, the distance learning plan for students for the current school year, and the recruitment process for a permanent Superintendent.

This Supplement constitutes an integral part of the Official Statement and should be read in conjunction with the Official Statement. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Official Statement.

District Fiscal Year 2020-21 Budget

Fiscal Year 2020-21 Adjusted Budget. On June 29, 2020, the State Governor signed the fiscal year 2020-21 budget into law (the “2020-21 Budget”). On August 4, 2020, the District’s staff presented an adjusted budget to the Board (the “Fiscal Year 2020-21 Adjusted Budget”), which was adopted by the Board on such date. The following table sets forth a comparison of the total General Fund revenues and expenditures in the Fiscal Year 2020-21 Adopted Budget as compared to the Fiscal Year 2020-21 Adjusted Budget.

**HUNTINGTON BEACH CITY SCHOOL DISTRICT
Comparison of 2020-21 Adopted Budget to 2020-21 Adjusted Budget**

	<i>2020-21 Adopted Budget</i>	<i>2020-21 Adjusted Budget</i>	<i>Difference Between 2020-21 Adopted Budget and 2020-21 Adjusted Budget</i>
Total Revenues	\$ 58,644,656	\$ 62,083,345	\$ 3,438,689
Total Expenditures	\$ 59,347,544	\$ 60,984,539	\$ 1,636,995
Revenues over (under) expenditures	\$ (702,888)	\$ 1,098,806	\$ 1,801,694

Source: Huntington Beach City School District Fiscal Year 2020-21 Adopted Budget and Fiscal Year 2020-21 Adjusted Budget.

One-Time Funding Sources. The District has been allocated certain one-time funding in fiscal year 2020-21 to mitigate increases in certain costs resulting from the COVID-19 pandemic, which total approximately \$3.4 million as described below.

The District has been allocated approximately \$360,000 through the Elementary and Secondary School Emergency Relief Fund under the federal CARES Act. Such amounts may be used for, among other purposes, costs relating distance learning, school meals, personal protective equipment, cleaning supplies; and assisting with providing continuity of services and must be spent by September 30, 2021.

In the State's 2020-21 Budget, the District has been allocated approximately \$3.0 million through the Learning Loss Mitigation Fund made available pursuant to the CARES Act. The funds are required to be spent on educational programmatic activities which support pupil academic achievement and mitigate learning loss related to COVID-19 school closures. A condition of receiving such funding is certification that a learning continuity and attendance plan pursuant to Section 43509 of the Education Code will be adopted by the District by September 30, 2020. The District expects to adopted a learning continuity and attendance plan prior to the September 30, 2020 deadline.

Multi-Year Projections. The District had previously projected that it would be classified as a "basic aid" or "community funded" school district beginning in fiscal year 2021-22 with its funding being primarily from local property taxes rather than State LCFF funding. After its review of the State's 2020-21 Budget, the District has determined it will not likely convert to community funded district until fiscal year 2022-23. This results primarily from the provisions of SB 117 relating to LCFF funding. Under the provisions of SB 117, notwithstanding the District's projection of continued declining enrollment in the current and next two fiscal years, the State will provide LCFF funding based on enrollment levels in fiscal year 2019-20.

Based on the Fiscal Year 2020-21 Adjusted Budget, the District provided updated multi-year projections to the Board on August 4, 2020. The District projects General Fund revenues to exceed expenditures by \$1,098,806 in fiscal year 2020-21 and by \$777,348 in fiscal year 2021-22. The District projects that General Fund expenditures will exceed revenues by \$1,321,790 in fiscal year 2022-23. The District currently projects a General Fund ending balance at the end of fiscal year 2022-23 of approximately \$8,392,800. Such projections do not reflect the effects of the refinancing of the 2010 Certificates, the 2014 Lease or the 2012 Lease or the proposed payoff of all or a portion the Certificates or the 2012 Lease from proceeds of the sale of the Gisler Property or the effects of the State's adopted budget for fiscal year 2020-21.

The District expects that based on the effect of the State's 2020-21 Budget and the District's Fiscal Year 2020-21 Adjusted Budget, it will maintain a reserve for economic uncertainty equal to at least 3% of General Fund expenditures for fiscal years 2020-21 through 2022-23, as required by State law.

School Reopening Plan

On August 11, 2020, the Board adopted a three phase reopening plan for the District's schools (the "Reopening Plan"). During the first phase of the Reopening Plan, all instruction will be conducted through virtual learning methods. The District expects to operate under the first phase when the 2020-21 school commences, which is currently scheduled for September 10, 2020.

During the second phase, a combination of in-person instruction and virtual learning will be used. The third phase will be a return to full five-day in-person learning. During the second and third phases, full virtual learning will be made available to students who wish to continue participating in such method.

The District expects that decisions with respect to the transitions to the second and third phases of the Reopening Plan will be based on guidance from State and local public health officials and input from community and stakeholder groups.

Superintendent Recruitment Process

The District has engaged Education Support Services Group Consulting Group to assist with the recruitment process for a permanent Superintendent for the District. The District is still developing the schedule for the recruitment of a permanent Superintendent.

Dated: August 24, 2020

HUNTINGTON BEACH CITY SCHOOL DISTRICT