

NOTE PURCHASE AGREEMENT

\$ _____

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2010-11 TAX AND REVENUE ANTICIPATION NOTES**

April __, 2011

Board of Supervisors,
County of Sacramento
Board of Education,
Sacramento City Unified School District
c/o KNN Public Finance
1333 Broadway
Oakland, CA 94612

Ladies and Gentlemen:

The undersigned (the "Purchaser") offers to enter into this Purchase Contract with the Board of Education of the Sacramento City Unified School District (the "District"), acting through its Superintendent. The offer made hereby is subject to acceptance by the District by execution and delivery of this Purchase Contract (the "Purchase Contract") to the Purchaser at or prior to 11:59 p.m., California time, on the date hereof, but it shall be irrevocable until such time as it is sooner accepted or rejected by the District. Upon acceptance of this offer by the District in accordance with the terms hereof, this Purchase Contract will be binding upon the District and upon the Purchaser.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, covenants and agreements hereinafter set forth, the Purchaser hereby agrees to purchase from the District for offering to the public, and the District hereby agrees to sell to the Purchaser for such purpose, all (but not less than all) of the \$ _____ aggregate principal amount of the District's Sacramento City Unified School District 2010-11 Tax and Revenue Anticipation Notes (the "Notes") at a Purchase Price of \$ _____ (consisting of the principal amount of the Notes, plus an original issue premium of \$ _____, less an underwriter's discount of \$ _____). The true interest cost for the Notes is _____%.

2. The Notes. The Notes shall be issued pursuant to Sections 53850 to 53858, both inclusive, of the Government Code of the State of California (herein called the "Government Code") (being Article 7.6 of Chapter 4 of Part 1 of Division 2 of Title 5 of said Code, and herein called the "Act"), and in accordance with Resolution No. ___ of the District, adopted by the Board of Education of the District on April 28, 2011 (the "Resolution"). The Notes shall conform in all respects to the terms and provisions set forth in the District Resolution. The County Director of Finance has been appointed and hereby agrees to act as Paying Agent with respect to the Notes pursuant to the Resolution.

A single maturity of Notes shall be issued, dated the date of Closing (as defined in Section 9 hereof), and the Notes shall mature on _____, 2011, without possibility of prior redemption. The Notes shall bear interest at the rate of two percent (____%) per annum. The Notes shall otherwise be as described in the Official Statement of the District with respect to the Notes, dated April __, 2011 (the "Official Statement").

As security for the payment of the principal of and interest on the Notes, the District hereby covenants to deposit in trust for the registered owners of the Notes in a special fund designated as the "Sacramento City Unified School District 2010-11 Tax and Revenue Anticipation Note Repayment Fund" (the "Repayment Fund"):

(i) an amount equal to 50% of the principal amount of the Notes from the first Unrestricted Revenues to be received by the District during the month ending _____, 2011;

(ii) an amount equal to 50% of the principal amount of the Notes, plus an amount sufficient to pay the interest on the Notes at maturity, together with an amount sufficient to satisfy and make up any deficiency in the Repayment Fund with respect to the prior deposit, from the first Unrestricted Revenues to be received by the District during the month ending _____, 2011.

A single certificate for the Notes will be prepared and delivered as described in Section 9 hereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY ("DTC"), and will be made available to the Purchaser for inspection at such place as may be mutually agreed to by the Purchaser and the District, not less than one business day prior to the Closing. The Purchaser shall order CUSIP identification numbers and the District shall cause such CUSIP identification numbers to be printed on the Notes, but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Notes in accordance with the terms of this Purchase Contract.

3. Offering. The Purchaser agrees to make a bona fide public offering of all the Notes. For purposes of permitting the District to determine the yield on the Notes, the Purchaser will provide the District with information regarding the price at which the Notes were reoffered to the public in form and substance as Bond Counsel shall require.

The District hereby ratifies, approves, and confirms the distribution of this Purchase Contract, the Resolution, and the Preliminary Official Statement of the District, dated April __, 2011 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the public offering and sale of the Notes by the Purchaser.

