SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 9.6__

Meeting Date: May 2, 2024

Subject: Approve Resolution No. 3402 Authorizing the Issuance and Sale of Its General Obligation Bonds, 2020 Election, 2024 Series B in the Aggregate Principal Amount of Not to Exceed $262,500,000, Authorizing the Distribution of an Official Statement for the Bonds, and other Documents and Action Related Thereto

☐ Information Item Only
☐ Approval on Consent Agenda
☐ Conference (for discussion only)
☐ Conference/First Reading (Action Anticipated: _______________)
☐ Conference/Action
☒ Action
☐ Public Hearing

Division: Business and Operations

Recommendation: It is recommended that the Board approve Resolution No. 3402 Authorizing the Issuance and Sale of Its General Obligation Bonds, 2020 Election, 2024 Series B in the Aggregate Principal Amount of Not to Exceed $262,500,000, Authorizing the Distribution of an Official Statement for the Bonds, and other Documents and Action Related Thereto

Background/Rationale: On March 3, 2020, voters within the District authorized the issuance and sale of $750,000,000 aggregate principal amount of general obligation bonds of the District (the "Measure H"). The District previously issued its $225,000,000 General Obligation Bonds, Election of 2020 (Measure H) 2022 Series A under Measure H, the proceeds of which are being spent for voter-approved Measure H Projects. $525,000,000 in bonds remains for issuance under Measure H. The District is now in the process of preparing to issue the second series of bonds authorized by Measure H in an amount not to exceed $262.5 million (the "Series B Bonds") in order to undertake additional Measure H projects.

As part of this approval, various legal and disclosure documents are submitted in a substantially final form, which documents will be approved by the adoption of the Resolution. These documents include the following:

- Notice of Sale – an invitation to underwriters to bid for the purchase of the bonds in a competitive sale awarding the bonds to the underwriter with the lowest True Interest Cost to the District of the Series B Bonds;
- Preliminary Official Statement (the "POS") - the marketing document that will be distributed to investors to permit them to make a decision whether to invest in the Series B Bonds; and
- Continuing Disclosure Agreement (an exhibit to the POS) - required by federal securities laws and obligates the District to provide annual reports to the municipal marketplace through an online portal to update the information provided to investors in the POS.

Financial Considerations: There is no impact to the general fund. General obligation bonds are repaid from property taxes levied on real property in the District. The costs of issuance for the Series B Bonds will be paid from proceeds of the Series B Bonds. Disclosures of such estimated costs are set forth in the Resolution as an exhibit. The proceeds of the Series B Bonds will be deposited to the District's Building Fund and available for expenditure on Measure H projects as previously described to the Board.

LCAP Goal(s): Safe, Emotionally Healthy, Engaged Students; Family and Community Empowerment; Operational Excellence

Documents Attached:

1. Resolution No. 3402 Authorizing the Issuance and Sale of Its General Obligation Bonds, 2020 Election, 2024 Series B in the Aggregate Principal Amount of Not to Exceed $262,500,000, Authorizing the Distribution of an Official Statement for the Bonds, and other Documents and Action Related Thereto
2. Notice of Sale
3. Preliminary Official Statement

Estimated Time of Presentation: 10 minutes
Submitted by: Janea Marking, Chief Business and Operations Officer
Approved by: Lisa Allen, Superintendent

RESOLUTION NO. 3402

RESOLUTION OF THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF ITS SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (SACRAMENTO COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2020 (MEASURE H), 2024 SERIES B IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $262,500,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE BONDS, AND OTHER DOCUMENTS AND ACTIONS RELATED THERETO

WHEREAS, an election was duly called and regularly held in the Sacramento City Unified School District (the "District"), located in the County of Sacramento ("County"), California, on March 3, 2020, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code), was submitted to the electors of the District (the "Bond Measure"):

> "To upgrade student classrooms, labs, libraries, and learning technology for quality instruction in math, science, arts and engineering; provide modern career training centers; update schools to meet current academic/safety standards; and acquire/repair/construct/equip school facilities shall Sacramento City Unified School District issue $750,000,000 in bonds at legal rates, levying 5¢ per $100 assessed value ($35,000,000 annually) while bonds are outstanding, with citizen oversight/audits and all funds locally controlled?"

WHEREAS, at least fifty-five percent (55%) of the votes cast on the Bond Measure were in favor of issuing bonds ("Authorization");

WHEREAS, the District has previously issued $225,000,000 aggregate principal amount of general obligation bonds pursuant to the Authorization, such that $525,000,000 aggregate principal amount of bonds remain for issuance under the Authorization;

WHEREAS, the Board of Education of the District (the "Board") deems it necessary and desirable to authorize and consummate the sale of one or more series of the bonds, designated the "Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B" (the "Bonds") in an aggregate principal amount not exceeding $262,500,000 according to the terms and in the manner hereinafter set forth;

WHEREAS, Section 15140(b) of the Education Code of the State of California authorizes a county board of supervisors to allow school districts over which the county superintendent of schools has jurisdiction to issue and sell school bonds directly without further action by the board of supervisors or officers of the county if said school district has not received a qualified or negative certification in its most recent interim report; and

WHEREAS, the District is authorized by Section 53506 *et seq*. of the Government Code to sell bonds by public or private sale; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the Purchaser must have reasonably determined that the issuer or other obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the District desires to execute and deliver a continuing disclosure agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution ("Continuing Disclosure Agreement"), a form of which has been prepared;

WHEREAS, the Preliminary Official Statement to be distributed in connection with the public offering of the Bonds, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution ("Preliminary Official Statement") has been prepared;

WHEREAS, the Board has been presented with the form of each document referred to herein relating to the financing, and the Board has examined each document and desires to approve, authorize and direct the execution of such documents and the consummation of such financing;

WHEREAS, the District desires that the Director of Finance (through the Auditor-Controller Division of the County) annually establish tax rates on taxable property within the District for repayment of the Bonds, pursuant to Sections 29100-29103 of the Government Code, that the Board of Supervisors of the County annually approve the levy of such tax, and that the Director of Finance annually collect such tax and apply the proceeds thereof to the payment of principal of and interest on the Bonds when due, all pursuant to Education Code Section 15260 et seq.; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Sacramento City Unified School District, as follows:

Section 1. Recitals. All of the above recitals are true and correct and the Board so finds.

Section 2. Definitions. Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Authorized Officers" means the President of the Board, or such other member of the Board as the President may designate, the Superintendent of the District, and the Chief Business and Operations Officer, or such other officer or employee of the District as the Superintendent or the Chief Business and Operations Officer may designate.

"Board" means the Board of Education of the District.

"Board of Supervisors" means the Board of Supervisors of the County.

"Bonds" means the bonds authorized and issued pursuant to this Resolution designated the "Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B".

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement executed and delivered by the District relating to the Bonds.

"County" means the County of Sacramento.

"Director of Finance" shall mean the Director of Finance of the County.

"District" means the Sacramento City Unified School District.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor thereto appointed pursuant to Section 9 hereof.

"Interest Payment Date" means February 1 and August 1 of each year commencing on February 1, 2025, with respect to the Bonds or such other dates as may be set forth in the Certificate of Award.

"Municipal Advisor" means Dale Scott & Co., Inc., as municipal advisor to the District.

"Notice of Intention to Sell Bonds" means the notice of intention to be used to advertise the offering of the Bonds as required by section 53692 of the California Government Code.

"Official Notice of Sale" means the official notice of sale relating to the Bonds.

"Official Statement" means the Official Statement of the District relating to the Bonds and any other general obligation bonds of the District to be issued concurrently with the Bonds.

"Opinion of Bond Counsel" means an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds.

"Owner" means, with respect to any Bond, the person whose name appears on the Registration Books as the registered Owner thereof.

"Paying Agent" means Director of Finance of the County, or any bank, trust company, national banking association or other financial institution appointed as Paying Agent to act as authenticating agent, bond registrar, transfer agent, and paying agent for the Bonds in accordance with Section 8 hereof.

"Preliminary Official Statement" means the Preliminary Official Statement of the District relating to the Bonds and any other general obligation bonds of the District to be issued concurrently with the Bonds.

"Purchaser" shall mean the entity to whom the Certificate of Award is awarded pursuant to Section 5 hereof.

"Record Date" means, with respect to any Interest Payment Date for the Bonds, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a business day, or such other date or dates as may be set forth in the Certificate of Award

"Registration Books" means the books for the registration and transfer of the Bonds maintained by the Paying Agent in accordance with Section 8(d) hereof.

"State" means the State of California.

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

"Tax Certificate" means the Tax Certificate with respect to the Bonds executed by the District, dated the date of issuance of the Bonds.

Section 3. Authorization and Designation of Bonds. The Bonds described herein shall be issued pursuant to the authority of Article 4.5 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code, and other applicable provisions of law, including applicable provisions of the Education Code. The Board of Education hereby authorizes the issuance and sale of not to exceed $262,500,000 aggregate principal amount of Bonds. The Bonds shall be designated "Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B" with such additional series designations as may be necessary or advisable in order to market the Bonds. The proceeds of the Bonds, exclusive of any premium and accrued interest received, shall be applied to finance projects authorized to be financed under the Authorization.

Section 4. Form of Bonds: Execution.

(a) Form of Bonds. The Bonds shall be issued in fully registered form without coupons. The Bonds and the certificate of authentication and registration and the forms of assignment to appear on each of them, shall be in substantially the form attached hereto as **Exhibit A**, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution.

(b) Execution of Bonds. The Bonds shall be signed by the manual or facsimile signatures of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. The Bonds shall be authenticated by a manual signature of a duly authorized signatory of the Paying Agent.

(c) Valid Authentication. Only such of the Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (a) of this Section, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of authentication and registration shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(d) Identifying Number. The Paying Agent shall assign each Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal office, which record shall be available to the District and the County for inspection.

Section 5. Terms of Bonds.

(a) Date of Bonds. The Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Certificate of Award.

(b) Denominations. The Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Certificate of Award. No Bond shall mature later than the date which is 40 years after the date of issuance of the Bonds; provided, however, that for any Bonds that have a maturity greater than 30 years, an Authorized Officer shall have made a finding that the useful life of the facility financed with the Bonds equal or exceeds the maturity date of the Bonds, to be determined as provided in subsection (a) of this Section. No Bond shall have principal maturing on more than one principal maturity date.

(d) Interest. The Bonds shall bear interest at an interest rate not to exceed 8.00% per annum, payable on the Interest Payment Dates in each year computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on a Record Date and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. The Bonds may be issued as Tax-Exempt Bonds, or as federally taxable Bonds, as set forth in the Official Notice of Sale and Official Statement for the Bonds.

Section 6. Payment of Bonds.

(a) Request for Tax Levy. The money for the payment of principal, redemption premium, if any, and interest on the Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the Interest and Sinking Fund of the District. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors of the County to annually levy a tax upon all taxable property in the District sufficient to redeem the Bonds, and to pay the principal, redemption premium, if any, and interest thereon as and when the same become due.

The ad valorem tax revenues levied to pay the Bonds shall, when collected, be deposited into the Interest and Sinking Fund of the District. The foregoing Interest and Sinking Fund and ad valorem tax revenues are irrevocably pledged, and the District hereby grants a lien and security interest therein, for the payment of the principal, redemption premium, if any, and interest on the Bonds when and as the same fall due. The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal, redemption premium, if any, and interest on the Bonds as the same become due and payable, shall be transferred by the County or the District, as the case may be, to the Paying Agent, as paying agent for the Bonds, as necessary to pay the principal, redemption premium, if any, and interest on the Bonds. The property taxes and amounts held in the Interest and Sinking Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to any statutory lien that may exist, and the Bonds are being issued to finance one or more projects and not to finance the general purposes of the District.

Additionally, in accordance with Section 15251(b) of the California Education Code and Section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the Bonds. The lien shall automatically attach without further action or authorization by the District or the County. The lien shall be valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

(b) Financial. The principal of the Bonds shall be payable in lawful money of the United States of America to the Owners thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(c) Interest, Record Date. The interest on the Bonds shall be payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to such Owner at such Owner's address as it appears on the Registration Books or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date.

(d) Interest and Sinking Fund. Principal and interest due on the Bonds shall be paid from the Interest and Sinking Fund of the District as provided in Section 15250 of the Education Code.

(e) Obligation of the District. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The obligation for repayment of the Bonds is the sole obligation of the District.

Section 7. Redemption Provisions.

(a) Optional Redemption. The Bonds may be subject to redemption, at the option of the District, on the dates and terms as shall be designated in the Certificate of Award. The Certificate of Award may provide that the Bonds shall not be subject to optional redemption, and may provide separate and distinct redemption provisions for the Bonds.

(b) Selection. If less than all of the Bonds are subject to such redemption and are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District (or as otherwise set forth in the Certificate of Award), and if less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed shall be determined by lot (or as otherwise set forth in the Certificate of Award).

(d) Mandatory Sinking Fund Redemption. The Bonds, if any, which are designated in the Certificate of Award as term bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot (or as otherwise set forth in the Certificate of Award), from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in such Certificate of Award. Unless otherwise provided in the Certificate of Award, the principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity redeemed in accordance with subsection (a) or (b) of this Section prior to the mandatory sinking fund payment date. The Certificate of Award may provide that the Bonds shall not be subject to mandatory sinking fund redemption. The Director of Finance is hereby authorized to create such sinking funds or accounts for the term Bonds as shall be necessary to accomplish the purposes of this Section.

(e) Notice of Redemption. Notice of any redemption of the Bonds shall be mailed by the Paying Agent, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the Registration Books, and (ii) as may be further required in accordance with the Continuing Disclosure Agreement. Each notice of redemption shall state (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Bonds to be redeemed; (vi) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (vii) the CUSIP number, if any, of each Bond to be redeemed; (viii) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (viii) notice that further interest on such Bonds will not accrue after the designated redemption date; and (ix) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

(f) Effect of Notice. A certificate of the Paying Agent that notice of redemption has been given to Owners as herein provided shall be conclusive as against all parties. Neither the failure to receive the notice of redemption as provided in this Section, nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of interest on the date fixed for redemption. When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in subsection (h) of this Section, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the Interest and Sinking Fund or the trust fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(g) Right to Rescind Notice. 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, 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.

(h) Funds for Redemption. Prior to or on the redemption date of any Bonds there shall be available in the Interest and Sinking Fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as in this Resolution provided, the Bonds designated in the notice of redemption. Such monies shall be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the Interest and Sinking Fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Interest and Sinking Fund of the District, unless otherwise provided to be paid from such monies held in trust. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund of the District or otherwise held in trust for the payment of redemption price of the Bonds, the monies shall be held in or returned or transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of bonds of the District, the monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

(i) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all of the outstanding Bonds all or any part of the principal, interest and premium, if any, on the Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 6 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (j) of this Section shall apply in all events.

For purposes of this Section, the District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations 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, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(j) Unclaimed Monies. Any money held in any fund created pursuant to this Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from the fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

Section 8. Paying Agent.

(a) Appointment, Payment of Fees and Expenses. This Board does hereby consent to and confirm the appointment of Director of Finance to act as the initial paying agent for the Bonds. All fees and expenses of the paying agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Bonds, or from the Interest and Sinking Fund of the District, insofar as permitted by law, including specifically by Section 15232 of the Education Code, such fees and expenses shall be paid by the District.

(b) Resignation, Removal and Replacement of Paying Agent. The Paying Agent initially appointed or any successor Paying Agent may resign from service as Paying Agent and may be removed at any time by the County after consultation with the District as provided in the Paying Agent's service agreement. If at any time the Paying Agent shall resign or be removed, the District shall appoint a successor Paying Agent, which shall be any bank, trust company, national banking association or other financial institution doing business in and having a corporate trust office in California, with at least $50,000,000 in net assets.

(c) Principal Corporate Trust Office. The initial Paying Agent, and any successor Paying Agent, shall designate each place or places where it will conduct the functions of transfer, registration, exchange, payment, and surrender of the Bonds, and any reference herein to the "principal corporate trust office" of the Paying Agent shall mean the office so designated for a particular purpose. If no office is so designated for a particular purpose, such functions shall be conducted at the office of Director of Finance of the County, in Sacramento, California, or the principal corporate trust office of any successor Paying Agent.

(d) Registration Books. The Paying Agent shall keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District and the County, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Registration Books, Bonds as provided in Sections 9 and 10 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the District in a format mutually agreeable to the Paying Agent and the District.

Section 9. <u>Transfer Under Book-Entry System; Discontinuation of Book-Entry System</u>.

(a) Unless otherwise specified in the Certificate of Award, DTC is hereby appointed depository for the Bonds and the Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of DTC. One bond certificate shall be issued for each maturity of the Bonds; provided, however, that if different CUSIP numbers are assigned to Bonds maturing in a single year or, if Bonds maturing in a single year are issued with different interest rates, additional bond certificates shall be prepared for each such maturity. Registered ownership of such Bonds of each such maturity, or any portion thereof, may not thereafter be transferred except as provided in this Section or Section 10 hereof:

(i) To any successor of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a "substitute depository"); provided, however that any successor of DTC, as nominee of DTC or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the District to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the District can be obtained, or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this Section, upon receipt of the outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, a new Bond for each maturity shall be executed and delivered in the aggregate principal amount of such Bonds then outstanding), registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) of this Section, upon receipt of the outstanding Bonds by the Paying Agent together with a written request of the District to the Paying Agent, new Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District, subject to the limitations of Section 5 hereof and the receipt of such a written request of the District, and thereafter, the Bonds shall be transferred pursuant to the provisions set forth in Section 10 hereof provided, however, that the Paying Agent shall not be required to deliver such new Bonds within a period of less than 60 days after the receipt of any such written request of the District.

