

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2010-11 TAX AND REVENUE ANTICIPATION NOTES
PAYING AGENT AGREEMENT

This Paying Agent Agreement (the "Agreement"), executed and entered into as of _____, 2011, by and between the Sacramento City Unified School District (the "District") and the County of Sacramento (the "County");

WITNESSETH:

WHEREAS, the District, by its Resolution No. 2653 (the "Notes Resolution") adopted by the Board of Education of the District on April 25, 2011, has authorized the issuance of the District's 2010-11 Tax and Revenue Anticipation Notes (the "Notes") in an aggregate principal amount of \$ _____; and

WHEREAS, the County, by resolution adopted by the Board of Supervisors of the County on April __, 2011, has appointed the Director of Finance of the County (the "Director of Finance") to act as paying agent, registrar and transfer agent for the Notes, and the Director of Finance desires to accept such appointment; and

WHEREAS, the Board of Supervisors of the County and the Board of Education of the District have each authorized the execution and delivery of this Agreement with respect to the Notes;

NOW THEREFORE, the District and the County agree as follows:

1. The Director of Finance will act as Paying Agent, Registrar and Transfer Agent (the "Paying Agent") with respect to the Notes pursuant to the Notes Resolution. The Director of Finance will maintain records as to the identity of the registered owners of all the Notes, and will effect transfers of registered ownership of Notes upon surrender of Notes to the Director of Finance accompanied by such instruments of transfer and other documents as he may require, and will cancel all Notes surrendered to him for transfer or payment and will dispose of such cancelled Notes at the written direction of the District, and (if the District notifies the Director of Finance of the loss, destruction or theft of any of the Notes) will place a stop transfer order against such Notes and will take instructions from the District with respect to the issuance of any replacement Notes; provided, that the Director of Finance may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note, coupon or other paper or document reasonably believed by him to be genuine and to have been signed or presented by the proper party or parties.

2. The Director of Finance or an authorized deputy thereof will authenticate each Note certificate prior to the initial delivery thereof by executing the Certificate of Authentication printed thereon by a manual signature, authenticating the manual or facsimile signature of the authorized officers of the District pursuant to Section 7 of the Notes Resolution. The Director of Finance or an authorized deputy thereof will authenticate replacement Notes for Notes exchanged, transferred,

or mutilated, or otherwise in substitute for Note certificates at the times and under the conditions prescribed in the Notes Resolution.

3. The Director of Finance will prepare and deliver checks for the payment of the interest on and the principal of the Notes (or will provide payment by federal funds wire transfer as specified in the Notes Resolution) at the maturity of the Notes as required by the terms of the Notes Resolution and the Notes.

4. The District will cause to be transferred to the Director of Finance prior to the maturity date of the Notes sufficient funds to pay all interest and principal payable on the Notes due on such maturity date. Any money deposited with the Director of Finance for the payment of the interest on or principal of the Notes and remaining unclaimed for two years after such interest or principal shall have become due and payable shall be repaid to the District, and all liability of the Director of Finance with respect thereto shall thereupon cease. The Director of Finance shall, as *ex officio* Treasurer of the District, provide for the periodic set-aside of funds for payment of principal of and interest on the Notes, as required by the Notes Resolution and the Notes, from lawfully available funds on deposit in the General Fund of the District and held by the Director of Finance.

5. Pursuant to the Notes Resolution, the Director of Finance shall create a Proceeds Fund and a Repayment Fund of the District within the General Fund of the District, and shall hold and invest moneys on deposit in such funds as the District shall direct pursuant to the Notes Resolution. The Director of Finance shall hold all moneys deposited in the Repayment Fund hereunder and under the Notes Resolution in trust for the benefit of the owners of the Notes. The Director of Finance shall have no duties with respect to the investment of any moneys deposited with him as Paying Agent hereunder, unless otherwise directed by the District. The Director of Finance shall not be required to pay interest on any uninvested funds held by the Director of Finance hereunder.

6. Notwithstanding Section 5 hereof, the Director of Finance shall continue in her duties with respect to funds of the District as the Director of Finance of the County and as *ex officio* Treasurer of the District.

7. The Director of Finance may consult with legal counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by him hereunder in good faith and in reliance thereon, and reasonable costs of such counsel will be reimbursed by the District, and the Director of Finance shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note, coupon or other paper or document, but in her discretion may make such further inquiry or investigation into such facts or matters as she may see fit, and, if the Director of Finance shall determine to make such further inquiry or investigation, she shall be entitled to examine the books and records of the District, personally or by agent or attorney.

8. The District shall reimburse the Director of Finance for all actual costs incurred by him and her staff in connection with her appointment as Paying Agent hereunder and for all her advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by him in the exercise and performance of her powers and duties hereunder, and, to the extent permitted by law, the District shall indemnify,

defend and save the Director of Finance and her agents and employees harmless against losses, costs, expenses and liabilities, including fees and expenses of her attorneys, not arising from her own negligence or willful misconduct, which he may incur in the exercise and performance of her powers and duties hereunder.

9. This Agreement shall remain in effect until the payment of all of the Notes and all funds are disbursed or until this Agreement is amended or terminated; provided, that this Agreement may be terminated by written notice of either party to the other.

10. If, at any time, the Director of Finance shall submit its resignation as Paying Agent hereunder, or the County or Director of Finance shall determine to terminate this Agreement, then the Director of Finance shall, in her sole discretion, immediately appoint a successor paying agent to act as Paying Agent for the District with respect to the Notes; provided that, if an immediate successor cannot be found, then the replacement or resignation of the Director of Finance hereunder shall not take effect until such successor paying agent is able to assume the duties of Paying Agent under the Notes Resolution.

11. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto hereby execute this Paying Agent Agreement as of the date first above written.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Chief Business Officer

COUNTY OF SACRAMENTO

By _____
Director of Finance

APPROVED AS TO FORM:

By _____
Supervising Deputy County Counsel