The Purchaser hereby represents that it has received and reviewed the Preliminary Official Statement, and agrees that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Notes during the underwriting period (as such term is defined in MSRB Rule G-11), and to deliver a copy of the Official Statement to a national repository on or before the date of Closing, and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Notes, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

The Purchaser hereby agrees that prior to the time the final Official Statement is available, the Purchaser will send to any potential purchaser of the Notes, upon request, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first

class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The District will deliver to the Purchaser within seven business days from the date hereof, up to 100 copies (as the Purchaser shall request) of the Official Statement of the District with respect to the Notes, signed on behalf of the District by an authorized officer thereof, dated as of the date hereof, substantially in the form of the Preliminary Official Statement with such changes thereto as shall be approved by the Purchaser, which approval shall not be unreasonably withheld.

4. Representations and Agreements of the District. The District represents to and agrees with the Purchaser that, as of the date hereof and as of the date of the Closing:

(a) The District is a school district duly organized and validly existing under the Constitution and general laws of the State of California.

(b) The District is duly authorized and has full legal right, power and authority to issue, sell and deliver the Notes, pursuant to the District Resolution, and to provisions of the laws of the State of California.

(c) The District has full legal right, power and authority to enter into this Purchase Contract, to adopt the District Resolution, and to observe and perform the covenants and agreements of this Purchase Contract and the District Resolution required to be observed and performed by the District.

(d) The District has duly adopted the District Resolution in accordance with the laws of the State; the District Resolution is in full force and effect and has not been amended, modified or rescinded, and all representations of the District set forth in the Resolution are true and correct; the District has duly authorized and approved the execution and delivery of, and the observance and performance by the District through its officers and agents of its covenants and agreements contained in the Notes and this Purchase Contract required to have been observed or performed at or prior to the date of Closing; and the District has complied, and will at the Closing be in compliance in all respects, with the obligations in connection with the issuance of the Notes on its part contained in this Purchase Contract, the District Resolution, and the Notes.

(e) The District represents to the Purchaser that the Preliminary Official Statement was "deemed final" by the District as of the date thereof within the meaning of paragraph (a)(2) of Rule 15c2-12, except for the omission of some or all of such information the omission of which is permitted under Rule 15c2-12.

(f) The Preliminary Official Statement as of its date, and the Official Statement as of its date, and if supplemented or amended, as of the date of any such supplement or amendment, do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; in each case excluding therefrom any information contained therein relating to DTC or its book-entry only system, information relating to the reoffering of the Notes provided by the Underwriter, or information describing the County's investment policy, current portfolio holdings, and valuation procedures, as to all of which the District expresses no view. Except as otherwise covenanted in the Continuing Disclosure Certificate of the District, the District disclaims any obligation after the date of Closing to update the Preliminary Official Statement and the Official Statement.

(g) The District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

(h) The District has, and has had, no financial advisory relationship with the Purchaser with respect to the Notes, nor with any investment firm controlling, controlled by or under common control with the Purchaser.

(i) The District has received determination from the County superintendent of schools that the district's repayment of the Notes is probable pursuant to Education Code Section 42133.

5. Representations and Agreements of the Purchaser. The Purchaser represents to and agrees with the District that, as of the date hereof and as of the date of the Closing:

(a) The Purchaser is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

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

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

(d) The Purchaser has reasonably determined that the District's undertaking pursuant to Sections 5(f) and 7(j) hereof to provide continuing disclosure with respect to the Notes is sufficient to effect compliance with Rule 15c2-12.

6. Conditions to Closing. At or before Closing, and contemporaneously with the acceptance of delivery of the Notes, and the payment of the purchase price thereof, the District will provide to the Purchaser:

(a) a certificate, signed by an official of the District, confirming to the Purchaser that, the Preliminary Official Statement as of its date, and the Official Statement as of its date, and as of the date of Closing, to the best of the knowledge of said official, do not contain any untrue statements 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 that there has been no material adverse change in the financial condition or affairs of the District which would make it unreasonable for the purchaser of the Notes to rely upon the Official Statement in connection with the resale of the Notes, excluding in each case any information contained in the Official Statement relating to DTC or its book-entry only system, information relating to the reoffering of the Notes provided by the Underwriter, and information contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures.