(c) In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount then outstanding, DTC shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal.

(d) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the District or the Paying Agent; and the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(e) So long as the outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Paying Agent shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 10. Transfer and Exchange.

(a) Transfer. Following the termination or removal of DTC or successor depository pursuant to Section 9 hereof, 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, as provided in Section 4 hereof, new Bonds, of the same maturity, Interest Payment Date 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.

No transfer of any Bond shall be required to be made by the Paying Agent (i) during the period established by the Paying Agent for selection of the Bonds for redemption, and (ii) after any Bond has been selected for redemption.

(b) Exchange. The Bonds may be exchanged for Bonds of other authorized denominations of the same maturity and Interest Payment Date, 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, as provided in Section 4 hereof, new Bonds of the same maturity and interest payment mode 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.

No exchange of any Bonds shall be required to be made by the Paying Agent (i) during the period established by the Paying Agent for selection of the Bonds for redemption, and (ii) after any Bond has been selected for redemption.

Section 11. Sale of Bonds. The Bonds shall be sold upon the taking of public bids and shall be offered by means of an Official Notice of Sale, substantially in the form presented to the Board at this meeting. Such bonds shall be sold to the responsible bidder who makes the best responsive bid therefor, after publication of a Notice of Intention to Sell Bonds once at least five (5) days before the date of sale in a financial publication generally circulated throughout the State of California or which the Municipal Advisor advises is expected to be disseminated among prospective bidders for the Bonds. The Official Notice of Sale with respect to the competitively sold Bonds shall require that (i) the purchase price of such Bonds shall be no less than the principal amount thereof; (ii) such Bonds shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by this section. The forms of the Official Notice of Sale on file with the Secretary to the Board are hereby approved, and the Authorized Officers are each hereby authorized to publicize one or more instruments in substantially said form and award the sale pursuant thereto and pursuant to one or more certificates of award (the "Certificate of Award"), subject to such changes or revisions to the Official Notice of Sale as may be acceptable to the Authorized Officer, and the District's approval of all such changes shall be conclusively evidenced by the execution and delivery of the Certificate of Award. The District reserves the right to reject all bids and to re-bid the Bonds or, if necessary, to sell the Bonds by negotiated sale as permitted by law, upon consultation the District's Municipal Advisor, and upon terms and conditions otherwise in conformity with the limitations contained in this Resolution.

The Certificate of Award or such other document awarding the sale of Bonds, shall recite the terms of the Bonds sold under such document in accordance with Section 5 hereof as determined in the sale thereof. The Certificate of Award shall recite the aggregate principal amount of the Bonds and shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual Interest Payment Dates thereof, and the terms of optional, extraordinary and mandatory sinking fund redemption thereof if any.

In accordance with Section 15146(g) of the Education Code, to the extent not contracted to be paid by the Purchaser, the Authorized Officers are each hereby authorized to cause to be deposited in a costs of issuance account, which may be held by U.S. Bank Trust Company, National Association, as cost of issuance administrator, proceeds of sale of the Bonds (exclusive of any premium or accrued interest received) in an amount not exceeding 2.00% of the principal amount of the Bonds sold, as shall be set forth in the Certificate of Award, for the purposes of paying the costs associated with the issuance of the Bonds not contracted to be paid by the Purchaser, if any.

In accordance with subsection (h) and (i) of Section 15146 of the Education Code, the Authorized Officers are each hereby authorized to cause to be deposited in the Interest and Sinking Fund of the District proceeds of sale of the Bonds (in addition to any premium or accrued interest received) to fund (i) an annual reserve permitted by Section 15250 of the Education Code, and/or (ii) capitalized interest in an amount not exceeding the interest scheduled to become due on the Bonds for a period of two years from the date of issuance of the Bonds, as shall be set forth in the Certificate of Award, if any such a deposit is deemed by the Authorized Officer executing the same to be in the best interests of the District.

For purposes of Education Code section 15146(b) and Government Code section 5852.1, good faith estimates of (a) the true interest cost of the Bonds; (b) the costs associated with the issuance of the Bonds; (c) the amount of proceeds to be received by the District (less the Costs of Issuance or reserves or capitalized interest, if any); and (d) the total payments of principal of and interest on the Bonds through the final maturity of the Bonds, are set forth on **Exhibit B** attached hereto and incorporated herein.

Section 12. Continuing Disclosure Agreement. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver a Continuing Agreement in substantially said form, as is necessary to cause the requirements of Rule 15c2-12 to be satisfied, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such determination, requirement or approval to be conclusively evidenced by the execution of the applicable Continuing Disclosure Agreement by such Authorized Officer.

Section 13. Approval of Preliminary Official Statement. The Preliminary Official Statement to be distributed in connection with the public offering of the Bonds, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, with such changes, insertions and omissions as may be approved by an Authorized Officer, is hereby approved, and the use of such Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that such Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2 12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 14. Approval of Official Statement. The preparation and delivery of an Official Statement with respect to the Bonds, and its use by the Purchaser in connection with the offering and sale of the Bonds, is hereby authorized and approved. Such Official Statement shall be in substantially the form of the Preliminary Official Statement distributed in connection with the public offering of the Bonds with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the District, to execute the final Official Statement with respect to the Bonds and any amendment or supplement thereto and thereupon to cause such final Official Statement and any such amendment or supplement to be delivered to the Purchaser.

Section 15. Application and Investment of Proceeds.

(a) Proceeds Deposit. The proceeds from the sale of the Bonds shall be deposited in the County Treasury to the credit of the Building Fund of the District. Any premium or accrued interest received by the District shall be deposited in the Interest and Sinking Fund of the District in the County Treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District.

(b) Investment of Proceeds. Amounts deposited into the Building Fund and the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the Director of Finance's discretion pursuant to law and the investment policy of the County.

Section 16. Tax Covenants.

(a) Adverse Effect. The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate with respect to the Bonds to be executed by the District on the date of issuance of such Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Bonds.

(b) Yield Restriction. In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Director of Finance on behalf of the District, in accordance with this Resolution or pursuant to law, the District shall so request of the Director of Finance in writing, and the District shall make its best efforts to ensure that the Director of Finance shall take such action as may be necessary in accordance with such instructions.

(c) Legal Opinion. Notwithstanding any provision of this Section, if the District shall provide to the Director of Finance an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on Bonds under Section 103 of the Code, the Director of Finance may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate with respect to the Bonds, and the covenants hereunder shall be deemed to be modified to that extent.

Section 17. Professional Services. Dannis Woliver Kelley shall serve as bond counsel and as disclosure counsel to the District for the Bonds. Dale Scott & Co., Inc. shall serve as Municipal Advisor for the Bonds.

Section 18. Delegation of Authority. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 19. Approval of Negotiated Sale. In the event that the sale of the Bonds by public bid pursuant to the Official Notice of Sale does not achieve favorable sale results for the District, the Board hereby approves, upon consultation with the Municipal Advisor, of the sale of the Bonds on a negotiated basis to an underwriter to be selected by the District. If the Bonds are to be sold by negotiated sale, it is because conditions in the municipal marketplace are sufficiently complex and an underwriter can provide increased flexibility in structuring and planning the sale of the Bonds. Upon a negotiated sale, each reference herein to the Certificate of Award shall be deemed to refer to a Bond Purchase Agreement, the form of which is on file with the Secretary of the Board and hereby approved. In the event that the Bonds are to be sold by negotiated sale, the Authorized Officers and such other officers of the District as may be authorized by the Board are, and each of them acting alone is, authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the District, with such additions, changes or corrections therein as the officer executing the same on behalf of the District may approve, in his/her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such officer's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the underwriter.

Section 20. Approval of Actions. All actions heretofore taken by the officers, employees and agents of the District with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 21. Filing with County. The Superintendent, or such other officer or employee of the District as the Superintendent may designate, is hereby authorized and directed to report to the Director of Finance of the County the final terms of sale of the Bonds, and to file with the office of the Director of Finance (including the Auditor-Controller Division thereof) a copy of the executed Certificate of Award and this Resolution, and the schedule of amortization of the principal of and payment on the Bonds, and to file with the Director of Finance a proposed schedule of draws on the building fund of the District, and this Resolution shall serve as the notice required to be given by Section 15140(c) of the Education Code and as the District's request to the Director of Finance (including the Auditor-Controller Division thereof) and the Board of Supervisors of the County to propose and adopt in each year a tax rate applicable to all taxable property of the District for payment of the Bonds, pursuant to law; and to the other officers of the County to levy and collect said taxes for the payment of the Bonds, to pay in a timely manner to the Paying Agent on behalf of the Owners of the Bonds the principal, interest, and premium, if any, due on the Bonds in each year, and to create in the County Treasury to the credit of the District a building fund and an Interest and Sinking Fund pursuant to Section 15146 of the Education Code.

Section 22. Effective Date. This Resolution shall take effect from and after its date of adoption.

The foregoing resolution was, on the 2nd day of May, 2024, adopted by the Board of Education of the Sacramento City Unified School District at a regular meeting by the following vote:

AYES: ______

NOES: ______

ABSENT: ______

ABSTAIN: ______

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:_______________________________________
President of the Board of Education

ATTEST:

By:_________________________________
Secretary to the Board of Education

EXHIBIT A

FORM OF BOND

REGISTERED **REGISTERED**

NO. R-__ **$________**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(COUNTY OF SACRAMENTO, CALIFORNIA)
GENERAL OBLIGATION BOND
2020 ELECTION, 2024 SERIES B

INTEREST RATE:	**MATURITY DATE**:	**DATED**:	**CUSIP NO:**
___%	August 1, ____	_______, 2024	

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **DOLLARS**

The Sacramento City Unified School District (the "District") in Sacramento County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing _____ 1, 20__. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the close of business on the 15th day of the calendar month preceding any Bond Payment Date (the "Record Date") to such Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before ______ 15, 20__, in which event it shall bear interest from the date of delivery. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Bond Registrar, initially the Director of Finance of Sacramento County. Principal is payable upon presentation and surrender of this bond at the corporate trust office of the Bond Registrar in Sacramento, California. Interest is payable by check mailed by the Bond Registrar on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the Record Date. The Owner of Bonds in the aggregate principal amount of $1,000,000 or more may request in writing to the Bond Registrar that the Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date.

This bond is one of a series of $____________ of bonds approved for the purpose of financing the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith, under authority of and pursuant to the laws of the State of California, and the requisite 55% vote of the electors of the District cast at a duly called election held on March 3, 2020, upon the question of issuing bonds in the amount of $750,000,000, and the resolution of the Board of Education of the District adopted on May 2, 2024 (the "Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

Neither the District nor the Bond Registrar will be required to transfer or 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.

The Bonds are subject to redemption prior to maturity pursuant to the terms of the Certificate of Award dated _____, 2024.

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

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

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

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: [Form only/no signature required]
President, Board of Education

COUNTERSIGNED:

By: [Form only/no signature required]
Secretary, Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Resolution referred to herein which has been authenticated and registered on ___________.

[Form only/no signature required]
DIRECTOR OF FINANCE OF THE COUNTY

ASSIGNMENT

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

Dated:

Signature Guaranteed:

____
Commercial bank, trust company or member of a national securities exchange.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

DTC LEGEND

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

EXHIBIT B

BOND PARAMETERS AND
ESTIMATED COSTS OF ISSUANCE*

1. Estimated True Interest Cost of the Bonds: 4.45%

2. Estimated Costs of Issuance, including Underwriter's Discount and potential bond insurance (the "Finance Charge"):

Underwriter's Discount:	$ 393,750
Bond Insurance:	1,028,988
Other Costs of Issuance:	285,000
Total Finance Charge:	$1,707,738

3. Estimated Amount of Proceeds to be received by the District, less Finance Charge, reserves (if any) and capitalized interest (if any): $262,515,000

4. Estimated Total Payment Amount (Debt Service to Maturity, including any Finance Charge not paid with proceeds of the Bonds (if any)): $541,572,491

* The figures in this exhibit are good faith estimates provided by the District's Municipal Advisor as of April 8, 2024, and are subject to change based on market conditions at the time of sale and other factors.

OFFICIAL NOTICE OF SALE

$262,500,000*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
ELECTION OF 2020 (MEASURE H), 2024 SERIES B

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of $262,500,000* aggregate principal amount of Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B (the "Bonds") will be received by the Sacramento City Unified School District (the "District") at the time and in the form below specified:

DATE AND TIME: Thursday, June 6, 2024, until [9:00] A.M. (Pacific Daylight time).

SUBMISSION OF BIDS: Bids may be submitted (for receipt not later than the time set forth above) *electronically only* through the I-Deal LLC BiDCOMP/PARITY® system ("PARITY®"). See "FORM OF BID" herein.

ISSUE; BOOK ENTRY: $262,500,000* consisting of fully registered bonds. The Bonds will be dated as of their date of delivery, expected to be June 27, 2024, and will be issued in minimum denominations of $5,000. The Bonds will be issued in a book entry only system with no physical distribution of the Bonds made to the public. The Depository Trust Company ("DTC"), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

IMPORTANT NOTE: The District has designated a minimum and maximum purchase price at which the bonds are to be sold. See "TERMS OF SALE – Form of Bid; Minimum and Maximum Purchase Price".

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* Preliminary, subject to change.

MATURITIES: The Bonds will mature, or be subject to mandatory sinking fund redemption, on the dates and in the amounts, as set forth in the following table. *Each bidder is required to specify in its bid whether, for any particular year, the Bonds will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

$262,500,000*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2020 (MEASURE H), 2024 SERIES B

Maturity (August 1)	Principal Amount*	Maturity (August 1)	Principal Amount*

ADJUSTMENT OF PRINCIPAL AMOUNTS AND OF MATURITIES: The maturity amounts set forth above for the Bonds may be adjusted either upward or downward in order to meet tax rate considerations after award of the Bonds has been made to the successful bidder. The successful bidder will be notified of the actual principal amounts and maturity schedule relating to the Bonds within 26 hours after the expiration of the time prescribed for the receipt of proposals. Any increase or decrease will be in $5,000 increments of principal amounts. In the event of any such adjustment, no re-bidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn. The successful bidder will not be permitted to change the interest rates in its bid. The aggregate principal amount of the Bonds will be equal to $262,500,000* under any circumstances.

INTEREST: The Bonds shall bear interest, calculated on a 30/360 day basis, at a rate or rates to be fixed upon the sale thereof but not to exceed 8.00% per annum, payable semiannually on each February 1 and August 1, commencing August 1, 2024.

PAYMENT: Principal of the Bonds will be payable upon surrender at Director of Finance of Sacramento County, Sacramento, California (the "Paying Agent"). Interest on the Bonds will be payable by check or draft mailed by first class mail to the owner at the address listed on the registration books maintained by the Paying Agent for such purpose.

REGISTRATION: The Bonds will be issued as fully registered bonds as to both principal and interest. The Bonds will be issued in the book-entry system of The Depository

* Preliminary; subject to change.

Trust Company ("DTC"), and the ownership of the Bonds will be registered to the nominee of DTC.

OPTIONAL REDEMPTION: The Bonds maturing on and prior to August 1, 2034, are not subject to redemption prior to their stated maturity date. The Bonds maturing on and after August 1, 2035, are subject to redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2034 (in inverse order of maturity and by lot with a maturity), from any source lawfully available therefor, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption without premium.

SINKING FUND REDEMPTION: Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of term Bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of Bonds will be term Bonds, such term Bonds will be subject to mandatory sinking fund redemption on August 1 in each year so designated in the bid, in the respective amounts for such years as set forth above under the heading "MATURITIES," at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

PURPOSE: A duly called municipal election was held in the District on March 3, 2020, and thereafter canvassed pursuant to law. At such election there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith (the "Project") in the maximum aggregate principal amount of $750,000,000 (the "Authorization") payable from the levy of an *ad valorem* tax against the taxable property in the District. The Bonds represent the second issue under the Authorization and are being issued for the purpose of raising moneys for the Project and other authorized costs.

SECURITY: The Bonds are general obligations of the District. The Sacramento County Board of Supervisors has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property).

RATING: Moody's Investors Service has assigned the rating of "[A3]" to the Bonds.

MUNICIPAL BOND INSURANCE; BIDDER'S OPTION: The District has applied to certain bond insurance companies for a commitment to issue a policy insuring the payment when due of principal of and interest on the Bonds. In the event the District obtains a commitment for municipal bond insurance, each bidder has the option to elect whether such insurance will be issued. If the winning bidder elects to obtain any policy of municipal bond insurance, the premium for such insurance and the costs of any related ratings will be paid by the bidder, and the District will have no responsibility for payment of such premium and costs.

CERTIFICATE REGARDING MUNICIPAL BOND INSURANCE: If the winning bidder elects to obtain a policy of municipal bond insurance for the Bonds, the bidder will be required to execute and deliver to the District a certificate, in form and substance acceptable to bond counsel, stating that (a) the present value of the fees for the municipal bond insurance policy is less than the present value of expected interest savings as a result of the insurance, determined by using the yield of the Bonds as the discount rate in computing present value; and (b) based on the experience of the purchaser in assisting issuers to obtain municipal bond insurance, the fees for the bond insurance policy do not exceed a reasonable arm's length charge for transfer of the credit risk represented by the insurance and do not include any payment for any direct or indirect services other than the transfer of credit risk**.**

TERMS OF SALE

INTEREST RATE: No rate of interest may be bid which exceeds 8.00% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%), and a zero rate of interest cannot be specified. No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its dated date to its fixed maturity date.

FORM OF BID; MINIMUM AND MAXIMUM PURCHASE PRICE: Each proposal must be for not less than all of the Bonds hereby offered for sale. The minimum purchase price to be paid to the District for the Bonds shall not be less than ___% of the par value thereof. The maximum purchase price to be paid to the District for the Bonds shall not be more than ___% of the par value thereof. This purchase price is net of purchaser's compensation and bond insurance premium, if obtained. No bid will be entertained which fails to satisfy the minimum and maximum purchase price requirements specified in this paragraph. In addition, no bid shall provide for original issue premium, net of purchaser's compensation and bond insurance premium, if obtained, which results in remaining original issue premium which exceeds interest due on the Bonds in the first 3 years.

To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about BiDCOMP/PARITY®, bidders may contact Dale Scott & Company (415) 956-1030 or BiDCOMP/PARITY® at (212) 404-8102.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE DISTRICT, DALE SCOTT & CO., INC. ("MUNICIPAL ADVISOR"), OR DANNIS WOLIVER KELLEY ("BOND COUNSEL") TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BiDCOMP/PARITY® AND THAT BiDCOMP/PARITY® IS NOT ACTING AS AN AGENT OF THE DISTRICT. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BiDCOMP/PARITY® AND THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BiDCOMP/PARITY®. THE DISTRICT SHALL ASSUME THAT ANY BID RECEIVED THROUGH BiDCOMP/PARITY® HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE DISTRICT WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER, NONE OF THE DISTRICT, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME ANY RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE DISTRICT AND THE DISTRICT

SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY BiDCOMP/PARITY® AS THE OFFICIAL TIME.

BEST BID: The Bonds will be awarded to the responsible bidder or bidders offering to purchase the Bonds at the *lowest true interest cost* to the District. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be calculated to the dated date of the Bonds (assumed to be June 27, 2024) and will be based on the proposed bid amount (par value plus any premium). For the purpose of making such determination, it shall be assumed that any Bond designated as term bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein. Each bidder is requested, but not required, to state in his bid the percentage true interest cost to the District, which shall be considered as informative only and shall not be binding on either the bidder or the District. The determination of the best bid by the District's Municipal Advisor shall be binding and conclusive on all bidders.

RIGHT OF CANCELLATION OF SALE BY DISTRICT: The District reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the District shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through PARITY® as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

RIGHT TO MODIFY OR AMEND: The District reserves the right, in its sole discretion, to modify or amend this official Notice of Sale at any time prior to the date and time for the receipt of bids, communicated through PARITY®.

The District reserves the right to increase or decrease the principal amount of any maturity of the Bonds. The aggregate principal amount of the Bonds will be equal to $262,500,000* under any circumstances. The District will give notice of any such adjustment to the successful bidder as soon as practicable following the notification of award. No such adjustment will alter the basis upon which the best bid is determined.

RIGHT OF POSTPONEMENT BY DISTRICT: The District reserves the right, in its sole discretion, to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through the PARITY® prior to the date and time for the receipt of bids. If any date is postponed, any alternative sale date will be announced through PARITY® at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through PARITY® at the time the sale date and time are announced.

RIGHT OF REJECTION: The District reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than [9:00] A.M. on the date set for receipt of bids.

PROMPT AWARD: Pursuant to authority granted by the Board of Education of the District (the "Board"), the Superintendent, the Chief Business and Operations Officer, or the designee of either of them, will take action awarding the Bonds or rejecting all bids not later

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* Preliminary, subject to change.

than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of proposals; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to said Board notice in writing of the withdrawal of such proposal.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that said Bonds will be delivered to DTC for the account of the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within thirty (30) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

[**NO GOOD FAITH DEPOSIT:** A good faith deposit is not required in connection with the sale of the Bonds.]

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw their proposal if the interest received by private holders from Bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

ESTABLISHMENT OF ISSUE PRICE: The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" certificate setting forth the reasonable expected initial offering price to the public or the sale price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Appendix A**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the District and Bond Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

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

(1) the District shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

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

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

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

In the event that the competitive sale requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The District will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. **Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.**

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

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

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

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

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

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

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

CLOSING PAPERS; BOND PRINTING: Each proposal will be understood to be conditioned upon the District furnishing to the purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) The opinion of Dannis Woliver Kelley, Long Beach, California, Bond Counsel, approving the validity of the Bonds and stating that, subject to the District's compliance with certain covenants, 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 and interest on the Bonds is exempt from personal income taxes of the State of California. Other tax consequences to holders of the Bonds, if any, are not addressed in the opinion;

(b) A certificate of the District certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) A certificate of the District, signed by officers and representatives of the District, certifying that the officers and representatives have signed the Bonds whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same;

(d) The receipt of the County of Sacramento evidencing the receipt of the net purchase price of the Bonds;

(e) A certificate of the District, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds; and

(f) A certificate of the District, signed by an officer of the District, acting in his/her official capacity, to the effect that at the time of the sale of the Bonds, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, the Official Statement relating to the Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the successful bidder.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission when due.

DTC FEES: All fees due DTC with respect to the Bonds shall be paid by the successful bidder or bidders.

OFFICIAL STATEMENT: The District has caused to be prepared a Preliminary Official Statement describing the Bonds in a form deemed final by the District within the meaning of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for certain information which is permitted under said Rule 15c2-12 to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to Dale Scott & Co., Inc., 548 Market Street, #44410 San Francisco, CA 94104-5401 telephone (415) 956-1030. The District will furnish to the successful bidder within seven business days following the date of award, at no charge, not in excess of 25 copies of the Official Statement for use in connection with any resale of the Bonds.

DISCLOSURE CERTIFICATE: The District will deliver to the purchaser of the Bonds a certificate of an official of the District, dated the date of Bond delivery, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the resolution authorizing issuance of the Bonds and a Continuing Disclosure Agreement, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the preliminary Official Statement and will also be set forth in the final Official Statement.

Dated: May 30, 2024

APPENDIX A

FORM OF ISSUE PRICE CERTIFICATE

$262,500,000*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
ELECTION OF 2020 (MEASURE H), 2024 SERIES B

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

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

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

(b) Underwriter was not given the opportunity to review other bids prior to submitting its bid.

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

2. ***Defined Terms***.

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [June 6], 2024.

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

* Preliminary, subject to change

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter'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 Dannis Woliver Kelley in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

[PURCHASER]

By:_________________________________

Name:_______________________________

Dated: _________, 2024

SCHEDULE A

EXPECTED OFFERING PRICES

(To be attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(To be attached)

PRELIMINARY OFFICIAL STATEMENT DATED ______________, 2024

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.

NEW ISSUE – BOOK ENTRY ONLY

RATING:
Moody's: "___"
(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 purposes of computing alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein.

Sacramento City Unified School District

$262,500,000*
Sacramento City Unified School District
(Sacramento County, California)
2024 General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B

Dated: Date of Delivery

Due: August 1, as shown on inside cover pages.

The Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2020 (Measure H), 2024 Series A (the "Bonds") are being issued by the Sacramento Unified School District (the "District") to finance the acquisition, construction, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith, as more fully described herein under the caption "THE PROJECTS." The Bonds were authorized at an election within the District held on March 3, 2020 (the "Election") at which at least fifty-five percent of the registered voters voting on the proposition known as Measure "H" voted to authorize the issuance and sale of $750,000,000 aggregate principal amount of general obligation bonds of the District (the "2020 Authorization"). The Bonds are the second series of general obligation bonds issued under the 2020 Authorization and are issued on a parity basis with all other outstanding general obligation bonds of the District.

The Bonds are general obligations of the District only and are not obligations of the County of Sacramento 9the "County"), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property within the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable.

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2025, as described herein. See ''THE BONDS – Payment of 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 of the Bonds will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by the Sacramento County Director of Finance, 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 of and interest on the Bonds when due under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds.

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 sold to an Underwriter (defined herein) by competitive sale pursuant to the terms of an Official Notice of Sale dated _______________, 2024 for such Bonds. See "METHOD OF SALE" herein.

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. 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 _____________, 2024.

The Date of this Official Statement is: ____________, 2024.

* Preliminary; subject to change.

MATURITY SCHEDULE

$262,500,000*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2020 (MEASURE H), 2024 SERIES B

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP (785870)[1]

$_________ ___% Term Bonds maturing August 1, 20__; Yield ____%; CUSIP[1] 785870 ___
_

* 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. 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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento County, State of California

Board of Education

Lavinia Grace Phillips, *President*, *Trustee Area 7*
Jasit Singh, *1st Vice President*, *Trustee Area 6*
Chinua Rhodes, *2nd Vice President*, *Trustee Area 5*
Tara Jeane, *Member*, *Trustee Area 1*
Taylor Kayatta, *Member*, *Trustee Area 2*
Christina Pritchett, *Member*, *Trustee Area 3*
Jamee Villa, *Member*, *Trustee Area 4*

District Administrators

Lisa Allen, *Superintendent*
Mary Hardin Young, *Deputy Superintendent*
Janea Marking, *Chief Business and Operations Officer*
Brian Heap, *Chief Communications Officer*
Cancy McArn, Ed.D. *Chief Human Resource Officer*
Rodney Moore, *Chief Legal Officer*
Tim Rocco, *Chief Information Officer*
Yvonne Wright, *Chief Academic Officer*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Dale Scott & Co., Inc.
San Francisco, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

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No dealer, broker, salesperson or other person has been authorized by the Sacramento City 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 Sacramento, the County of Sacramento has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE SACRAMENTO COUNTY INVESTMENT POOL."

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 part of, their 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."

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 social media accounts. However, the information presented on such sites is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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.

$262,500,000[*]
Sacramento City Unified School District
(Sacramento County, California)
General Obligation Bonds, 2020 Election (Measure H), 2024 Series A

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 Sacramento City Unified School District (Sacramento County, California) (the "District") proposes to issue $262,500,000[*] aggregate principal amount of its General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B (the "Bonds") under and pursuant to a bond authorization (the "2020 Authorization") for the issuance and sale of not more than $750,000,000 of general obligation bonds approved by 55% or more of the qualified voters of the District voting on the proposition known as Measure "H" at a general election held on March 3, 2020 (the "Election"). Pursuant to the 2020 Authorization, on July 21, 2022, the District issued its $225,000,000 General Obligation Bonds, Election of 2020 (Measure H), 2022 Series A (the "Series A Bonds"). The Bonds constitute the second series of bonds to be issued under the 2020 Authorization. Subsequent to the issuance of the Bonds, $262,500,000[*] aggregate principal amount of general obligation bonds will remain for issuance pursuant to the 2020 Authorization.

Proceeds from the sale of the Bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith. See "THE BONDS – Purpose of Issue" and "THE PROJECTS" herein.

Registration

The Sacramento County Director of Finance (the "Director of Finance") will act as the 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 is located in Sacramento County, California (the "County") and spans 70 square miles. The District was established in 1854 and, as of fiscal year 2022-23, is the 12th largest school district in the State of California (the "State"), as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the capital of the State, the City of Sacramento (the "City"). The District operates forty-two elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five

[*] Preliminary; subject to change.

dependent charter schools) and forty-two children's centers/preschools. The funded average daily attendance ("ADA") for the District for fiscal year 2023-24 is budgeted to be approximately 35,909 students, per the District's Second Interim Report, and the District has a 2023-24 total assessed valuation of $48,455,611,678. The audited financial statements for the District for the fiscal year ended June 30, 2023 are attached hereto as APPENDIX B. For further information concerning the District, see "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT" herein.

The District is governed by a seven-member Board of Education (the "Board"), each member of which is elected by trustee areas to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent who is appointed by the Board and who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT – Board of Education" and " – Key Personnel" herein.

Sources of Payment for the Bonds

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

Continuing Disclosure

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

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Dale Scott & Co., Inc., San Francisco, California, is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. The above professionals will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" 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 __________, 2024.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State (the "Government Code"), commencing with Section 53506 thereof, applicable provisions of the Education Code of the State (the "Education Code"), and pursuant to a resolution of the Board adopted on ____________, 2024 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

Purpose of Issue

The net proceeds of the Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the Election, which includes, among other things: upgrading student classrooms, labs, libraries, and learning technology for quality instruction in math, science, arts and engineering; providing modern career training centers; updating schools to meet current academic and safety standards; and acquiring, repairing, constructing, and equipping school facilities (the "Projects"). See "THE PROJECTS" 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 be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

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

Payment of the Bonds

Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover page hereof until maturity or the earlier redemption thereof. Interest on the Bonds is payable commencing February 1, 2025, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). 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 rate applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the "Record Date"). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Record Date, in which event interest shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date 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, 2034 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2035 may be redeemed before maturity at the option of the District, in whole or in part, from any source of available funds, on any date on or after August 1, 2034 at a redemption price equal to the par amount of the Bonds of such series to be redeemed, plus accrued interest to the date of redemption, without premium.

* Preliminary; subject to change.

__Mandatory Redemption__. The Bonds maturing on August 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof as of the date set for such redemption, without premium. The principal amount to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

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

[*] Maturity.

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

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized, the Paying Agent, shall give notice of the redemption of the Bonds at least 30 but not more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify, in accordance with the Resolution: (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Bonds to be redeemed; (vi) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (vii) the CUSIP number, if any, of each Bond to be redeemed; (viii) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (viii) notice that further interest on such Bonds will not accrue after the designated redemption date; and (ix) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

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 (defined herein) or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of and interest and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

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

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

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all of the outstanding Bonds all or any part of the principal, interest and premium, if any, on the Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 6 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (j) of this Section shall apply in all events.

For purposes of the Resolution, the District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations 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, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

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. For further information regarding DTC and the book entry system, see APPENDIX F hereto.

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:

	Total
Sources of Funds	
Principal Amount of Bonds	
Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Deposit to Interest and Sinking Fund	
Costs of Issuance[(1)]	
Total Uses	

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, bond insurance premium, if any, municipal advisory fees, paying agent fees, rating agency fees, and other costs of issuance.

District Investments

The Director of Finance manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the County by school and community college districts located in the County, various special districts, and some cities within the State. 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 Treasury. The County invests moneys of school and community colleges over which it has jurisdiction in its pooled investment fund (the "Investment Pool").

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

DEBT SERVICE SCHEDULE

The following table summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption.

ANNUAL DEBT SERVICE ON THE BONDS

Bond Year Ending (August 1)	Principal	Interest	Total Debt Service
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
Total			

The table on the following page shows the annual debt service payments on all of the District's outstanding general obligation bonds, comprising the General Obligation Bonds, Election of 2002, Series 2007 ("2002 Series 2007 Bonds"), the General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series B (Qualified School Construction Bonds) (Taxable) ("2013 Series B Bonds"), the 2014 General Obligation Refunding Bonds ("2014 Refunding Bonds"), the 2015 General Obligation Refunding Bonds ("2015 Refunding Bonds"), the General Obligation Bonds (Measure Q) (Election of 2012), 2015 Series C-1 (Tax-Exempt) ("2015 Series C Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D ("2016 Series D Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E (2017 Series E Bonds"), the General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C ("2017 Series C Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F ("2018 Series F Bonds"), the General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D ("2019 Series D Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G ("2021 Series G Bonds") the 2021 General Obligation Refunding Bonds ("2021 Refunding Bonds"), the General Obligation Bonds, Election of 2020 (Measure H), 2022 Series A ("2022 Series A Bonds") and 2022 General Obligation Refunding Bonds ("2022 Refunding Bonds") the 2024 General Obligation Refunding Bonds, Series A and Series B ("2024 Refunding Bonds"), and the Bonds.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Total Annual Debt Service
Outstanding General Obligation Bonds(1)