(b) a certificate, signed by an official of the County, confirming to the Purchaser that the Preliminary Official Statement as of its date, and the Official Statement as of its date and at the time of Closing, to the best of the knowledge of said official, solely with respect to the

information contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures (as they relate to funds of the District held by the County Treasurer), do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(c) a certificate or certificates, signed by appropriate officials of the District, confirming to the Purchaser that, as of the date of this Purchase Contract and at the time of Closing, to the best of the knowledge of said official or officials, there is no litigation pending concerning the validity of the Notes, the corporate existence of the District, or the entitlement of the officers of the District who shall sign the Notes, or any other documents and certificates to be executed in connection with the delivery of the Notes, to their respective offices.

(d) a certificate or certificates, signed by an official of the District, confirming to the Purchaser that as of the date of Closing all of the representations of the District contained in this Purchase Contract are true, and that the District Resolution is in full force and effect and has not been amended, modified or rescinded.

(e) a certificate or certificates, signed by an official of the County, confirming to the Purchaser that as of the date of Closing all of the representations of the County contained in this Purchase Contract are true, and that the Resolution is in full force and effect and has not been amended, modified or rescinded.

(f) the Opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel with respect to the issuance of the Notes ("Bond Counsel"), addressed to the District, approving the validity of the Notes substantially in the form set forth as Appendix A to the Official Statement.

(g) the duly executed Tax Certificate of the District, dated the date of Closing, in form satisfactory to Bond Counsel.

(h) a letter from [Moody's Investors Service and] Standard & Poor's Ratings, to the effect that the Notes have been rated ["MIG 1" and] "SP-1+", respectively (or such other equivalent rating as each such rating agency may give), and that each such rating has not been revoked or downgraded.

(i) the receipt of the County Treasurer confirming payment by the Purchaser of the purchase price of the Notes.

(j) the Continuing Disclosure Certificate of the District with respect to the Notes, in substantially the form attached to the Preliminary Official Statement, containing such covenants of the District as shall be necessary to facilitate compliance by the Purchaser with the requirements of Securities and Exchange Commission Rule 15c2-12.

At or before Closing, and contemporaneously with the acceptance of delivery of the Notes and the payment of the purchase price thereof, the Purchaser will provide to the District:

(a) the receipt of the Purchaser, in form satisfactory to the District and signed by an authorized officer of the Purchaser, confirming delivery of the Notes to the Purchaser and the satisfaction of all conditions and terms of this agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Purchaser contained in this Purchase Contract are true and correct in all material respects.

(b) the reoffering price certificate of the Purchaser in form satisfactory to Bond Counsel.

7. Termination. (a) By District. In the event of the District's failure to cause the Notes to be delivered at the Closing, or inability of the District to satisfy the conditions to the obligations of the Purchaser contained herein (unless waived by the Purchaser), or if the obligations of the Purchaser shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate.

(b) By Purchaser.

(1) Excused. The Purchaser may terminate this Purchase Contract, without any liability therefor, by notification to the District if as of the date of Closing any of the following shall have had a material adverse effect on the marketability of the Notes, in the reasonable opinion of the Purchaser, upon consultation with the District:

(A) There shall have occurred and be continuing the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California;

(B) There shall be in force a general suspension of trading or other material restrictions not in force as of the date hereof on the New York Stock Exchange or other national securities exchange;

(C) Legislation shall have been enacted by the Congress of the United States, or passed by and still pending before either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to and still pending before either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, with respect to federal taxation of interest received on securities of the general character of the Notes, or legislation shall have been enacted by the State of California which renders interest on the Notes not exempt from State of California personal income taxes;

(D) Legislation shall have been enacted, or a decision of a court of the United States shall have been rendered or any action shall have been taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of Bond Counsel, has the effect of requiring the contemplated distribution of the Notes to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended; or

(E) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose and there shall be in effect, as to the Notes or obligations of the general character of the Notes, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, underwriters.