Period Ending(2)	2002 Series 2007 Bonds(3)	2013 Series B Bonds(4)(5)	2014 Refunding Bonds(3)	2015 Refunding Bonds(3)	2015 Series C Bonds(4)	2016 Series D Bonds(4)	2017 Series E Bonds(4)	2017 Series C Bonds(4)	2018 Series F Bonds(4)	2019 Series D Bonds(4)	2021 Series G Bonds	2021 Refunding Bonds	2022 Series A Bonds	2022 Refunding Bonds	2024 Refunding Bonds	The Bonds	Total
2024	$5,225,000	$2,796,667	$4,999,300	$261,125	$3,173,125	$613,600	$3,601,275	$394,950	$657,995	$851,016	$1,478,100	$5,853,400	$18,543,550	$5,146,375	$2,385,904		
2025	5,510,000	3,926,667	5,698,100	522,250	4,199,000	788,400	5,123,550	568,900	--	1,181,231	2,894,800	6,316,200	8,284,600	6,250,750	4,404,863		
2026	5,725,000	3,926,667	5,910,850	522,250	4,201,500	786,400	5,129,300	567,400	--	1,184,631	2,999,200	6,317,000	8,284,600	6,344,250	4,407,363		
2027	6,280,000	3,926,667	6,125,600	522,250	3,598,250	788,000	5,124,300	570,400	--	1,182,031	3,104,000	1,983,800	8,284,600	9,923,500	5,007,863		
2028	6,525,000	3,926,667	--	4,192,250	4,099,250	788,800	5,128,800	567,650	--	1,183,631	3,209,000	3,594,600	8,284,600	8,623,500	6,536,363		
2029	6,765,000	3,926,667	--	3,958,750	2,530,500	778,800	3,312,050	569,400	--	1,184,231	3,324,000	1,253,200	8,284,600	11,163,750	10,294,863		
2030	7,015,000	3,926,667	--	3,312,750	2,764,000	738,400	4,569,800	525,400	--	1,183,831	3,438,400	--	8,414,600	8,369,500	8,843,988		
2031	9,525,000	3,926,667	--	--	3,173,250	778,800	4,164,000	570,400	--	545,831	3,557,000	--	8,803,100	8,510,250	6,497,613		
2032	9,860,000	3,926,667	--	--	4,463,750	791,800	5,286,000	528,200	--	1,213,081	3,684,400	--	9,066,850	--	3,708,363		
2033	--	3,926,667	--	--	1,725,250	568,400	5,235,200	572,200	--	1,166,831	3,815,000	--	8,626,100	--	7,489,113		
2034	--	3,926,667	--	--	4,445,750	798,000	5,286,600	474,000	--	1,164,850	3,948,400	--	9,090,350	--	4,627,863		
2035	--	3,926,667	--	--	4,373,750	662,800	5,071,000	544,200	--	1,191,600	4,084,200	--	10,460,350	--	3,972,113		
2036	--	3,926,667	--	--	2,932,000	657,200	5,138,800	576,200	--	1,217,225	4,227,000	--	9,429,600	--	5,418,113		
2037	--	3,926,667	--	--	4,685,400	811,300	1,628,800	191,400	--	1,216,725	4,376,200	--	8,624,600	--	9,112,113		
2038	--	3,738,333	--	--	4,685,200	810,300	1,628,800	556,400	--	1,214,675	4,531,200	--	10,426,350	--	7,422,863		
2039	--	--	--	--	4,688,600	808,700	4,223,800	591,800	--	1,217,100	4,686,400	--	12,576,350	--	2,319,863		
2040	--	--	--	--	4,685,200	811,500	5,655,000	595,200	--	561,700	4,851,400	--	13,447,600	--	2,002,113		
2041	--	--	--	--	--	808,550	5,659,800	592,800	--	1,238,750	5,020,400	--	13,833,350	--	1,570,125		
2042	--	--	--	--	--	--	5,657,800	594,800	--	1,235,250	5,197,800	--	14,590,100	--	1,393,350		
2043	--	--	--	--	--	--	5,654,000	596,000	--	1,236,000	5,377,800	--	6,634,100	--	9,944,450		
2044	--	--	--	--	--	--	5,658,200	591,400	--	1,235,850	5,569,800	--	13,519,100	--	3,682,950		
2045	--	--	--	--	--	--	5,654,800	596,200	--	1,234,800	5,762,800	--	17,080,425	--	767,200		
2046	--	--	--	--	--	--	5,653,800	595,000	--	1,237,850	5,966,200	--	17,750,050	--	768,000		
2047	--	--	--	--	--	--	5,659,850	592,250	--	1,234,850	6,174,000	--	18,445,100	--	768,200		
2048	--	--	--	--	--	--	--	--	--	1,235,950	6,390,400	--	5,135,350	--	9,562,800		
2049	--	--	--	--	--	--	--	--	--	1,236,000	6,614,400	--	20,681,950	--			
2050	--	--	--	--	--	--	--	--	--	--	--	--	21,460,825	--			
2051	--	--	--	--	--	--	--	--	--	--	--	--	22,262,025	--			
2052	--	--	--	--	--	--	--	--	--	--	--	--	23,099,225	--	--		
Total (6)	$62,430,000	$57,581,671	$22,733,850	$13,291,625	$64,423,775	$13,589,750	$114,905,325	$13,122,550	$657,995	$29,785,522	$114,282,300	$25,318,200	$363,424,000	$64,331,875	$122,908,404		

(1) Columns may not sum to totals due to rounding.
(2) July 1, except as otherwise noted.
(3) January 1 and July 1 payments.
(4) February 1 and August 1 payments.
(5) Debt service not net of Qualified School Construction Bonds (QSCB) subsidy payments.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

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.

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* property 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, premium, if any, 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 Resolution. 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.

THE PROJECTS

The District will apply the net proceeds of the Bonds to finance the acquisition, construction, furnishing and equipping of District facilities in accordance with the bond proposition approved at the Election which includes the ballot measure and a project list. The "Smaller Classes, Safer Schools, and Financial Accountability Act," a Constitutional amendment known as Proposition 39, controls the method by which the District will expend Bond proceeds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds, which was then submitted to the voters at the Election (the "Project List"). The District will prioritize and may not undertake to complete all components of the Project List. See also "THE BONDS—Purpose of Issue."

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 XIIIA 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 tables presents the historical assessed valuation in the District since fiscal year 2012-13. The District's total assessed valuation is $48,455,611,678 for fiscal year 2023-24.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2012-13 through 2023-24

Fiscal Year	Local Secured[(1)]	Utility	Unsecured	Total	Annual % Change
2012-13	$24,088,535,893	$7,130,520	$1,312,707,722	$25,401,243,615	(1.35)%
2013-14	25,070,853,698	6,354,537	1,240,891,839	26,311,745,537	3.58
2014-15	26,203,736,543	12,146,083	1,279,564,924	27,483,301,467	4.45
2015-16	27,627,053,568	5,824,663	1,188,321,120	28,815,374,688	4.85
2016-17	29,448,310,116	5,751,502	1,271,280,326	30,719,590,442	6.61
2017-18	31,630,780,391	5,693,751	1,332,650,184	32,963,430,575	7.30
2018-19	33,920,993,517	5,636,032	1,444,875,017	35,365,868,534	7.29
2019-20	36,764,643,370	5,334,879	1,403,666,196	38,168,309,566	7.92
2020-21	38,932,165,119	5,265,184	1,497,094,117	40,429,259,236	5.92
2021-22	40,932,044,833	5,265,184	1,452,631,056	42,389,941,073	4.85
2022-23	43,729,164,723	5,146,184	1,574,518,646	45,303,683,369	6.87
2023-24	46,705,049,511	6,077,999	1,744,484,168	48,455,611,678	6.98

(1) Includes the secured assessed valuation of utility property and excludes the unitary assessed valuation of utility property, both as determined by the State Board of Equalization.
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, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "SECURITY FOR THE BONDS."

Natural Disasters Impacting Assessed Valuations

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

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

Currently, according to the U.S. Drought Monitor, most of the State is not experiencing drought and a small percentage of the State is experiencing Abnormally Dry conditions. The County is not currently experiencing drought. The District cannot predict if or when 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 wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. During the summer of 2020, California experienced large-scale wildfires in several portions of the State. The District was not materially impacted by recent wildfires.

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

Floods. The Federal Emergency Management Agency produces Flood Insurance Rate Maps that show that portions of the District are in a 100-year floodplain. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1-in-100 probability of occurrence in any year.

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. Such economic slowdown created risk for economic recession or depression or a general market decline in real estate values which in turn could have led to a reduction of assessed values in the District.

The District cannot make any representation regarding the effects that drought, flooding, change in economic conditions, caused by pandemic 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, 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 XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA 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 XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA 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 XIIIA and base year values may not be increased by more than the standard Article XIIIA 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 XIIIA base year value for such property. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution" herein.

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

Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation within the District by political jurisdiction.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2023-24

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Elk Grove	$ 86,619,945	0.18%	$27,216,448,362	0.32%
City of Rancho Cordova	1,137,485,700	2.35	12,583,331,638	9.04
City of Sacramento	41,282,257,356	85.20	71,815,018,572	57.48
Unincorporated Sacramento County	5,949,248,677	12.28	78,002,988,621	7.63
Total District	$48,455,611,678	100.00%		
Sacramento County	$48,455,611,678	100.00%	$221,572,703,513	21.87%

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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2023-24

Non-Residential:	2023-24 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural	$ 12,134,348	0.03%	36	0.03%
Commercial/Office	8,154,007,946	17.46	3,177	3.00
Vacant Commercial	253,487,001	0.54	532	0.50
Industrial	2,430,733,886	5.20	1,414	1.33
Vacant Industrial	68,344,314	0.15	391	0.37
Recreational	433,527,236	0.93	155	0.15
Government/Social/Institutional	299,287,162	0.64	972	0.92
Miscellaneous	2,111,596	0.00	255	0.24
Subtotal Non-Residential	$11,653,633,489	24.95%	6,932	6.54%
Residential:				
Single Family Residence	$25,704,960,021	55.04%	84,381	79.62%
Condominium/Townhouse	724,059,204	1.55	2,394	2.26
Mobile Home	46,522,667	0.10	1,510	1.42
Mobile Home Park	57,265,798	0.12	33	0.03
2-4 Residential Units	2,508,332,457	5.37	6,833	6.45
5+ Residential Units/Apartments	4,873,609,595	10.43	1,639	1.55
Hotel/Motel	780,782,494	1.67	74	0.07
Miscellaneous Residential	53,698,321	0.11	144	0.14
Vacant Residential	302,185,465	0.65	2,041	1.93
Subtotal Residential	$35,051,416,022	75.05%	99,049	93.46%
Total	$46,705,049,511	100.00%	105,981	100.00

[1] Local secured assessed valuation, excluding tax-exempt property.
Source: *California Municipal Statistics, Inc.*

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2023-24, including the median and average assessed value per single family parcel. According to California Municipal Statistics, Inc., the median assessed valuation of a single family home as of June 30, 2023 was $256,375.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2023-24

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	84,381	$25,704,960,021	$304,630	$256,375

2023-24 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	318	0.377%	0.377%	$ 5,459,092	0.021%	0.021%
$25,000 -$49,999	2,456	2.911	3.287	100,932,878	0.393	0.414
$50,000 - $74,999	4,276	5.067	8.355	268,917,414	1.046	1.460
$75,000 - $99,999	5,377	6.372	14.727	472,811,192	1.839	3.299
$100,000 - $124,999	5,224	6.191	20.918	587,237,861	2.285	5.584
$125,000 - $149,999	5,053	5.988	26.907	694,864,899	2.703	8.287
$150,000 - $174,999	5,012	5.940	32.846	814,478,710	3.169	11.456
$175,000 - $199,999	4,680	5.546	38.393	876,436,416	3.410	14.865
$200,000 - $224,999	4,428	5.248	43.640	941,197,713	3.662	18.527
$225,000 - $249,999	4,294	5.089	48.729	1,019,747,709	3.967	22.494
$250,000 - $274,999	4,381	5.192	53.921	1,150,445,366	4.476	26.970
$275,000 - $299,999	3,914	4.638	58.559	1,124,188,926	4.373	31.343
$300,000 - $324,999	3,676	4.356	62.916	1,147,997,414	4.466	35.809
$325,000 - $349,999	3,539	4.194	67.110	1,193,145,050	4.642	40.451
$350,000 - $374,999	3,125	3.703	70.813	1,131,999,077	4.404	44.855
$375,000 - $399,999	2,907	3.445	74.258	1,124,270,138	4.374	49.228
$400,000 - $424,999	2,632	3.119	77.378	1,085,119,974	4.221	53.450
$425,000 - $449,999	2,427	2.876	80.254	1,061,131,616	4.128	57.578
$450,000 - $474,999	2,123	2.516	82.770	981,006,205	3.816	61.394
$475,000 - $499,999	1,777	2.106	84.876	866,178,916	3.370	64.764
$500,000 and greater	12,762	15.124	100.000	9,057,393,455	35.236	100.000
	84,381	100.000%		$25,704,960,021	100.000%	

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

Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2023-24.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Largest Total Secured Taxpayers
Fiscal Year 2023-24

	Property Owner	2023-24 Primary Land Use	Assessed Valuation	% of Total[1]
1.	City of Sacramento & The Sacramento Kings	Sports Arena	$ 352,616,833	0.75%
2.	CA Sacramento Commons LLC	Apartments	221,577,456	0.47
3.	Hancock SREIT Sacramento LLC	Office Building	208,921,734	0.45
4.	HP Hood LLC	Industrial	195,124,902	0.42
5.	SRI Eleven 621 Capitol Mall LLC	Office Building	176,077,028	0.38
6.	Prime US-Park Tower LLC	Office Building	174,018,966	0.37
7.	500 Capitol Mall LLC	Office Building	154,992,504	0.33
8.	300 Capital Associates NF LP	Office Building	136,169,666	0.29
9.	BRE Depot PK LLC	Industrial	132,008,859	0.28
10.	Kaiser Foundation Health Plan Inc.	Office Building	130,815,339	0.28
11.	Oakmont Properties The Press LLC	Apartments	123,365,562	0.26
12.	DS Shopping Center LLC	Commercial	123,075,202	0.26
13.	555 CAP Partners LP	Office Building	122,609,712	0.26
14.	GSA Sacramento Newco LLC	Office Building	118,293,480	0.25
15.	Sacramento CA I FGF LLC	Office Building	111,030,102	0.24
16.	GPT Properties Trust	Office Building	107,445,397	0.23
17.	ACEF-Martin Folsom LLC	Apartments	106,883,839	0.23
18.	Greenery Apartments LP & DLC Sac LLC	Apartments	102,506,669	0.22
19.	Gem Crossings LLC	Apartments	97,755,594	0.21
20.	California Almond Growers Exchange	Industrial	93,926,024	0.20
			$2,989,214,868	6.40%

[1] 2023-24 local secured assessed valuation: $46,705,049,511.
Source: *California Municipal Statistics, Inc*.

The top 20 taxpayers on the secured roll for 2023-24 account for 6.40% of the local secured assessed value in the District which is $46,705,049,511. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for 2023-24 was the City of Sacramento & The Sacramento Kings accounting for 0.75% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 0.47% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

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Tax Rates

The following table sets forth tax rates levied in Tax Rate Area 3-005 within the District for fiscal years 2019-20 through 2023-24:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Typical Tax Rate per $100 Assessed Valuation (TRA 3-005)(1)
Fiscal Years 2019-20 through 2023-24

Jurisdiction	2019-20	2020-21	2021-22	2022-23	2023-24
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	0.0232	0.0223	0.0249	0.0226	0.0192
Sacramento City USD	0.1139	0.1171	0.0918	0.1280	0.1278
Total	1.1371	1.1394	1.1167	1.1506	1.1470

(1) 2023-24 assessed valuation of TRA 3-005 is $13,359,009,394 which is 27.57% of the District's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

The Board of Supervisors of the County in 1993 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 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.

Tax Levies and Delinquencies

The table below summarizes the annual secured tax levy and delinquencies within the District as of June 30 for fiscal years 2017-18 through 2022-23. The County has adopted the Teeter Plan. As a result, the District's receipt of property taxes is not subject to delinquencies so long as the Teeter Plan remains in effect.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Secured Tax Charges
Fiscal Years 2017-18 through 2022-23

Fiscal Year	Secured Tax Charge(1)	Amt. Del. June 30(2)	% Del. June 30(2)
2017-18	$38,637,596	$388,774	1.01%
2018-19	39,103,684	328,227	0.84
2019-20	41,260,741	496,589	1.20
2020-21	45,154,083	407,237	0.90
2021-22	37,251,231	283,368	0.76
2022-23	55,512,728	540,933	0.97

(1) Represents 1% General Fund apportionment. Excludes secured supplemental property.
(2) Sacramento County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
Source: *California Municipal Statistics, Inc.*

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 has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

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The following table is a statement of the District's direct and estimated overlapping bonded debt as of [May 1], 2024:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

[TO COME]

____

(1) Does not include the Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: *California Municipal Statistics Inc.*

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

On June 27, 2013, the State adopted a new method for funding school districts commonly known as the "Local Control Funding Formula." The Local Control Funding Formula ("LCFF") was implemented in stages, beginning in fiscal year 2013-14 and was fully implemented in fiscal year 2018-19. Prior to adoption of the LCFF, the State used a revenue limit system described below.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State budget enacted the LCFF beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. See "-- Revenue Limit Funding System" below. The LCFF distributes resources to school districts through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant is $7,643 per unit of ADA, which is $2,375 more than the average revenue limit. 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 2023-24, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) $10,951 per ADA for kindergarten through grade 3; (b) $10,069 per ADA for grades 4 through 6; (c) $10,367 per ADA for grades 7 and 8; and (d) $12,327 per ADA for grades 9 through 12.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2023-24, a 8.22% COLA was included, however, the COLA for fiscal year 2024-25 is proposed to be significantly lower. See "– State Budget Measures – Proposed 2024-25 State Budget" for information regarding the proposed COLA for fiscal year 2024-25. 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 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. Beginning in fiscal year 2022-23, additional add-ons are provided for transitional-kindergarten.

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 unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table sets forth the historical enrollment (California Basic Educational Data System Actual) and ADA (second principal apportionment) for fiscal years 2011-12 through 2022-23.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Historical Enrollment and ADA
Fiscal Years 2011-12 through 2022-23

Fiscal Year	Enrollment	ADA
2011-12	43,426	41,131
2012-13	42,623	40,449
2013-14	41,638	39,985
2014-15	41,026	38,891
2015-16	41,027	38,837
2016-17	41,079	38,730
2017-18	40,852	38,647
2018-19	40,660	38,495
2019-20	40,428	38,205
2020-21	39,003	38,220
2021-22	38,043	33,550
2022-23	37,289	33,727

Source*: The District.*

Declining Enrollment. As shown in the table above, the District has been experiencing declining in enrollment for over a decade. The District projects and has budgeted continuing enrollment decline of approximately ___% over the next two fiscal years, as reflected in its fiscal year 2023-24 Second Interim Report and as shown in the following table. The District attributes the decline in enrollment to local demographic shifts including a decline in birth rates and families moving out of State, as well competing charter schools within the District's territory. See "DISTRICT FINANCIAL INFORMATION – District Budgets" for a discussion of the impact of declining enrollment, among other factors, on the District's financial condition.

The following table sets forth the ADA, enrollment, the percentage of EL/LI ("Unduplicated Count") enrollment, and the percentage of FRPM enrollment for fiscal year 2022-23, budgeted for the current year and projections for fiscal years 2024-25 and 2025-26.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2022-23 through 2025-26

	ADA					Enrollment		
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of Unduplicated Count	% of FRPM Enrollment
2022-23	10,207.61	7,982.85	5,503.56	10,032.80	33,727.00	33,726.82	70.39%	70.39%
2023-24[1]					35,908.99	36,762.00		
2024-25[2]					34,481.17	36,320.00		
2025-26[2]					33,644.20	36,135.00		

[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 for fiscal year 2019-20. The fiscal year 2022-23 budget for the State permits schools 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. Due to the declining enrollment trends, the District calculates funded ADA based on the average of the prior three years' ADA and expects to continue using this methodology going forward. 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 schools districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as basic aid, and does not expect to in future fiscal years.

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 district can use supplemental or concentration funding on a school-wide or district-wide basis.

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

Support and Intervention. AB 97 (2013), as amended by SB 91 (2013), 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.

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

Revenue Limit Funding System. Prior to the implementation of the LCFF, annual State apportionments of basic and equalization aid to school districts for general purposes were computed up to a revenue limit (described below) per unit of ADA. Generally, such apportionments amounted to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all of the same type of California school districts (i.e., unified, high school or elementary). State law also provided for State support of specific school related programs, including summer school, adult education, deferred maintenance of facilities, pupil transportation, portable classrooms and other capital outlays and various categorical aids.

Revenue Sources

The District categorizes its General Fund revenues into four sources. The annual percentage of revenue by each source for the most recent four fiscal years, and budgeted for fiscal year 2023-24 based on the Second Interim Report is set forth in the table below.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source

Revenue Source	2019-20	2020-21	2021-22	2022-23	2023-24[1]
LCFF sources	74.7%	67.2	62.3%	60.6%	63.6%
Federal revenues	9.4	19.0	19.4	12.9	18.8
Other State revenues	14.1	12.2	16.8	24.0	16.1
Other local revenues	1.8	1.6	1.0	2.5	1.5

(1) Based on the Second Interim Report for Fiscal Year 2023-24.
Source*: The District.*

Each of these revenue sources is briefly described below. For more information regarding the LCFF, see "-State Funding of Education" above.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. See "- State Funding of Education – Local Control Funding Formula" above.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Every Child Succeeds.

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid, School Improvement Program, 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 Proposition 20 approved in March 2000 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.

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 are \$3.36 per square foot for residential housing and \$0.54 per square foot for commercial or industrial development. The following table sets forth developer fee collections by the District for the last five fiscal years and the projected developer fee collections for the current fiscal year. Developer fees collected by the District are not available to be used to pay principal of or interest on the Bonds.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Developer Fee Collections

Fiscal Year	Developer Fees Collected
2019-20	\$6,208,728.19
2020-21	5,266,712.66
2021-22	8,161,150.00
2022-23	7,940,610.00
2023-24[1]	3,880,000.00

[1] Budgeted, per the District's fiscal year 2023-24 Second Interim Report.
Source: *The District.*

COVID-19 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.

Federal Response. On March 13, 2020, in response to the COVID-19 outbreak, then President Trump declared a national emergency, making available more than \$50 billion in federal resources to combat the spread of COVID-19. Contemporaneously, Congress enacted and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to provide relief and stimulus to American businesses and individuals impacted by COVID-19. The CARES Act also designated \$339.8 billion for state and local governments with \$274 billion for COVID-19 response efforts as well as an additional \$13 billion for K-12 schools. In order to provide extensions to certain benefits previously provided under the CARES Act, as well as address ongoing economic impacts of the COVID-19 pandemic, in December, 2020, the federal government enacted the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA") which included \$900 billion of coronavirus emergency response and relief including \$54.3 billion for K-12 schools and \$22.7 billion for higher education. In March, 2021, President Biden signed a \$1.9 trillion stimulus package (the "American Rescue Plan") into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing \$123 billion in new, flexible aid to school districts. The Biden Administration ended the COVID-19 emergency declarations on May 11, 2023.

State Response. In response to the outbreak of COVID-19 in the State, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency. On March 19, 2020, Governor Newsom issued an Executive Order requiring mandatory shelter-in-place for all non-essential services. In September, 2020, the Governor replaced the Executive Order with the "Blueprint for a Safer Economy" ("Blueprint") which provided regulations for economic and social activity on a county by county basis related to certain metrics of disease transmission. The Blueprint system was terminated on June 15, 2021 and Governor Newsom ended the State of Emergency relating to COVID-19 on February 28, 2023.

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. Generally, a majority of the State's General Fund revenue is derived from personal income tax receipts. However, the fiscal year 2021-22 budget for the State and the 2022-23 State Budget (defined below) indicated increases in State revenues during the COVID-19 pandemic. The 2023-24 State Budget (defined below), however, forecasts revenues decreasing from recent years. See "See " – State Budget Measures – 2023-24 State Budget" for additional information regarding State revenues in fiscal year 2023-24.

Impact of COVID-19 on California School Districts

To assist school districts respond to the spread of COVID-19, on March 13, 2020, Governor Newsom issued Executive Order N-26-20, providing that school districts that initiated a school closure would continue to receive state funding to support all of the following during the period of closure: (1) continued delivery of high-quality educational opportunities to students through, among other options, distance learning and/or independent study; (2) the provision of school meals in noncongregate settings; (3) arrangement for supervision for students during ordinary school hours; and (4) continued payment of school district employees. The Executive Order also provided that statutorily mandated maintenance of schools for a minimum of 175 days was waived for school districts that initiated a school closure to address COVID-19.

To address the impacts of school closures and the COVID-19 response, the State Legislature, in 2020, adopted legislation to appropriate $500,000,000 from the State General Fund for any purpose related to the Governor's declared State of Emergency. Among other things, the legislation provided that, for all school districts that complied with Executive Order N-26-20, attendance during only full school months from July 1, 2019, to February 29, 2020, inclusive, would be reported for apportionment purposes and, further, held harmless school districts not meeting minimum instructional day and minute requirements, in order to prevent a loss of funding related to school closures due to the outbreak.

The District, like other school districts in the State, closed its school campuses for the remainder of the 2019-20 school year and implemented a distance learning program. The District began the 2020-21 school year with a distance learning program and began offering a hybrid model of instruction for all grades beginning in the second half of the 2020-21, when the County moved into a lower risk assessment tier under the Blueprint. The District began the 2021-22 school year offering full time in-person learning, for which the State provided grants to incentivize and assist school districts with re-opening and learning loss mitigation. The District has remained fully open since re-opening in 2021-22.

During the COVID-19 pandemic, the District received approximately $323.8 million in aggregate relief, including funding from the CARES Act, CRRSA and the American Rescue Plan. The District has used such funding for, among other things, staff training, sanitizing supplies, educational technology, mental health services, professional development, broadband connectivity, meal services for families, and learning loss staffing and plans to use additional COVID-19 funding to improve air quality and ventilation, outdoor learning spaces, curriculum and instructional materials, and English language development and math supports.

The District cannot predict whether there will be any future COVID-19 outbreaks or whether COVID-19 will have any further impact 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 schools 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 August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 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 August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction 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 September 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 October 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.

The District's budget's for fiscal years 2018-19, 2019-20 and 2020-21 were disapproved by the Sacramento County Office of Education ("SCOE"). The District's budgets for fiscal years 2021-22, 2022-23 and 2023-24 have all been conditionally approved by SCOE. See "2018-19 Budget Disapproval and Initial County Oversight" and "- Conditional Approval of fiscal years 2021-22 and 2022-23" below.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and 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 table below presents the interim certifications for the District for each reporting period in the last five years.

Interim Report	Certification
2018-19 First Interim	Negative
2018-19 Second Interim	Negative
2019-20 First Interim	Negative
2019-20 Second Interim	Negative
2020-21 First Interim	Negative
2020-21 Second Interim	Qualified
2021-22 First Interim	Qualified
2021-22 Second Interim	Negative
2022-23 First Interim	Positive
2022-23 Second Interim	Positive
2023-24 First Interim	Positive
2023-24 Second Interim	Qualified

Source: *The District.*

2018-19 Budget Disapproval and Initial County Oversight

By letter dated August 22, 2018, SCOE disapproved the District's fiscal year 2018-19 adopted budget because while the District budget met the 2% minimum reserve requirement in fiscal year 2019-19, the fiscal year 2018-19 budget failed to do so for fiscal years 2019-20 and 2020-21 resulting in negative fund balances. Accordingly, pursuant to Section 42127 of the Education Code, increased oversight procedures were implemented. These procedures included the assignment of a fiscal advisor by SCOE (the "Fiscal Advisor") to assist the District with building a balanced budget, including by identifying budget reductions. The Fiscal Advisor was to remain in place until a balanced budget could be achieved and had authority to stay or rescind any action that was determined to be inconsistent with the ability of the District to meet its obligations for the current or subsequent fiscal year. As of the 2023-24 fiscal year, the Fiscal Advisor has been removed. See "-SCOE Approval of Fiscal Year 2023-24 Budget" below.

Implementation of Fiscal Recovery Plans

For fiscal years 2019-20 and 2020-21, the SCOE continued to disapprove the District's budgets due to the projected negative ending fund balances shown in each budget's multi-year projections. The District's 2020-21 First Interim Financial Report projected that ongoing reductions of $30 million were required in order to balance the budget, satisfy the state-mandated 2% reserve, and avoid a fiscal crisis. A "student-centered fiscal recovery plan" was presented to the Board on January 26, 2021, which provided a list of options, subject to negotiations, that could achieve a $30 million solution to the budget. At the February 4, 2021 Board meeting, the Board approved a $4.5 million reduction in expenditures.

Conditional Approval of Fiscal Years 2021-22 and 2022-23 Budgets

The District's fiscal year 2021-22 budget included a positive ending fund balance and met the statutory 2% unrestricted reserve requirement but included ongoing unrestricted General Fund deficit spending. SCOE, determining that the 2021-22 budget did not provide adequate assurance that the District was a going concern, conditionally approved the District's 2021-22 budget with the condition that the District approve a Fiscal Recovery Plan by December 15, 2021, noting decreasing enrollment, unsettled collective bargaining agreements and the use of significant one-time funds, all of which could increase deficit spending in future years.

As of the First Interim Report for fiscal year 2021-22, approximately $26.2 million in reductions were needed in order to balance the budget. Due to the need for such reduction, the District certified its 2021-22 First Interim Report with a qualified certification.

On December 16, 2021, the Board approved a Fiscal Recovery Plan including both non-negotiable and negotiable budget solutions of approximately $5.3 million. Implementation of the Fiscal Recovery Plan as well as reductions, aligning staff to enrollment and strategic use of resources reduced the budget deficit and caused positive ending fund balances for the current and subsequent fiscal year as of the fiscal year 2021-22 Second Interim Report, however, still resulted in a small deficit in fiscal year 2023-24. The District, despite budgetary improvement, therefore self-certified its fiscal year 2021-22 Second Interim Report as qualified and noted that on-going declining enrollment and as well as unsettled negotiations with labor unions over multiple years were expected to impact future budgets.

By letter dated April 18, 2022, SCOE notified the District that it was changing the certification of the fiscal year 2021-22 Second Interim Report from qualified to negative citing the tentative agreements reached with Sacramento City Teachers' Association ("SCTA") and Service Employees' International Union ("SEIU") and the recent strike with such parties which compelled the District to close its schools for eight days and incur significant fiscal penalties. See "SACRAMENTO UNIFIED SCHOOL DISTRICT – Employees and Labor Relations" herein for more information regarding the SCTA and SEIU strike.

The District's fiscal year 2022-23 budget was also conditionally approved by SCOE. From fiscal year 2018-19 through fiscal year 2022-23, the District implemented $58.1 million of ongoing budget solutions and $21.9 million of one-time solutions. The fiscal year 2022-23 budget projected increasing unrestricted General Fund revenues over all three budget years but declining enrollment and salary re-openers with bargaining units remaining as factors impacting the District's financial position.

SCOE Approval of Fiscal Year 2023-24 Budget

Similar to fiscal year 2022-23, the District's fiscal year budget 2023-24 also includes positive unrestricted General Fund ending balances and a generally improved financial position. SCOE has approved the District's 2023-24 fiscal year budget and, accordingly, the Fiscal Advisor has been removed. The District continues to experience declining enrollment as well as the expenditure of one-time funds and the need to terminate programs thereafter, as provided in the fiscal year 2023-24 First Interim Report which was certified positive but contains deficit spending of approximately $57 million due to the spend down of one-time COVID relief funds.

Qualified Fiscal Year 2023-24 Second Interim Report

The District self-certified its Fiscal Year 2023-24 Second Interim Report with a qualified certification due to its multiyear projections supporting that, while the District is projected to be able to meet its financial obligations for the current and first subsequent fiscal years, it may be unable to meet its financial obligations for the 2025-26 fiscal year. The primary changes since adoption of the fiscal year 2023-24 Budget and First Interim Report are the inclusion of i) costs related to bargaining agreement settlements reached subsequent to the fiscal year 2023-24 First Interim Report that are retroactive to the 2022-23 fiscal year, ii) projected costs of the bargaining agreement with SCTA (defined below) reached for the 2023-24 and 2024-25 years, and iii) a significant reduction to LCFF funding in the 2024-25 and 2025-26 fiscal years.

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.

FCMAT Fiscal Health Risk Analysis

In furtherance of its work to bring its budget into structural balance, in September 2018, the District entered into an agreement with the Financial Crisis Management Assistance Team ("FCMAT") for FCMAT to conduct a fiscal health risk analysis and determine the risk rating of the District. On December 12, 2018, FCMAT delivered its fiscal health risk analysis (the "Fiscal Health Risk Analysis") which recommended that the District take immediate action to avoid further erosion of the District's reserves. In the Fiscal Health Risk Analysis, FCMAT identified several signs of fiscal distress for the District, including deficit spending, substantial reductions in fund balance, inadequate reserve levels, approval of a bargaining agreement beyond cost-of-living adjustments, large increases in contributions to restricted programs (especially in special education), lack of a strong position control system, and leadership issues. FCMAT reviewed twenty fiscal indicator sections in its analysis, noting that districts that respond "No" to several fiscal indicator questions across the twenty sections may have cause for concern and could require some level of fiscal intervention. FCMAT noted that in light of the District's most recent cash flow projections, there was urgency to make $30 million in reductions to balance the budget for fiscal year 2019-20. FCMAT's oversight and review of the District ended after the Fiscal Health Risk Analysis was presented to the Board in December, 2018.

For further information on FCMAT's review of and conclusions regarding the District's financial condition, investors are directed to read the full version of the Fiscal Health Risk Analysis, which is publicly available on FCMAT's website at the following address: http://www.fcmat.org/. The information referred to is prepared by FCMAT and not by the District, and the District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference.

In response to the Fiscal Health Risk Analysis, the District established its Fiscal Transparency and Accountability Committee (the "Committee") to review the District's budget based on District priorities and goals, review and advise on budget versus actual expenditure variances, and evaluate the budget based on student performance and outcome indicators. The Committee consists of three members of the Board and began meeting regularly in February 2019.

The District undertakes regular updates of the steps it is undertaking to address the weaknesses identified in the Fiscal Health Risk Analysis, including in each of its interim financial reports. As of September 21, 2023, the most recent update, the District has completed addressing 45 findings with 15 findings remaining underway.

FCMAT Management Assistance

In May, 2020, the District and FCMAT entered into an agreement for FCMAT to review the District's budget and develop an independent multiyear financial projection and cash flow analysis for fiscal year 2019-20 and the two subsequent fiscal years, to determine whether the District would need an emergency appropriation from the State. FCMAT issued a set of recommendations to the District and found that if internal borrowing and external borrowing options were not available and the District did not receive an exemption from the proposed State apportionment deferrals for fiscal year 2020-21, an emergency appropriation from the State would be likely. FCMAT also found that even if borrowing options were available and a deferral exemption were granted, without substantial corrective action to the District budget, an emergency appropriation from the State would be likely necessary in fiscal year 2021-22. The District was able to implement fiscal recovery measures and did not need an emergency appropriation from the State in fiscal year 2020-21, 2021-22 or 2022-23 and does not project the need for an emergency appropriation in fiscal years 2023-24. As discussed above (see, " – SCOE Approval of Fiscal Year 2023-24 Budget"), the District received approval of its 2023-24 fiscal year budget from SCOE, and, accordingly, the Fiscal Advisor has been removed.

State Audit

The California Joint Legislative Audit Committee directed that a state auditor conduct a performance audit (the "State Audit") of the District's finances for the five fiscal years and identify current causes of the District's fiscal distress. The State Audit was released in December 2019, finding that the District failed to take sufficient action to control its costs in three main areas—teacher salaries, employee benefits, and special education. The State Audit found that the District (i) increased its spending by $31 million annually when it approved a new labor contract with its teachers union, SCTA, in 2017, despite warnings from SCOE that it could not afford the agreement, (ii) failed to control the costs of its employee benefits, which increased by 52 percent from fiscal years 2013–14 through 2017–18, and (iii) lacked clear policies to guide staff on appropriate expenditures for special education, limiting its ability to control such costs.