(2) Unexcused. In the event the Purchaser shall fail (other than for a reason permitted by this Purchase Contract) to pay for the Notes upon tender of the Notes at the Closing, the Purchaser shall have no right in or to the Notes.

8. Closing. At or before 9:00 a.m., California time, on ____, 2011, or at such other date and time as shall have been mutually agreed upon by the District and the Purchaser, the District will deliver or cause to be delivered to the Purchaser the Notes in book-entry form, together with the other documents described in Section 7 hereof to be delivered by the District; and the Purchaser will accept such delivery and pay the purchase price of the Notes as set forth in Paragraph 1 hereof in immediately available funds (e.g., by federal funds wire), and shall deliver to the District the other documents described in Section 7 hereof to be delivered by the Purchaser, as well as any other documents or certificates Bond Counsel shall reasonably require.

Payment for the delivery of the Notes as described herein shall be made at the offices of the Director of Finance, in Sacramento, California, or at such other place as shall have been mutually agreed upon by the County and the Purchaser. The Notes will be delivered through the facilities of DTC in New York, New York, or at such other place as shall have been mutually agreed upon by the District and the Purchaser. All other documents to be delivered in connection with the delivery of the Notes shall be delivered at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Such payment and delivery is herein called the "Closing."

9. Expenses. The District shall pay the expenses incident to the performance of its obligations hereunder from the proceeds of the Notes (or from any other source of available funds of the District) including, but not limited to: (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of the financial advisor to the District; (iv) the costs of the preparation, printing and delivery of the Notes; (v) the costs of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto in the quantity requested by the Purchaser in accordance with this Purchase Contract; (vi) initial rating fees of either Moody's Investors Service and Standard & Poor's Ratings Services; and (vii) fees and expenses of the Paying Agent for the Notes.

All costs and expenses incurred by the Purchaser as a result of or in connection with the purchase of the Notes and their public offering and distribution shall be borne by the Purchaser, including, but not limited to (i) clearing house fees; (ii) DTC fees; (iii) CUSIP fees; (iv) fees required to be paid to the California Debt and Investment Advisory Commission ("CDIAC"); (v) fees required to be paid to The Securities Industry and Financial Markets Association (SIFMA); (vi) MSRB fees; (vii) costs or fees of qualifying the Notes for offer and sale in various states chosen by the Purchaser and the costs or fees of preparing Blue Sky or legal investment memoranda to be used in connection therewith; and (viii) fees of any counsel to the Purchaser.

10. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the introductory paragraph hereof) may be given by delivering the same in writing to the address of each party given below, or such other address as the District, County or the Purchaser may designate by notice to the other parties:

To the District:	Sacramento City Unified School District 5735 47 th Avenue Sacramento, CA 95824 Attn: Patricia A. Hagemeyer, Chief Business Officer
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To the County: Director of Finance
County of Sacramento
700 H Street, Room 3650
Sacramento, CA 95814
Attn: Julie Valverde, Director of Finance

To the Purchaser: Stone & Youngberg LLC
One Ferry Building, Suite 275
San Francisco, CA 94111

Attn: Bruce Kerns

11. Governing Law. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

12. Parties in Interest. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Purchaser, and is solely for the benefit of the District and the Purchaser (including the successors or assigns thereof). No other person shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Purchase Contract of each of the parties hereto shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Notes hereunder, or (b) any termination of this Purchase Contract.

13. Headings. The headings of the paragraphs of this Purchase Contract are inserted for convenience of reference only and shall not be deemed to be a part hereof.

14. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the District and acknowledgement hereof by the County by the respective authorized officer of each, and shall be valid and enforceable at the time of such acceptance.

15. Counterparts. This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

Respectfully submitted,

	STONE & YOUNGBERG LLC By: _____ Authorized Officer
Accepted: April __, 2011 Time: _____ p.m.	SACRAMENTO CITY UNIFIED SCHOOL DISTRICT By: _____ Superintendent
ACKNOWLEDGED: COUNTY OF SACRAMENTO By: _____ Director of Finance	