To address the District's fiscal issues as of December 2019, the State Audit recommended that the District (i) adopt a detailed plan to resolve its fiscal crisis, (ii) revise its multiyear projections, with at least quarterly updates, until it has taken action that would cause it to no longer project insolvency, (iii) adopt a multiyear projection methodology, with assumptions and rationale used to estimate changes in salaries, benefits, contributions, and LCFF revenue, and (iv) before it imposes an agreement on its teachers union or accepts state assistance, publicly disclose the likely effects that such actions will have on the district's students, faculty, and the community, and its plans to address these effects. In order to prevent future fiscal crisis, the State Audit recommended that the District (i) adopt a budget methodology, including guidance on the use of one-time funds, the use and maintenance of district reserves, and the maintenance of a balanced budget, (ii) develop a long-term funding plan to address its retiree health benefits liability, (iii) adopt a policy that guides staff on steps they should take to ensure that special education expenditures are cost-effective, (iv) annually apply for available state funding for its extraordinary special education costs, (v) develop and adopt a succession plan that ensures that it has staff who have the training and knowledge necessary to assume critical roles in the case of turnover, and (vi) develop effective employee orientation programs, including mentorship, to allow incoming leaders to better adapt to the organization's structure and culture.

By letter dated November 14, 2019, the District responded to the State Audit and confirmed that its findings ultimately align with those of the District, namely that the primary solutions to the District's budget imbalance exist through negotiations with its labor partners and recognized that such relationship has not been productive or collaborative for a number of years.

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, 2023, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 5735 47th Avenue, Sacramento, California 95824. See APPENDIX B hereto for the Audited Financial Statements of the District for fiscal year ended June 30, 2023.

The table on the following page reflects the District's adopted budgets for fiscal years 2019-20 through 2023-24, audited General Fund revenues, expenditures, and fund balances for fiscal years 2019-20 through 2021-23 and the Second Interim Report for fiscal year 2023-24.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING

	Adopted Budget 2019-20[1]	Audited Actuals 2019-20[1]	Adopted Budget 2020-21[1]	Audited Actuals 2020-21[1]	Adopted Budget 2021-22[1]	Audited Actuals 2021-22[1]	Adopted Budget 2022-23[1]	Audited Actuals 2022-23[1]	Adopted Budget 2023-24[2]	Second Interim Report 2023-24[2]
REVENUES										
LCFF Sources	$411,797,231	$413,709,116	$412,231,565	$412,682,736	$432,750,059	$391,424,149	$456,323,702	$483,343,535	$502,824,980	$502,833,480
Federal	66,583,550	51,917,179	116,834,764	106,543,983	46,193,654	120,733,568	91,620,567	102,737,272	99,571,861	148,230,947
Other State	72,319,786	78,372,218	75,048,088	99,545,932	73,939,718	104,713,852	133,686,719	191,809,507	112,240,920	127,493,963
Other Local	9,090,755	9,950,079	9,685,814	7,979,528	6,385,645	5,974,394	8,258,946	20,073,799	6,184,125	11,653,004
Total Revenues	559,791,322	553,948,592	613,800,231	626,752,179	559,269,076	622,845,963	689,889,934	797,964,113	720,821,886	790,211,395
EXPENDITURES										
Current										
Certificated Salaries	222,800,621	209,808,827	215,532,888	213,345,658	225,805,852	237,235,646	242,978,512	229,980,325	249,366,493	310,088,646
Classified Salaries	62,778,941	60,163,620	58,460,874	62,484,309	61,720,315	76,904,101	70,677,912	67,457,009	77,482,308	89,282,138
Employee Benefits	177,606,806	175,948,151	181,174,974	177,007,077	189,329,145	185,060,292	215,767,200	189,601,959	221,046,732	227,767,467
Books and Supplies	41,196,691	11,145,790	101,259,537	56,495,308	29,444,199	26,193,255	29,337,531	20,898,836	39,153,365	54,920,975
Services, Other Operating Expenses	75,194,802	65,548,240	84,007,765	76,546,897	82,045,873	103,385,895	85,526,262	118,465,566	111,859,298	146,141,546
Other Outgo	471,000	1,150,697	1,100,000	1,265,463	(150,180)	1,473,819	1,540,000	1,420,167	1,510,300	1,510,300
Other Outgo – Transfers of Indirect Costs	--	--	--	--	--	--	(1,191,588)	--	(1,277,770)	(1,391,814)
Capital outlay	627,792	8,361,223	484,435	4,423,302	1,781,522	9,148,969	5,429,251	25,340,223	946,177	24,516,394
Debt service- principal	10,300	2,280	--	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--	--	--	--
Total Expenditures	580,686,953	532,129,368	642,020,473	591,568,014	589,976,726	639,401,977	650,065,110	653,164,085	700,086.904	852,835,651
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(20,895,631)	21,819,224	(28,220,242)	35,184,165	(30,707,650)	(16,556,014)	42,167,249	144,800,028	20,734,982	(62,624,257)
OTHER FINANCING SOURCES (USES)										
Transfers in	4,022,539	3,598,304	3,798,264	3,181,213	2,316,301	3,162,296	2,342,426	3,279,910	2,475,399	2,368,261
Transfers out	(1,833,785)	(2,698,262)	(1,981,864)	(5,507,272)	(266,000)	(2,660,202)	--	--	--	--
Total Other Financing Sources (Uses)	2,188,754	1,114,503	1,816,400	(2,326,059	2,050,301	502,094	2,342,426	3,279,910	2,475,399	2,368,261
NET CHANGE IN FUND BALANCES	(18,706,877)	22,719,266	(26,403,842)	32,858,106	(28,657,349)	(16,053,920)	44,509,675	148,079,938	23,210,381	(60,255,996)
Fund Balance, July 1	70,329,345	70,329,345	93,048,611	93,048,611	125,906,717	125,906,717	67,291,485	109,852,797	181,629,916	257,932,735
Fund Balance, June 30	$51,622,468	$93,048,611	$66,644,769	$125,906,717	$97,249,368	$109,852,797	$109,458,734	$257,932,735	$204,840,297	$197,676,739

[1] From the audited financial statements of the District for such fiscal year.
[2] From Fiscal Year 2023-24 Second Interim Report of the District.
Source: *The District.*

General Fund Balance Sheet

The following table reflects the District's audited General Fund balance sheet for fiscal years 2019-20 to 2022-23.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
Summary of General Fund Balance Sheet
for Fiscal Years 2019-20 through 2022-23

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
ASSETS				
Cash and Investments:				
Cash in County Treasury	$48,227,154	$158,261,952[4]	$205,714,672[4]	$372,001,647
Cash on Hand and in Banks	85,883	65,145	42,883	13,999
Cash in Revolving Fund	225,000	225,000	225,000	225,000
Collections awaiting deposit	--	--	--	175,520
Accounts Receivable	64,707,798[1]	25,914,449	32,178,242	14,861,990
Prepaid Expenditures	--	--	16,100	8,235
Due from Other Funds	2,814,637	5,121,124	2,946,568	7,955,468
Due from Grantor Governments	24,179,665	37,009,626	33,790,821	32,480,920
Stores Inventory	104,537	104,480	105,262	104,391
Total Assets	140,344,674	226,701,776	275,019,548	427,827,170
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	40,063,484[2]	80,414,899	81,311,912	86,945,597
Due to Grantor Governments	--	2,066,651[3]	65,820,039[3]	60,273,351
Unearned Revenue	5,597,401	10,583,206	13,077,997	19,569,449
Due to Other Funds	1,635,178	7,720,303	4,956,803	3,106,038
Total Liabilities	47,296,063	100,795,059	165,166,751	169,894,435
FUND BALANCES				
Total Fund Balances	93,048,611	125,906,717	109,852,797	257,932,735
Total Liabilities and Fund Balances	$140,344,674	$226,701,776	$275,019,548	$427,827,170

[1] Increased Accounts Receivables in fiscal year 2019-20 was due to the deferral of both LCFF revenue and AB602 Special Education revenue from June 2020 to July 2020 by the State.
[2] Increased Accounts Payable in fiscal year 2019-20 due to an adjustment to the Education Protection Account ("EPA") revenues by the State which increased the allocation of Principal Apportionment funds and decreased allocation of EPA funds which led to an overpayment of EPA funds and underpayment of Principal Apportionment funds to the District. The District recognized the overpayment within its accounts payable as an amount owed back to the State.
[3] Includes In-Person Instruction Grants and Expanded Learning Opportunities Grants under AB 86 returned to the State due to adjustments for the number of in-person instruction days offered by the District.
[4] Includes one-time COVID relief funds.
Source*: The District*.

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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 California 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 guaranty the accuracy or completeness of this information and has not independently verified such information.

2023-24 State Budget. The fiscal year 2023-24 budget for the State ("2023-24 State Budget") was passed by the State Legislature on June 15, 2023. On June 28, 2023, the Governor signed Senate Bill 101, the State Budget Act of 2023, and on July 10, 2023, the Governor signed additional trailer bills, including Senate Bill 114 and Senate Bill 115, forming the complete substantive agreement of the 2023-24 State Budget. The 2023-24 State Budget, for the first time in several years, foresees a downturn in revenues and addresses an approximate $31.7 billion budget shortfall. A balanced budget is accomplished through spending reductions and pullbacks of previously planned spending, delays in spending, fund shifts, alternative revenues and borrowing and a withdrawal from the Safety Net Reserve.

The 2023-24 State Budget projects approximately $208.7 billion in General Fund revenues with a prior year balance of $26.4 billion for total resources of $235 billion, and $225.9 billion in expenditures for fiscal year 2023-24. For fiscal year 2022-23, the 2023-24 State Budget estimated $260.9 billion in resources and $234.6 billion in expenditures. The 2023-24 State Budget projects a historic level of reserves, setting aside a total of $37.8 billion including $22.3 billion in the Budget Stabilization Account (the "BSA") for fiscal emergencies, $900 million in the Safety Net Reserve, $10.8 billion in the Public School System Stabilization Account (the "PSSSA"), and an estimated $3.8 billion in the State's Special Fund for Economic Uncertainties. The $9.9 billion balance in the PSSSA in fiscal year 2022-23 will trigger the 10% cap on school district reserves beginning in fiscal year 2023-24. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2023-24 State Budget provides total K-12 funding of $129.2 billion ($79.5 General Fund and $49.7 billion from other funds). The projected decrease in State revenues under the 2023-24 State Budget lowers the Proposition 98 guarantee to $110.6 billion in fiscal year 2021-22, $107.4 billion in fiscal year 2022-23 and $108.3 billion in fiscal year 2023-24.

The LCFF under the 2023-24 State Budget receives a COLA of 8.22%, the largest COLA since the implementation of the LCFF. The 2023-24 State Budget includes $300 million ongoing Proposition 98 funds to establish an equity multiplier as an add-on to the LCFF to augment resources for the highest-need schools in the State.

Additional significant provisions of the 2023-24 State Budget relating to K-12 education include the following:

- *Literacy* – $250 million one-time Proposition 98 funds to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train and hire literacy coaches and reading specialists. Requires screening of students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year and provides $1 million to convene a panel to create a list of approved screening instruments.

- *State Pre-School* – (1) $343.1 million Proposition 98 funds and $20,000 non-Proposition 98 funds from the 2022-23 fiscal year, (2) $369.3 million Proposition 98 funds and $126.1 million General Fund from the 2023-24 fiscal year, and (3) $445.7 million Proposition 98 funds and $186.5 million General Fund from the 2024-25 fiscal year. Suspends the annual COLA applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25. Revises the family fee schedule for the State Preschool Program beginning October 1, 2023, to: (1) limit family fees to one percent of a family's monthly income, and (2) prohibit the assessment of a fee for families with an adjusted monthly income below 75% of the state median income. Authorizes State Preschool Program family fee debt that accrued but remained uncollected prior to October 1, 2023 to be forgiven.

- *Educator Workforce* – $10 million one-time Proposition 98 funds for grants to provide culturally relevant support and mentorship for educators to become school administrators.

- *Transitional Kindergarten* – $357 million ongoing Proposition 98 funds to support the first year of expanded eligibility for TK and $283 million Proposition 98 funds to support the first year of adding one additional certificated or classified staff person to every TK class, $597 million ongoing Proposition 98 funds to support the second year (2023-24 school year) of expanded eligibility for transitional kindergarten and $165 million Proposition 98 funds to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

- *Arts, Music, and Instructional Materials Discretionary Block Grant* – Decreases one-time Proposition 98 fund for the grant by $200 million, reducing total one-time program support from approximately $3.5 billion to approximately $3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately $938 million ongoing Proposition 98 General Fund beginning in fiscal year 2023-24.

- *Learning Recovery Emergency Block Grant* – Delays approximately $1.1 billion one-time Proposition 98 funds for the Learning Recovery Emergency Block Grant to fiscal years 2025-26, 2026-27, and 2027-28.

- *Zero-Emission School Buses* – Delays $1 billion one-time Proposition 98 funds to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to fiscal years 2024-25 and 2025-26.

- *California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program* – Delays planned fiscal year 2023-24 $550 million investment to fiscal year 2024-25.

- *School Facility Program* – Approximately $2 billion one-time General Fund to support the School Facility Program in fiscal year 2023-24.

- *Nutrition* – Additional $154 million ongoing Proposition 98 funds and an additional $110 million one-time Proposition 98 funds to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.

- *Bipartisan Safer Communities Act, Stronger Connections Program* – $119.6 million one-time federal funds to support LEA activities related to improving school climate and safety through the Stronger Connections Program.

- *Charter School Facility Grant Program* – one-time investment of $30 million Proposition 98 funds to support eligible facilities costs, consistent with the 2022-23 State Budget.

- *Bilingual Teacher Professional Development Program* – $20 million one-time Proposition 98 funds, to be available through fiscal year 2028-29 fiscal year.

- *Commercial Dishwasher Grants* – $15 million one-time Proposition 98 funds to support grants to acquire and install commercial dishwashers.

- *Restorative Justice Practices* – $7 million one-time Proposition 98 funds to provide support for local educational agencies opting to implement certain restorative justice best practices.

- *Golden State Teacher Grant Program* – $6 million one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.

- *K-12 High Speed Network* – $3.8 million ongoing Proposition 98 funds to support the K-12 High Speed Network program.

- *Reversing Opioid Overdoses* – $3.5 million ongoing Proposition 98 funds for all middle schools, high schools, and adult school sites to maintain at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus for emergency aid.

Proposed 2024-25 State Budget*.* The fiscal year 2024-25 proposed budget for the State ("Proposed 2024-25 State Budget") was released by the Governor on January 10, 2024. The Proposed 2024-25 State Budget foresees a downturn in revenues and addresses an approximate $37.9 billion budget shortfall resulting primarily from (i) substantial declines in the stock market in 2022 driving down personal income, sales and corporation tax revenues and (ii) the extension of the tax filing deadline for calendar year 2022 which resulted in a delay in collection of income taxes. A balanced budget is accomplished through reserve withdrawals, spending reductions, internal borrowing, fund shifts and delays, and deferrals of specific obligations.

The Proposed 2024-25 State Budget projects approximately $214.7 billion in General Fund revenues with a prior year balance of $8 billion for total resources of $222.7 billion, and $208.7 billion in expenditures for fiscal year 2024-25. For fiscal year 2023-24, the Proposed 2024-25 State Budget estimates $238.9 billion in resources and $230.9 billion in expenditures. The Proposed 2024-25 State Budget projects substantial total budget reserves, setting aside a total of $18.4 billion, including $11.1 billion in the BSA for fiscal emergencies, $3.9 billion in the PSSSA, and an estimated $3.4 billion in the State's Special Fund for Economic Uncertainties. The $5.7 billion balance in the PSSSA in fiscal year 2023-24 continues to trigger the 10% cap on school district reserves in fiscal year 2024-25. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICTS – Proposition 2" herein for more information regarding school district reserves.

The Proposed 2024-25 State Budget includes total K-12 funding of $126.8 billion ($76.4 billion General Fund and $50.4 billion from other funds). K-12 per-pupil funding totals $17,653 Proposition 98 funds and $23,519 per pupil when accounting for all funding sources. The projected decrease in State revenues under the Proposed 2024-25 State Budget lowers the Proposition 98 guarantee to $98.3 billion in fiscal year 2022-23, $105.6 billion in fiscal year 2023-24 and $109.1 billion in fiscal year 2024-25. These revised Proposition 98 levels represent a decrease of approximately $11.3 billion over the three-year period relative to the 2023-24 State Budget. The Proposed 2024-25 State Budget proposes statutory changes to address roughly $8 billion of this decrease to avoid impacting already-adopted k-12 school and community college district budgets.

The Proposed 2024-25 State Budget includes an LCFF COLA of 0.76%. However, to fully fund the LCFF and to maintain the level of current year principal apportionments, the Proposed 2024-25 State Budget proposes withdrawing approximately $2.8 billion from the PSSSA in fiscal year 2023-24, and approximately $2.2 billion from the PSSSA, as well as using other available funding of approximately $38.6 million, in fiscal year 2024-25.

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

- *Instruction Continuity* — Statutory changes to provide attendance recovery opportunities to students to make up lost instructional time including allowing school districts to add attendance recovery time to the attendance data submitted to CDE, requiring school districts to provide students with access to remote instruction or support to enroll at a neighboring school district for emergencies lasting 5 or more days and encourage school districts to provide hybrid or remote learning opportunities to students who are unable to attend school.

- *California State Preschool Program* — $53.7 million General Funds to support reimbursement rates to maintain the level of support necessary for the Department of Education to meet the collective bargaining agreement requirements and administer the program.

- *Teacher Preparation and Professional Development* — $25 million ongoing Proposition 98 funds through the K-12 Mandate Block Grant to support training for educators to administer literacy screenings and $20 million one-time Proposition 98 funds for a county office of education to work with the University of California Subject Matter Projects, as well as other well-qualified governmental or non-profit providers, to develop and provide training for mathematics coaches and leaders.

- *California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (FDK Program)* — A delay in the fiscal year 2024-25 planned $550 million FDK Program investment to fiscal year 2025-26 to support the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms.

- *Zero-Emission School Buses* — $500 million one-time Proposition 98 funds to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission in fiscal year 2024-25.

- Curriculum-Embedded Performance Tasks for Science — $7 million one-time Proposition 98 funds to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks.

- *Cradle-to-Career Data System* — $5 million ongoing Proposition 98 funds to support the California College Guidance Initiative.

- *Nutrition* — $122.2 million ongoing Proposition 98 funds to fully fund the universal school meals program in fiscal year 2024-25 which is projected to provide over 845 million meals .

- *Broadband Infrastructure Grant* — $5 million one-time non-Proposition 98 funds to extend providing fiber broadband connectivity to the most poorly connected school sites and for joint projects connecting schools, local libraries and telehealth providers to high-speed fiber broadband.

LAO Summary of Proposed 2024-25 State Budget. An impartial analysis of the Proposed 2024-25 State Budget is posted by the Office of the Legislative Analyst ("LAO") at www.lao.ca.gov. The information referred to is prepared by the LAO and not by the District, and the District can take no responsibility for the continued accuracy of the LAO's internet address or for the accuracy, completeness or timeliness of information posted to such website, and such information is not incorporated herein by these references.

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 XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the County assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the 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 XIIIA 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 XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of principal of and interest on the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State Legislature 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"). 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 has had on assessed valuation of real property in the District. Since fiscal year 2020-21, assessed valuation within the District has increased. See "TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations" herein.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 XIIIA.

Proposition 50 and Proposition 171

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

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") 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 SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

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

Article XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts 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 XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for 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 XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

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

Article XIIIC and Article XIIID 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 XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the 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 XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school 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 XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA 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 XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. Proposition 26 does not apply to the levy of a*d 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 XIIIB 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 XIIIB 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. <u>Annual Adjustments to Spending Limit</u>. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in 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. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess 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. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB 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. <u>Recalculation of Appropriations Limit</u>. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State General Fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State General Fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (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, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If 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) changes 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 XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

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 transportation funds and General Fund and, 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 revenue limit 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, 2017. 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 schools districts and 11% provided to community college districts. The funds are distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 55

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

Proposition 51

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

K-12 School Facilities. Proposition 51 includes $3 billion for the construction of new K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

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

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

Proposition 2

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

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

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

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

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in 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 State's Public School System Stabilization Account ("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 basic aid 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 PSSA 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 *–2023-24 State Budget*" for information regarding the triggering of the reserve cap in fiscal year 2023-24.

Reserve for Economic Uncertainty. The District is statutorily required to maintain a reserve for economic uncertainties at least equal to 2% of General Fund expenditures and other financing uses (the "Minimum Reserve"). However, on March 4, 2021, the Board revised existing Board policies to establish and maintain a reserve for economic uncertainties equal to no less than 5% of General Fund expenditures to begin in fiscal year 2022-23 or when the current budget deficit is eliminated. For the fiscal year ended

June 30, 2023, the District's reserve was approximately 7.1% of the total expenditures, with available reserves of $46,528,353, $13,039,261 of which was designated as available for economic uncertainties. The District's Second Interim Report for Fiscal year 2023-24 Budget includes a reserve for economic uncertainties of $17,009,348, or approximately 2% of General Fund expenditures, and total available reserves of approximately $88,092,909, or approximately 10.3% of General Fund expenditures.

The District's financial and budgetary practices have been subject to increased oversight by the Financial Crisis Management Assistance Team ("FCMAT"), as well as SCOE. See "DISTRICT FINANCIAL INFORMATION – 2018-19 Budget Disapproval and Initial County Oversight." It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

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

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

Taxpayer Protection and Government Accountability Act Ballot Initiative. The Taxpayer Protection and Government Accountability Act ("Initiative 1935") has received the required number of signatures to appear on the November 5, 2024 ballot. If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIIIA, XIIIC and XIIID of the California Constitution to limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

The District cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the District cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the District, although Initiative 1935 does not contain any provisions which directly impact the ability of, or the authority for ,the District to issue general obligation bonds. The Bonds are payable solely from the proceeds of the unlimited *ad valorem* property tax which the County levies and collects upon the taxable property within the District, and not from the General Fund of the District.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID 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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Introduction

The District is located in the County and spans 70 square miles. The District was established in 1854 and, as of fiscal year 2022-23, is the 12th largest school district in the State, as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the capital of the State, the City. The District operates forty-two elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five dependent charter schools) and forty-two children's centers/preschools. The budgeted funded ADA for the District for fiscal year 2023-24 is approximately 35,909 students, per the District's fiscal year 2023-24 Second Interim Report, and the District has a 2023-24 total assessed valuation of $48,455,611,678. The audited financial statements for the District for the fiscal year ended June 30, 2023 are attached hereto as APPENDIX B.

Board of Education

The District is governed by a Board of Education ("Board"). The Board consists of seven members who are elected by trustee area 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:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Board of Education

Name	Office	Term Expires December
Lavinia Grace Phillips	President	2024
Jasit Singh	First Vice President	2026
Chinua Rhodes	Second Vice President	2024
Tara Jeane	Member	2026
Taylor Kayatta	Member	2026
Christina Pritchett	Member	2024
Jamee Villa	Member	2024

Source: *The District.*

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: Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824-6322, Attention: Assistant Superintendent, Business Services. 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 District Superintendent follows.

Name	Title
Lisa Allen	Superintendent
Mary Hardin-Young	Deputy Superintendent
Janea Marking	Chief Business and Operations Officer
Brian Heap	Chief Communications Officer
Cancy McArn	Chief Human Resources Officer
Rodney Moore	Chief Legal Counsel
Tim Rocco	Chief Information Officer
Yvonne Wright	Chief Academic Officer

Lisa Allen – *Superintendent*. Ms. Allen was appointed Superintendent of the District on April 18, 2024, prior to which she had served as the Interim Superintendent of the District since July 7, 2023 and previously served as the Deputy Superintendent of the District since 2017. Prior to serving as Deputy Superintendent, Ms. Allen served as the Interim Chief of Schools, Assistant Superintendent of Accountability and Administrator of Curriculum and Professional Development; and Director of Multilingual/Multicultural, Equity, Access and Achievement. She also previously held the position of Private School Specialist for 10 years. Ms. Allen earned a Bachelor of Science in Elementary Education from Indiana State University and her Masters of Art in Educational Leadership from California State University, Sacramento. She also holds professional licenses in both Indiana and California; a Professional Clear Administrative Credential and Professional Clear Multiple Subjects Teaching Credential.

Employees and Labor Relations

The District employs approximately 2,261 full-time equivalent ("FTE") certificated academic professionals, approximately 1,486 FTE classified employees, and approximately 342 FTE management employees.

The certificated employees of the District have assigned the SCTA as their exclusive bargaining agent. The contract between the District and SCTA expires on June 30, 2025.

Certain District service employees have assigned SEIU as their exclusive bargaining agent. The contract between the District and the SEIU expires on June 30, 2025.

Certain classified employees have assigned Teamsters Classified Supervisor ("TCS"), as their exclusive bargaining agent. The contract between the District and TCS expires on June 30, 2026 and includes re-openers for, *inter alia*, compensation for fiscal years 2023-24 through 2025-26.

Certain employees, including school site principals, assistant principals and coordinators, have assigned United Professional Educators ("UPE") as their exclusive bargaining agent. The contract between the District and UPE expires on June 30, 2026 and includes re-openers for, *inter alia*, salary and health benefits for fiscal years 2023-24 through 2025-26.

The District's food process workers, warehouseman and helpers have assigned Teamster Union, Local 150 ("Teamsters") as their exclusive bargaining agent. The contract between the District and the Teamsters expires on June 30, 2026 and includes re-openers for, *inter alia*, compensation. By operation of law, the parties are operating under the expired contract until a new contract is executed and delivered.

Labor Strike. On March 23, 2022, both SCTA and SEIU elected to go on strike. On April 3, 2022, the District reached tentative agreements with SCTA and SEIU to end the strike, and District schools opened for instruction the following day. During the pendency of the strike, the District was required to close all of its schools for eight days of instruction. As a result, the District fell short of State-mandated minimums regarding instructional days and minutes and was subject to fiscal penalties of approximately $47 million (as well as cost savings of approximately $8.4 million). The District is currently working with its bargaining units to restore as many days and minutes as possible, however no representation can be made that this effort will be successful. In addition, the District may apply for a waiver from the State from the potential penalties associated with any lost instruction time once negotiations are completed, however no assurance can be made that such a waiver will be granted. Pursuant to applicable audit guidance, the District has recognized this potential liability in its estimated actuals for fiscal year 2021-22. See also "DISTRICT FINANCIAL INFORMATION – District Budgeting and County Oversight – Recent Financial Trends." [UPDATE TO COME]

In connection with ending the labor strike, the District agreed to memoranda of understanding (the "MOUs") with SCTA and SEIU which extend the certificated and classified collective bargaining agreements through June 30, 2023. Among other things, the MOUs provide for (1) a 4% ongoing general salary increase, (2) one-time, off schedule stipends for fiscal years 2019-20 through 2021-22, (3) a 25% increase to the pay rate for substitute teachers for fiscal year 2021-22, and (4) various other stipends, pay rate adjustments, additional paid sick leave and additional professional development days. The agreements allowed for reopeners of salaries in fiscal year 2022-23 and beyond. The agreements were approved by the Board on April 21, 2022. In connection therewith, the Board was presented with revised revenue projections showing the impact of these labor agreements on the District's operating budget. The financial impact of these agreements has been reflected in the subsequent District budgets. See also "DISTRICT FINANCIAL INFORMATION – District Budgeting and County Oversight."

District Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. For fiscal year 2023-24, the District is currently required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.328% of teacher payroll for fiscal year 2023-24. 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.

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, 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%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 by June 30, 2046, which is premised upon an actuarially assumed earnings rate of 7.00%. 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.)

Subsequent to the increases to the school district's contribution rates to STRS, AB 1469 requires that for fiscal year 2021-22 and each fiscal year thereafter, STRS adjust the school district's contribution rate to reflect the rate required to eliminate the unfunded liability by July 1, 2046. The 2020-21 State Budget applied certain funds in fiscal year 2020-21 intended under the 2019-20 State Budget to reduce future obligations to STRS to the school districts' then current obligations to STRS to reduce the school district's contribution rates to STRS in fiscal year 2020-21 from 18.41% to approximately 16.15% and in fiscal year 2021-22 from 17.9% to 16.02%.

The District contributed to STRS $36,383,635 for fiscal year 2019-20, $34,403,690 for fiscal year 2020-21 and $40,279,774 for fiscal year 2021-22 and $42,543,877 for fiscal year 2022-23. Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of $77,829,436 to STRS for fiscal year 2023-24, per its Second Interim 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 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 26.68% of eligible salary expenditures for fiscal year 2023-24, while participants enrolled in PERS (prior to January 1, 2013) contribute 7% of their respective salaries, and those enrolled subsequent to January 1, 2013 contribute 8.00%. See –"California Public Employees' Pension Reform Act of 2013" below.

On April 19, 2017, the Board of Administration of PERS ("PERS Board") adopted new contribution rates for school districts. The revised contribution rates are, as were the previous contribution rates, based on certain demographic assumptions adopted by the PERS Board in February 2014 which took into account longer life spans of public employees from previous assumptions. Such demographic assumptions generally increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and were phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. PERS estimated that the new demographic assumptions would cost public agency employers up to an additional 5% of payroll for miscellaneous employees at the end of the five-year phase in period. To the extent, however, that current and future experiences differ from PERS' assumptions, the required employer contributions may vary. The 2017-18 contribution rate also took into account increased payroll over 2016-17, a lowered discount rate (which was approved in December 2016) as well as lower than predicted investment returns in prior years. As a result of payments to be made by the State as part of the 2019-20 State Budget, the estimated future employer contribution rates to PERS were again revised downward for fiscal years 2019-20 through 2025-26 but remain subject to annual adoption by the PERS Board. See "DISTRICT FINANCIAL INFORMATION- State Funding of Education" herein.

On April 18, 2022, the PERS Board set the fiscal year 2022-23 employer contribution rate at 25.37%. The PERS Board also approved an increase in the employee contribution rate for members subject to the Reform Act (defined below) from 7.00% of earnings to 8.00% of earnings for fiscal year 2022-23. From the Basic Financial Statements issued on November 15, 2022, PERS reported a negative 7.5% net return on investments for fiscal year 2021-22, which is PERS' first negative return on investments since fiscal year 2008-09. The negative 7.5% net return on investments is less than the assumed annual rate of return on investments of 6.80%. Most recently, on April 17, 2023, the PERS Board set the fiscal year 2023-24 employer contribution rate at 26.68% and maintained the employee contribution rate for members subject to the Reform Act (defined below) at 8.00%.

PERS estimates future employer contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates (PERS Actuarial Report)
2024-25	27.70%
2025-26	28.30
2026-27	28.70
2027-28	30.00
2028-29	29.80

The projected rates reflect the preliminary investment loss for fiscal year 2021-22 described above. Projected rates also reflect the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers.

The District contributed to PERS $13,529,537 for fiscal year 2019-20, $13,762,087 for fiscal year 2020-21, $16,163,003 for fiscal year 2021-22 and $19,633,057 for fiscal year 2023-24, per its Second Interim Report, which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of $23,874,592 to PERS for fiscal year 2023-24, per its Second Interim 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 and STRS as of July 1, 2022.

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

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$ 116,982	$ 79,8736	$ (37,596)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	346,089	283,340	(80,803)

(1) Amounts may not add due to rounding.
Source*: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.*

Unlike PERS, STRS contribution rates for participant employers, employees hired prior to the Implementation Date (defined herein) 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 participants hired after the Implementation Date 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 significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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

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

The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2023, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$241,143,000
PERS	152,425,000
Total	$393,568,000

Source*: The District.*

For further information about the District's contributions to STRS and PERS, see Notes 8 and 9 in the District's audited financial statements for fiscal year ended June 30, 2023 attached hereto as APPENDIX B.

School districts' retirement contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot determine whether current or future financial market losses and/or volatility might impact the value of investments held by either STRS or PERS to fund retirement benefits or whether the District's contribution rates to STRS or PERS might increase in the future as a result of factors outside of its control including, but not limited to, any declines in the value of investments in response to financial market conditions and the impact of retirees living longer than actuarial assumptions.

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* which the District implemented in fiscal year 2017-18.

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

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program ("CERBT") to prefund the costs of its Health & Welfare Benefits. The funds in the CERBT are held in trust and will be administered by PERS as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board. As of the June 30, 2023 valuation, 3,199 retirees and their beneficiaries were receiving Health & Welfare Benefits with 3,903 employees earning service credit towards eligibility.

Expenditures for Health & Welfare Benefits are recognized each pay period at a rate that approximates the amount of premiums paid. During fiscal year 2022-23, the District contributed $28,080,859 towards Health & Welfare Benefits, and has budgeted a contribution of $86,764,922 for fiscal year 2023-24, per its fiscal year 2023-24 Second Interim Report.

The following table shows the changes in the District's net Health and Welfare Benefits as of June 30, 20232.

	Total OPEB Liability	**Total Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30, 2022	$442,140,012	$133,906,497	$308,233,515
Service Cost	9,390,965	--	9,390,965
Interest	30,032,848	--	30,032,848
Actuarial Experience	(73,787,272)	(27,603,324)	(46,183,948)
Assumption Changes	4,093,581	--	4,093,581
Employer Contributions	--	28,457,590	(28,457,590)
Interest Income	--	9,677,281	(9,677,281)
Administrative Expense	--	(33,922)	33,922
Benefit payments	(19,742,892)	(19,742,892)	--
Net Change	(50,012,770)	(9,245,267)	(40,767,503)
Balance at June 30, 2023	$392,127,242	$124,661,230	$267,466,012

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, with other school districts, of a joint powers authority, Schools Insurance Authority ("SIA"), for the operation of a common risk management and insurance program for property and liability coverage. SIA enters into insurance agreements, on behalf of its member school districts for coverage above self-insured retention layers. SIA's Property Liability and Workers' Compensation Programs provide self-insured retention of $100,000, $750,000 and $1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. The relationship between the District and SIA is such that SIA is not 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.

District Debt Structure

Long-Term Debt. A schedule of the District's changes in long-term debt for the year ended June 30, 2023 is shown below:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Long-Term Debt

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Debt:					
General obligation bonds	$ 469,262,966	$280,845,000	$81,667,074	$ 668,440,892	$41,015,000
Accreted interest	25,182,150	2,420,000	2,557,926	25,044,351	2,420,126
Lease Revenue Bonds	55,030,000	--	2,970,000	52,060,000	3,115,000
Premium on issuance	40,016,725	23,325,583	7,956,561	55,385,747	3,812,675
Other Long-Term Liabilities:					
Net Pension Liability	247,054,000	146,514,000	--	393,568,000	--
Net OPEB liability	308,233,515	--	40,767,503	267,466,012	--
Compensated absences	5,525,332	449,657	--	5,974,989	5,974,989
Total	$1,150,304,688	$453,554,367	$135,919,064	$1,467,939,991	$56,337,790

Source: *The District.*

General Obligation Bonds

On October 19, 1999, voters in the District approved by a two-thirds vote a bond measure authorizing the District to issue $195,000,000 in general obligation bonds (the "1999 Authorization"). Pursuant to the 1999 Authorization, the District issued, or caused to be issued, its $50,000,000 General Obligation Bonds, Election of 1999, Series A (the "Series 2000 Bonds"), its $45,000,000 General Obligation Bonds, Election of 1999, Series B (the "Series 2001 Bonds"), its $45,000,000 General Obligation Bonds, Election of 1999, Series C (the "Series 2002 Bonds"), and its $55,000,000 General Obligation Bonds, Election of 1999, Series D (2004) (the "Series 2004 Bonds"). No general obligation bonds remain for issuance under the 1999 Authorization.

On November 5, 2002, voters in the District approved by 55% or more a bond measure authorizing the District to issue $225,000,000 aggregate principal amount of general obligation bonds (the "2002 Authorization"). Pursuant to the 2002 Authorization, the District issued its $80,000,000 General Obligation Bonds Election of 2002, Series A (the "Series 2003 Bonds"), its $80,000,000 General Obligation Bonds Election of 2002, Series 2005 (the "Series 2005 Bonds"), and its $64,997,966.35 General Obligation Bonds Election of 2002, Series 2007 (the "Series 2007 Bonds"). Substantially no general obligation bonds remain for issuance under the 2002 Authorization.

On November 6, 2012, voters in the District approved by 55% or more two bond measures known as "Measure Q" and "Measure R." Measure Q authorized the District to issue $346,000,000 aggregate principal amount of general obligation bonds, and Measure R authorized the District to issue $68,000,000 principal amount of general obligation bonds. The District issued its $30,000,000 General Obligation

Bonds (Measures Q and R) Election of 2012, 2013 Series A (Tax-Exempt) (the "2013 Series A Bonds") and $40,000,000 General Obligation Bonds (Measures Q and R) Election of 2012, 2013 Series B (Qualified School Construction Bonds) Taxable, its $66,260,000 General Obligation Bonds (Measure Q) (Election of 2012) 2015 Series C-1 (Tax-Exempt) (the "2015 Series C Bonds") and $23,740,000 General Obligation Bonds (Measure Q) (Election of 2012) 2015 Series C-2 (Taxable), $14,000,000 General Obligation Bonds Election of 2012 (Measure Q) 2016 Series D (the "2016 Series D Bonds"), $112,000,000 General Obligation Bonds Election of 2012 (Measure Q), 2017 Series E (the "2017 Series E Bonds"), $10,000,000 General Obligation Bonds Election of 2012 (Measure R), 2017 Series C (the "2017 Series C Bonds"), $10,000,000 General Obligation Bonds Election of 2012 (Measure Q) 2018 Series F, $30,900,000 General Obligation Bonds Election of 2012 (Measure R), 2019 Series D (the "2019 Series D Bonds") and $77,100,000 General Obligation Bonds Election of 2012 (Measure Q), 2021 Series G (the "2021 Series G Bonds"). No general obligation bonds remain for issuance under Measure R or Measure Q.

In March, 2020, the District received authorization from 55% or more of eligible voters in the District to issue $750,000,000 aggregate principal amount of general obligation bonds (the "2020 Authorization"). The District issued its $225,000,000 General Obligation Bonds, Election of 2020 (Measure H) 2022 Series A (the "2022 Series A Bonds") under the 2020 Authorization. Prior to the issuance of the Bonds, $525,000,000 aggregate principal amount of general obligations bonds remains for issuance under the 2020 Authorization.

The District also issued (i) its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds") to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds and its General Obligation Refunding Bonds, Series 2001; (ii) its 2012 General Obligation Refunding Bonds to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds, the Series 2004 Bonds, the General Obligation Refunding Bonds, Series 2001 and the Series 2003 Bonds; (iii) its 2014 General Obligation Refunding Bonds to refund a portion of the Series 2005 Bonds; (iv) its 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds") to refund the remaining outstanding Series 2005 Bonds and a portion of the outstanding Series 2007 Bonds; (v) its 2021 General Obligation Refunding Bonds to refund the 2011 Refunding Bonds; (vi) its 2022 General Obligation Refunding Bonds to refund the 2012 General Obligation Refunding Bonds; (vii) its 2024 General Obligation Bonds, Series A to refund the 2013 Series A Bonds; and (viii) its 2024 General Obligation Refunding Bonds, Series B to purchase and defease certain maturities of the 2015 Refunding Bonds, the 2015 Series C-1 Bonds, the 2016 Series D Bonds, the 2017 Series C Bonds, the 2017 Series E Bonds, the 2019 Series D Bonds and the 2022 Series A Bonds.

The table below provides the amount of general obligation bonds issued, outstanding and remaining for issuance for each of the District's outstanding authorizations.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bond Authorizations[1]

Authorization	Issued	Remaining for Issuance
October 19, 1999	$195,000,000.00	$ 0.00
November 5, 2002	224,997,966.35	2,033.65
November 6, 2012	346,000,000.00	0.00
November 6, 2012	68,000,000.00	0.00
March 3, 2020	225,000,000.00	525,000,000.00

[1] Prior to the issuance of the Bonds.

Lease Revenue Bonds

In February, 2014, Sacramento City Schools Joint Powers Financing Authority, a joint powers authority (the "Authority") issued its $44,825,000 Lease Revenue Refunding Bonds, 2014 Series A and its $29,460,000 Lease Revenue Refunding Bonds, 2014 Series B (collectively, the "Lease Revenue Bonds") to prepay certain outstanding certificates of participation of the District. The final maturity date for the Lease Revenue Bonds is March 1, 2040.

The tables below sets forth the annual payments of principal and interest with respect to the Lease Revenue Bonds, which are payable from the District's General Fund.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series A

Year ending June 30	Principal	Interest	Total
2024	$2,915,000	$1,220,000	$4,135,000
2025	3,025,000	1,074,250	4,099,250
2026	235,000	923,000	1,158,000
2027	--	911,250	911,250
2028	--	911,250	911,250
2029-2033	--	4,556,250	4,556,250
2034-2038	12,370,000	3,379,250	15,749,250
2039-2040	5,855,000	442,750	6,297,750
Total	$24,400,000	$13,418,000	$37,818,000

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series B

Year ending June 30	Principal	Interest	Total
2024	$ 200,000	$1,131,294	$ 1,331,294
2025	240,000	1,123,114	1,363,114
2026	3,215,000	1,113,298	4,328,298
2027	3,635,000	981,805	4,616,805
2028	3,785,000	833,133	4,618,133
2029-2033	16,585,000	1,810,031	18,395,031
Total	$27,660,000	$6,992,675	$34,652,675

Short-Term Debt

As of June 30, 2023, the District did not have any short-term debt outstanding. The District does not expect to issue any tax and revenue anticipation notes in fiscal year 2023-24.

SACRAMENTO COUNTY INVESTMENT POOL

The County Board approved the current County Investment Policy Statement (the "Investment Policy") on December 5, 2023 (see APPENDIX D – "SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT"). (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.) The Investment Policy applies to all funds managed by the Director of Finance as delegated by the Board including the Investment Pool and various other small non-pooled investment funds. The primary goal is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Investment Pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. The main investing objectives, in order of priority are: Safety, Liquidity and Yield. See APPENDIX D – "SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT for the most recent report of investments in the Treasury Pool and the County Investment Policy Statement.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 9 months following the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the 2023-24 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the last five years, the District failed to timely file notices of ratings changes for certain of the District's general obligation bonds, the Lease Revenue Bonds and an insurer of certain of the District's general obligation bonds. The District also failed to associate the annual report for fiscal year 2020-21 with the CUSIP numbers for the Lease Revenue Bonds. The District has engaged Dale Scott & Co., Inc. to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Bonds and to assist the District with compliance with its current and future continuing disclosure obligations.

LEGAL MATTERS

The legal opinion of Dannis Woliver Kelley, Long Beach, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, a form of which is attached hereto as APPENDIX A. Dannis Woliver Kelley is also acting as Disclosure Counsel to the District. The above professionals will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

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

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

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

California Senate Bill 222

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

TAX MATTERS

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

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

LEGALITY FOR INVESTMENT

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

RATING

Moody's Investors Service ("Moody's") has assigned its underlying municipal bond rating of "[A3]" to the Bonds. Once issued, such rating reflects only the views of Moody's, and an explanation of the significance of such rating may be obtained as follows: Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553 0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

METHOD OF SALE

Following a competitive bid process, as provided in the Official Notice of Sale, dated ____________, 2024 (the "Notice of Sale"), _________________ (the "Underwriter") has submitted the lowest bid to purchase the Bonds at the purchase price of $___________ (reflecting the principal amount of the Bonds plus an original issue premium in the amount of $__________ and less an Underwriter's discount of $________).

The Notice of Sale provides that all Bonds must be purchased if any are purchased, and that the obligation to make such purchase are subject to certain terms and conditions set forth in the Notice of Sale, the approval of certain legal matters by Bond Counsel, and certain other conditions. The Underwriter has represented to the District that the Bonds have been reoffered to the public at the prices or yields stated on the inside front cover page hereof.

NO LITIGATION

No litigation is pending concerning the validity of the Bonds, and the District's certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

In September, 2023, the District received final notice from the Internal Revenue Service ("IRS") relating to a lien and levy for past due federal taxes in the aggregate amount, at the time of the notice, of approximately $1.6 million, plus interest and penalties. The past due taxes purported to be owed by the District relate to IRS assessments made in 2022 and 2023 for the respective prior tax quarters occurring in 2021 and 2022. The District has the right to proceedings in Tax Court relating to the IRS claim of taxes owed and is currently reviewing the information and considering its options. [UPDATE]

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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 Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824.

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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: ____
Interim Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

[Closing date]

Board of Education
Sacramento City Unified School District
5735 47th Avenue
Sacramento, California 95824

FINAL OPINION: $__________ Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds Election of 2020 (Measure H), 2024 Series B

Members of the Board:

We have acted as bond counsel for the Sacramento City Unified School District (Sacramento County, California) (the "District"), in connection with the issuance by the District of $$__________ aggregate principal amount of the District's General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended, and that certain resolution adopted by the Board of Education of the District on _________, 2024 (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 Sacramento 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 the 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 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, payable as to 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.

2. 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.

3. 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.

4. 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 other opinion with respect to the tax status of the Bonds or 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.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX B

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2023

APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE COUNTY OF SACRAMENTO

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriter. The District comprises a large portion of the City of Sacramento (the "City"), small portions of the cities of Rancho Cordova and Elk Grove and adjacent areas of Sacramento County (the "County") The Bonds are only payable from ad valorem property taxes levied on property in the District. The following information is included only for the purpose of supplying general information regarding the area served by the District. The Bonds are not a debt of the City or the County.

General

The County was incorporated in 1850 as one of the original 27 counties of the State. The City is the largest city in the County and the seat of government for the State and also serves as the County Seat. The County encompasses approximately 1,015 square miles and is a long-established center of commerce for the surrounding area. Trade and services, federal, state and local government, and food processing are important economic sectors. Visitors and tourists are attracted to the State Capitol, historical sights and natural resources.

Population

The following table shows historical population statistics for the City and the County since 2019.

POPULATION
The City and the County
Calendar Years 2019 through 2023

Year[1]	City of Sacramento	County of Sacramento
2019	507,490	1,538,054
2020	520,264	1,585,055
2021	517,824	1,579,186
2022	516,958	1,573,366
2023	518,161	1,572,453

This column provides provisional population estimates for January 1, 2023.
Source: *California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark and E-4 Population Estimates for Cities, Counties, and the State, 2021-2022, with 2020 Census Benchmark*. Sacramento, California, May 2023.

Employment

The table below provides the California Employment Development Department's estimates of total annual civilian nonagricultural wage and salary employment by number of employees in each major industry in the County from calendar years 2018 through 2022.

WAGE AND SALARY EMPLOYMENT
County of Sacramento
Calendar Years 2018 through 2022[1]

Industry Category	2018	2019	2020	2021	2022
Mining and Logging	200	200	200	100	100
Construction	38,600	41,500	44,900	44,900	45,600
Manufacturing	21,200	21,800	21,800	22,400	23,200
Transportation, Warehousing & Utilities	17,400	18,800	19,800	21,900	24,500
Wholesale Trade	17,800	17,300	16,200	16,800	17,700
Retail Trade	64,300	63,200	59,100	62,800	63,400
Financial Activities[2]	33,200	33,400	33,000	32,800	32,900
Professional and Business Services	96,000	98,900	95,500	100,800	106,400
Educational and Health Services	112,200	116,600	115,600	118,700	123,200
Leisure and Hospitality	65,200	67,700	50,600	55,900	65,000
Other Services	23,300	24,100	21,200	22,100	24,300
Government	165,300	168,100	167,100	169,800	176,200
Total Nonagricultural[3]	665,500	681,900	651,600	678,900	712,700

(1) All figures are based on a March, 2022 benchmark.
(2) Includes finance, insurance, and real estate.
(3) Figures may not add to total due to independent rounding.
Source: *State of California Employment Development Department, Labor Market Information Division*.

The following table summarizes the labor force, employment and unemployment figures for the County, the State and the United States from 2019 through 2023.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT(1)
County of Sacramento, State of California and United States
2019 through 2023

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate(2)
2019				
Sacramento County	711,700	685,300	26,400	3.7%
California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Sacramento County	712,200	644,800	67,400	9.5%
California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Sacramento County	719,700	669,900	49,900	6.9%
California	18,973,400	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Sacramento County	728,300	699,800	28,500	3.9%
California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
Sacramento County	731,000	698,500	32,500	4.4%
California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080	3.6

(1) Data reflects employment status of individuals by place of residence.
(2) Unemployment rate is based on unrounded data.
Source: *California State Employment Development Department and U.S. Bureau of Labor Statistics*.

[Remainder of page intentionally left blank]

Personal 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 2018 through 2022.

PERSONAL INCOME
County of Sacramento, State of California, and United States
2018-2022
(Dollars in Thousands)

Year	County of Sacramento	California	United States
2018	$78,819,492	$2,431,773,900	$17,671,054,000
2019	83,515,309	2,567,425,600	18,575,467,000
2020	91,987,475	2,790,523,500	19,812,171,000
2021	98,241,828	3,006,183,900	21,288,709,000
2022	97,517,936	3,018,471,100	21,804,787,500

Source: *U.S. Department of Commerce, Bureau of Economic Analysis*. U.S. Bureau of Economic Analysis, SAINC1 State annual personal income summary: personal income, population, per capita personal income and CAINC1 County and MSA personal income summary: personal income, population, per capita personal income (accessed Friday, April 5, 2023)

PER CAPITA PERSONAL INCOME[1]
County of Sacramento, State of California, and United States
2018-2022

Year	County of Sacramento	California	United States
2018	$50,502	$61,508	$53,786
2019	53,005	64,919	56,250
2020	57,991	70,643	59,763
2021	61,829	76,800	64,117
2022	61,558	77,339	65,423

(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.*

Major Employers

The following table sets forth the major employers in the County in 2023 in alphabetical order.

MAJOR EMPLOYERS
County of Sacramento
2023

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (manufacturers)
Agreeya Solutions	Folsom	Information Technology Services
Ampac Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Manufacturers
Apple Distribution Center	Elk Grove	Distribution Centers (wholesale)
California State University Sacramento	Sacramento	Schools-Universities & Colleges Academic
Corrections Department	Sacramento	State Government-Correctional Institutions
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Department	Sacramento	Outplacement Consultants
Environmental Protection Agency	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (manufacturers)
Kaiser Permanente South	Sacramento	Hospitals
L A Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Center	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/manufacturers)
Securitas Security Services USA	Sacramento	Security Guard & Patrol Service
Sacramento Municipal Utility District	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Summit Funding Inc.	Sacramento	Financing
Sutter Medical Center-Sacramento	Sacramento	Hospitals
Villara Building Systems	McClellan	Building Contractors
Water Resource Department	Sacramento	Government Offices-State

Source: *America's Labor Market Information System (ALMIS) Employer Database, 2024 2nd Edition.*

Commercial Activity

A summary of taxable sales within the County for years 2018 through 2022 is shown in the following table.

TAXABLE SALES
County of Sacramento
2018-2022
(Dollars in Thousands)

Year	Retail and Food Number of Outlets	Retail and Food Taxable Transactions	Total Number of Outlets	Total Outlets Taxable Transactions
2018	24,853	$17,593,375	39,066	$25,443,669
2019	25,530	18,195,304	40,858	26,836,365
2020	28,055	18,488,106	45,361	27,173,406
2021	25,936	23,795,032	42,482	33,918,020
2022	26,589	24,679,703	44,158	36,511,260

Source: *California Department of Tax and Fee Administration, Taxable Sales, Counties by Type of Business, March 21, 2024.*

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Sacramento City Unified School District (the "District") in connection with the execution and delivery of $_________ aggregate principal amount of the District's General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on ____________, 2024 (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 ____________________ (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 Dale Scott & Co., Inc.

"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.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 6.

"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 _________, 2024 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 9 months after the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the fiscal year ending June 30, 2024, which would be due on April 1, 2025, 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) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year, or current fiscal year, if available at the time of filing the Annual Report (to the extent not included in the audited financial statements described in paragraph (a) above):

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

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

(iii) Average Daily Attendance for the District for the last completed fiscal year; and

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

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated 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) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District 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 Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, adverse tax opinions or 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 Bonds;

(ii) Modifications of rights to Bondholders;

(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; or

(viii) Incurrence of a financial obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders.

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

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

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

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

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the 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 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 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 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 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 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 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 Material 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 Designated Material 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 Designated Material 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: _____________, 2024

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:____
Superintendent

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT:

DALE SCOTT & CO., INC.

By: ____________________________________
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Unified School District

Name of Issue: $_________ General Obligation Bonds, Election of 2020 (Measure H), 2024 Series B

Date of Issuance: _________, 2024

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 __________, 2024. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: __________________________

[ISSUER/DISSEMINATION AGENT]

By:_______________________________________

APPENDIX E

SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT

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

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, 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.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY