



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.1

Meeting Date: May 6, 2021

Subject: **Approval of General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G, in a Maximum Principal Amount of \$77.1 Million to be Issued by the County of Sacramento on Behalf of the Sacramento City Unified School District**

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

Division: Business Services

Recommendation: Approve Resolution No. 3204- titled “RESOLUTION OF THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$77,100,000 OF ITS GENERAL OBLIGATION BONDS, ELECTION OF 2012 (MEASURE Q), 2021 SERIES G”

Background/Rationale: The General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G (the “Series G Bonds”) will be the seventh and final issuance of Measure Q, approved by District voters on November 6, 2012. The not-to-exceed principal amount for the bonds is \$77.1 million, which is the remaining authorization under Measure Q. Proceeds from the Series G Bonds will continue to fund projects approved by voters under Measure Q.

Due to the District's qualified certification of its 2020-21 second interim budget, state law requires that new money GO bonds, such as the Series G Bonds, be issued by the County of Sacramento. A resolution requesting the County to issue the Series G Bonds on the District's behalf is brought to the Board at this meeting for consideration. County action to authorize the Series G Bonds is tentatively scheduled for June 8, 2021.

Dale Scott & Company, the District's financial advisor, is in the process of distributing a request for proposal (“RFP”) to qualified underwriters regarding a negotiated sale of the Series G Bonds and a proposed series of refunding bonds (“2021 Refunding Bonds”), being

separately considered for approval at this meeting. The RFP process will aid in the selection of the underwriter(s) with the most qualifications and lowest cost. The Resolution being considered tonight delegates authority to the Superintendent and other District staff to select one or more underwriting firms based on the results of the RFP and the advice of the financial advisor, and to finalize, execute, and deliver any required legal documents or disclosures. Both the Series G Bonds and the 2021 Refunding Bonds are expected to be sold in late June 2021, with a closing expected in early July 2021.

Financial Considerations: The costs of issuance for the Series G Bonds will be paid from proceeds of the bond issue and no such costs will be paid from the general fund. Disclosures of such estimated costs are set forth in the Resolution as an exhibit. Principal of and interest on the Bonds is paid from the collection of ad valorem taxes collected by the County from taxpayers in the District.

Goal(s): College, Career and Life Ready Graduates; Safe, Emotionally Healthy, Engaged Students; Operational Excellence

Documents Attached:

1. Resolution No. 3204
2. Bond Purchase Agreement
3. Preliminary Official Statement

Estimated Time:	10 Minutes
Submitted by:	Rose Ramos, Chief Business Officer
Approved by:	Jorge A. Aguilar, Superintendent

RESOLUTION NO. 3204

RESOLUTION OF THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$77,100,000 OF ITS GENERAL OBLIGATION BONDS, ELECTION OF 2012 (MEASURE Q), 2021 SERIES G

WHEREAS, the issuance of not to exceed \$346,000,000 aggregate principal amount of general obligation bonds (the "Authorization") of Sacramento City Unified School District (the "District"), County of Sacramento (the "County"), State of California was authorized at an election (the "Election") held in said District on November 6, 2012, the proceeds of which are to be used for the financing of the acquisition, construction, equipping, furnishing and improvement of certain capital facilities of the District (the "Project"); and

WHEREAS, the County Registrar of Voters has certified to the effect that the official canvass of returns for the Election reflected that 55% or more of the votes cast on the District's bond measure, known as "Measure Q," submitted to the voters at the Election (the "Measure") were cast in favor of the Measure, and such result has been entered in the minutes of the Board of Education of the District (the "Board"); and

WHEREAS, the District has heretofore issued six series of general obligation bonds in the combined principal amount of \$268,900,000 under the Authorization such that \$77,100,000 aggregate principal amount of general obligation bonds remain for issuance under the Authorization; and

WHEREAS, the Board has determined the need for issuance of one or more series of its general obligation bonds under the Authorization in an aggregate principal amount not to exceed Seventy-Seven Million One Hundred Thousand Dollars (\$77,100,000) in order to finance certain costs of the Project; and

WHEREAS, the Board has elected to proceed under Section 53506 *et seq.* of the Government Code of the State of California; and

WHEREAS, the private sale of bonds is limited to the sale of school district bonds under Section 15140 or 15146 of the Education Code, pursuant to Government Code Section 53508.6(b); and

WHEREAS, Section 15140 of the Education Code of the State (the "Education Code") requires that bonds of a school district shall be offered for sale by the Board of Supervisors of the County (the "County Board") as soon as possible following receipt of a resolution duly adopted by the Board; and

WHEREAS, Section 15140(b) provides that a board of supervisors may provide by resolution the governing board of any school district over which the county superintendent of schools has jurisdiction, and which has not received a qualified or negative certification in its most recent interim report, may issue and sell bonds on its own behalf pursuant to section 15140; and

WHEREAS, the District has filed its 2020-21 Second Interim Report with a Qualified Certification within the meaning of Section 42133 of the Education Code and therefore the County Board must offer the District's general obligation bonds for sale; and

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

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Purpose and Authorization. This Board hereby determines that general obligation bonds of the District in the aggregate principal amount of not to exceed \$77,100,000 be offered for sale, in one or more series of bonds (the "Bonds"), as more particularly described in Section 3 below, the proceeds of which are to be used for the acquisition and improvement of certain real property, equipping and furnishing of facilities of the District, as set forth in the bond proposition approved at the Election.

Section 3. Purchase Agreement and Terms of Bonds. For the above purposes, this Board hereby requests the County Board of Supervisors (the "County Board") to issue the Bonds on behalf of the District and to order such Bonds to be sold to one or more underwriter(s) to be selected by the District after a competitive selection process and named in the Purchase Agreement (defined below), as underwriter(s) for the Bonds (the "Underwriter"), at a negotiated sale in accordance with the Bond Purchase Agreement by and among the District, the County and the Underwriter (the "Purchase Agreement"). The Bonds shall be dated their date of delivery (or such other date as may be designated in the Purchase Agreement), to bear interest at rates not to exceed the maximum rate permitted by law, payable on the dates as may be set forth in the Purchase Agreement, shall mature on August 1 of each of the years as set forth in the Purchase Agreement, or otherwise upon such other terms and conditions as shall be established for the Bonds by the Resolution of the County Board of Supervisors in connection with the Bonds (the "County Resolution") or the Purchase Agreement.

The form of Purchase Agreement on file with the Board is hereby approved and the Superintendent, the Deputy Superintendent, the Assistant Superintendent, Business Services, the Chief Business Official, or any designee thereof (each, an "Authorized Officer"), and each of them is hereby authorized to execute the Purchase Agreement, with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The purchase price of the Bonds shall reflect an Underwriter's discount of not to exceed Forty Hundredths of One Percent (0.40%) (not including original issue discount or any costs of issuing the Bonds to be paid by the Underwriter) of the principal amount thereof. Final terms of the Bonds shall be as set forth in the Purchase Agreement. Depending upon market conditions, the District may elect to purchase bond insurance to secure the payment of some or all of the principal of and interest on the Bonds following consultation with the Underwriter and the Director of Finance of the County or an authorized deputy thereof (the "Director of Finance").

Good faith estimates of (a) the true interest cost of the Bonds; (b) the sum of all fees and charges paid to third parties, including any such fees and charges which the Underwriter agrees to pay pursuant to the Bond Purchase Agreement (the "Finance Charge"); (c) the amount of proceeds to be received by the District (less the Finance Charge and any reserves and capitalized interest, if any); and (d) the total debt service payments on the Bonds through the final maturity of the Bonds are set forth on Exhibit A attached hereto and incorporated herein.

Section 4. Official Statement. The Board hereby approves the form of Preliminary Official Statement relating to the Bonds on file with the Clerk of the Board and to be used and distributed, together with an Official Statement in connection with the sale of the

Bonds, in each case with such changes as are approved by the Authorized Officer, which Official Statement may be combined with the official statement for the District's 2021 General Obligation Refunding Bonds (the "2021 Refunding Bonds") if it proves advantageous to the District to do so. An Authorized Officer and such other officers of the District as may be authorized by the Board are, and each of them acting alone hereby is, authorized to deliver copies of the Preliminary Official Statement and the Official Statement with such changes therein as such officer shall approve, in his or her discretion, as being in the best interests of the District. Upon approval of such changes by such officer, the Preliminary Official Statement shall be "deemed final" as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"). Any Authorized Officer is hereby authorized and directed to execute such Official Statement with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Book-Entry System. The Bonds shall be issued in book-entry only form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which shall be the registered owner of the Bonds issued at the closing in the form of a single certificated Bond for each maturity within a series of the Bonds described in the Purchase Agreement. The Underwriter is directed to assist the District and the County in qualifying the Bonds for deposit with DTC.

Section 6. Paying Agent. The Board does hereby authorize the appointment of the Director of Finance as the initial authenticating agent, bond registrar, transfer agent and paying agent (the "Paying Agent") for the Bonds on behalf of the District. The Paying Agent will keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Bonds, as further provided in the County Resolution, which upon reasonable notice shall be open to inspection by the District.

The Board hereby directs that the proceeds of sale of the Bonds, exclusive of any premium and accrued interest received, shall be invested in Authorized Investments. The term Authorized Investment shall mean the County Investment Pool, the Local Agency Investment Fund, any investment authorized pursuant to Sections 53601 and 53635 of the California Government Code, or investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and with the requirements of the issuer of the municipal bond insurance policy insuring the Bonds, if any). The Director of Finance shall assume no responsibility in the reporting, reconciling and monitoring in the investment of proceeds related to the Bonds.

Section 7. Tax Covenants. The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Bonds, or of any of the property financed or refinanced with the proceeds of the Bonds, or other funds of the District, or take or omit to take any action that would cause the Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated thereunder to the extent that such requirements are in effect and applicable to the Bonds.

The District further covenants and agrees to comply with the requirements of the Tax Certificate to be executed and delivered in connection with the delivery of the Bonds to the original purchasers thereof.

Section 8. Approval of Negotiated Sale. Pursuant to Section 15146(b) of the Education Code, the Board hereby approves of the sale of the Bonds, by the County on behalf of the District, on a negotiated basis to the Underwriter. The District has determined that conditions in the municipal marketplace are sufficiently complex that the increased flexibility the Underwriter can provide in structuring and planning the sale of the Bonds dictates sale on a negotiated rather than a competitive basis. The costs of issuance of the Bonds, which include legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; financial advisor fees; rating agency fees and related travel expenses; and other fees and expenses incurred in connection with the issuance of the Bonds, are estimated at no more than \$275,000 or 0.36% of the principal amount of the Bonds.

Section 9. Designation of Finance Team. The Board hereby confirms the designation of Dale Scott & Company, as Financial Advisor and the law firm of Dannis Woliver Kelley as Bond Counsel and Disclosure Counsel to the District in connection with the authorization and issuance of the Bonds in accordance with the terms of the professional services agreements on file with such members of the finance team. Each Authorized Officer, or any designee thereof, are, and each of them acting alone is, hereby authorized to designate the Underwriter, which designation shall be conclusively evidenced by execution of the Purchase Agreement by an Authorized Officer.

Section 10. Due Authorization; Compliance with Law and the Constitution. The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing and sale of the Bonds in order to make them the legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and met, in regular and due form as required by law; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 11. Continuing Disclosure. The form of Continuing Disclosure Agreement appended to the Preliminary Official Statement on file with the Board in connection with the Bonds and to be dated the date of the Bonds, for the benefit of the registered owners from time to time of the Bonds (the "Owners") and beneficial owners of the Bonds is hereby approved and the Board hereby authorizes the Authorized Officer to execute such Continuing Disclosure Agreement with such changes therein as may be approved by the Authorized Officer. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement in order to assist the Underwriter to comply with the requirements of the Rule. Any registered owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section; however, noncompliance with this Section shall not constitute a default under this resolution or the County Resolution or cause the acceleration of the Bonds.

Section 12. Credit Enhancement. Should the Authorized Officer, upon consultation with and advice of the Underwriter and the Director of Finance, determine it is in the best interests of the District to obtain credit enhancement for the Bonds, including municipal bond insurance, to improve their marketability, the Authorized Officer is hereby authorized and directed to sign documents to secure such credit enhancement on such terms and subject to such conditions as may be established by the Authorized Officer, in agreements relating to such credit enhancement.

Section 13. Assistance of County. The County Board is hereby requested to issue the Bonds on behalf of the District pursuant to Education Code Section 15140 in order to

meet the requirements of law and the procedures of the County with respect to such a request, staff of the District is hereby directed to lodge a certified copy of this Resolution with the Clerk of the County Board, together with distribution instructions, and with the Superintendent of Schools of the County promptly following adoption hereof, and the District represents and warrants to the County that annual administrative expenses associated with the Bonds at the time outstanding shall be the sole responsibility of the District and the District shall reimburse the County's costs and expenses incurred in connection with the issuance and sale of the Bonds. The County will bear no responsibility for the acquisition, construction, improvement or installation of the Project, or any part thereof.

Section 14. Nonliability of County. Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby. The Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from the *ad valorem* taxes lawfully levied to pay the principal of or interest on the Bonds.

Section 15. Indemnification of County. The District shall indemnify the County, its officers, agents and employees against any and all losses, claims, actions, suits, judgments, demands, damages, liabilities and expenses (including attorney fees and costs of investigation) of any nature arising out of any action or inaction of the District with respect to the issuance of the Bonds.

Section 16. Payment and Security for the Bonds. The Board of Supervisors of the County is hereby requested, in accordance with Education Code Sections 15250 et seq., to annually at the time of making the levy of taxes for County purposes, levy of taxes for County purposes, levy a continuing direct ad valorem tax for the fiscal year upon the taxable property in the District without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) in an amount at least sufficient, together with moneys on deposit in the interest and sinking fund for the Bonds administered by the County for the account of the District (the "Debt Service Fund") and available for such purpose, to pay the principal of, premium, if any, and interest on each Bond as each becomes due and payable. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The District hereby pledges as security for the Bonds and the interest thereon and the County shall deposit or cause to be deposited in the Debt Service Fund, the proceeds from the levy of the aforementioned tax which the County receives (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 and do not constitute an obligation of the County except as provided in this Resolution and in the County 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.

Section 17. Authorized Officers. Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions as may have heretofore been taken by such officers, officials and staff are hereby ratified, confirmed and approved.

The foregoing resolution was, on the 6th day of May, 2021, adopted by the Board of Education of the Sacramento City Unified School District at a regular meeting by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

SACRAMENTO CITY UNIFIED SCHOOL
DISTRICT

By: _____
President of the Board of Education

ATTEST:

By: _____
Secretary to the Board of Education

EXHIBIT A

DISCLOSURE OF SPECIFIED INFORMATION

1. Estimated True Interest Cost of the Bonds: 2.60%
2. Estimated Finance Charge, i.e., the sum of all fees and charges paid to third parties: \$750,000
3. Estimated amount of proceeds to be received by the District, less Finance Charge, reserves and capitalized interest: \$76,825,000
4. Estimated total debt service to maturity, including any Finance Charge not paid with proceeds of the Bonds (if any): \$116,794,000

\$ _____
**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2012 (MEASURE Q), 2021 SERIES G**

BOND PURCHASE AGREEMENT

_____, 2021

Board of Supervisors
County of Sacramento
915 I Street, 5th Floor
Sacramento, California 95814

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

Ladies and Gentlemen:

The undersigned, [UNDERWRITER] (the "Underwriter"), acting on its own behalf and not as the County's or the District's (as defined herein) fiduciary or agent, offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the County of Sacramento (the "County") and Sacramento City Unified School District (the "District"), which, upon the County's and the District's acceptance hereof, will be binding upon the County, the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the County and the District and delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., California time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the County and the District.

Section 1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell, in the name and on behalf of the District, to the Underwriter for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the District's General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G (the "Bonds").

The Underwriter shall purchase the Bonds at a price of \$_____ (which is equal to the aggregate principal amount of the Bonds of \$_____, plus original issue premium of \$_____, less an Underwriter's discount of \$_____). [The District hereby directs the Underwriter to wire directly to _____ (the "Insurer") an amount equal to \$_____ consisting of the premium for an insurance policy (the "Policy") issued by the Insurer with respect to the Bonds]. At the request and on behalf of the District, the Underwriter will transfer \$_____ from the purchase price to U.S. Bank National Association for payment of costs of issuance on the Closing Date (as defined herein).

The County and the District acknowledge and agree that: (a) the purchase and sale of the Bonds under this Purchase Agreement is an arm's-length commercial transaction among the County, the District and the Underwriter; (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the County or the District; (c) the Underwriter has not assumed a fiduciary responsibility in favor of the County or the District with respect to: (i) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters); or (ii) any other obligation to the County or the District except the obligations expressly set forth in this Purchase Agreement; and (d) the County and the District have each consulted with their own legal, financial and other advisors to the extent they have deemed appropriate in connection with this transaction.

The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter's disclosure under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB").

Section 2. The Bonds. The Bonds shall be dated their date of delivery (the "Date of Delivery") and shall be payable as to interest on each February 1 and August 1, commencing [February 1, 2022]. The Bonds shall bear interest at the rates, shall mature on the dates and in the years, and shall be subject to redemption, as shown on Appendix A hereto which is incorporated herein by reference, and shall otherwise be as described in the Official Statement (defined herein), and shall be issued and secured pursuant to the provisions of the Resolution of the Board of Education of the District adopted on _____, 2021 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted on _____, 2021 (the "County Resolution" and together with the District Resolution, the "Resolutions") and Section 53506 et Seq. of the Government Code of the State of California (the "State"), Section 15100 et seq. of the Education Code of the State of California and other applicable law (collectively, the "Act"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement or, if not defined in the Official Statement, in the County Resolution.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, and shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). The Bonds shall initially be in authorized denominations of \$5,000 principal amount or any integral multiple thereof. The Director of Finance of the County of Sacramento shall act as the initial paying agent for the Bonds (the "Paying Agent").

The proceeds of the Bonds will be applied by the District to finance certain capital improvements for the District as specified in the District bond proposition submitted to the voters at the November 6, 2012 election (the "Election").

Section 3. Use of Documents. The County and the District hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement (defined herein), the Preliminary Official Statement (defined below) and the Official Statement and the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the County or the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, except as such other documents shall otherwise provide. The Resolutions, Purchase Agreement, Continuing Disclosure Agreement and Official

Statement are collectively referred to as the "Legal Documents." The County and the District do not object to distribution of the Official Statement in electronic form.

Section 4. Public Offering of the Bonds. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover or inside cover pages of the Official Statement and as set forth in Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Bonds; provided that the Underwriter shall not change the interest rates on the Bonds set forth in Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter reserves the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market; and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

Section 5. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2021 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final, except for either revision or addition of the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), and consents to and ratifies the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the public offering of the Bonds by the Underwriter.

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, 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 Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined below).

Section 6. Closing. At 9:00 a.m., California time, on _____, 2021 or at such other time or on such other date as shall have been mutually agreed upon by the County, the District and the Underwriter (the "Closing" or the "Closing Date"), the County will deliver, or cause to be delivered, to the Underwriter, through the facilities of DTC, or as the County, the District and the Underwriter may otherwise mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Dannis Woliver Kelley ("Bond Counsel"), in Sacramento, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to or upon the order of the District.

Section 7. Establishment of Issue Price.

(a) The Underwriter agrees to assist the County and the District in establishing the issue price of the Bonds and shall execute and deliver to the County and the District at Closing

an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the County, the District, and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section 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.

(b) Except as otherwise set forth in Appendix A attached hereto, the District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. Unless the hold-the-offering-price rule (described below) applies, that reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group

and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party 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 third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each

such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(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 third-party 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 (A) more than 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), (B) 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 (C) 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 of execution of this Purchase Agreement by all parties.

Section 8. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriter that:

(a) **Due Organization.** The District is a unified school district duly organized and validly existing under the laws of the State, with full legal power to issue the Bonds pursuant to the Act.

(b) **Due Authorization.** (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into the Legal Documents to which it is a party, to adopt the District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Legal Documents; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds and the Legal Documents to which the District is a party have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

(c) **Consents.** No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained;

provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) **Internal Revenue Code.** The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds, and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax, of the interest on the Bonds.

(e) **No Conflicts.** To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the Legal Documents to which the District is a party and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) **Litigation.** As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds, or the collection or levy of taxes contemplated by the Resolutions and available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the Legal Documents or contesting the powers of the District or its authority with respect to the Bonds or the Legal Documents to which the District is a party or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (iii) in which a final adverse decision could (A) materially adversely affect the operations of the District or the consummation of the transactions contemplated by the Legal Documents, (B) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (C) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) **No Other Debt.** Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body, including the County, on behalf of the District will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement or otherwise consented to in writing by the Underwriter.

(h) **Certificates.** Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) **Continuing Disclosure.** At or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"). The Continuing Disclosure Agreement shall comply with the provisions of the Rule and be substantially in the form attached to the Preliminary Official Statement and Official Statement in Appendix D. Except as otherwise described in the Official Statement, the District has not failed during the previous five years to comply in all material

respects with any previous undertakings in a written Continuing Disclosure Agreement or agreement under the Rule.

(j) **Official Statement Accurate and Complete.** The Preliminary Official Statement, as of its date and at the date hereof, did not and does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the date of Closing Date, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is supplemented or amended pursuant to paragraph (g) of Section 11 of this Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(k) **Financial Statements of District.** The financial statements of the District contained in the Preliminary Official Statement and final Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the District.

(l) **Levy of Tax.** The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes and payment of the Bonds.

Section 9. Representations and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriter that:

(a) **Due Organization.** The County is a political subdivision duly organized and validly existing under the laws of the State, with full legal power to issue the Bonds pursuant to the Act.

(b) **Due Authorization.** (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into the Legal Documents to which it is a party, to adopt the County Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by the Legal Documents to which it is a party; (iii) the execution and delivery or adoption of, and the performance by the County of the obligations contained in the Bonds and the Legal Documents to which the County is a party have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) assuming due authorization, execution and delivery by the other parties thereto, this Purchase Agreement constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

(c) **Consents.** To the best knowledge of the County, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected

or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof. The County gives no representation or warranty with regard to compliance with Blue Sky or similar securities laws or requirements.

(d) **No Conflicts.** To the best knowledge of the County, the issuance of the Bonds, and the execution, delivery and performance of the Legal Documents to which the County is a party and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the County, a material violation of or material default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a material violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

(e) **Litigation.** As of the time of acceptance hereof, to the best knowledge of the County, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or of the titles of the officials of the County to such offices; or (ii) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the application of the proceeds of the sale of the Bonds, or the collection or levy of taxes contemplated by the County Resolution and available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the Legal Documents or contesting the powers of the County or its authority with respect to the Bonds or the Legal Documents to which the County is a party or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (iii) in which a final adverse decision could (A) materially adversely affect the operations of the County or the consummation of the transactions contemplated by the Legal Documents, (B) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (C) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(f) **[Reserved].**

(g) **Certificates.** Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

(h) **Levy of Tax.** The County hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes and payment of the Bonds.

Section 10. Representations and Agreements of the Underwriter. The Underwriter represents to and agrees with the County and the District that, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and the Underwriter is duly authorized to take any action under this Purchase Agreement required to be taken of them.

(b) The Underwriter 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 County or the District.

(c) The Underwriter has not paid or agreed to pay, nor will they pay or agree to pay, any entity, company, firm, or person (including, but not limited to any officer, agent or employee of the County or the District), other than a bona fide officer, agent or employee working for the Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement;

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

(e) The Underwriter represents that they are each licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

Section 11. Covenants of the County and the District. The County and the District covenant and agree with the Underwriter that:

(a) **Securities Laws.** The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request, at the Underwriter's cost and expense, in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions; provided, however, that neither the County nor the District shall be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof.

(b) **Application of Proceeds.** The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolutions.

(c) **Official Statement.** The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh business day following the date this Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter, the County and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriter, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds.

(d) **Subsequent Events.** The County and the District hereby agree to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the County or the District until the date which is 30 days following the Closing.

(e) **Filings.** The County and the District authorize the Underwriter to file, to the extent required by the applicable rules promulgated by the Securities and Exchange Commission or the MSRB, and the Underwriter agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system); or (ii) other repositories approved from time to time by the Securities and Exchange Commission (either in addition to or in lieu of the filing referred to above). If an amended Official Statement is prepared in accordance with Section 11(g) of this Purchase Agreement during the "Primary Offering Disclosure Period" (as defined below), and if required by an applicable Securities and Exchange Commission Rule or MSRB rule, the Underwriter shall also make the required filings of the amended Official Statement. The "Primary Offering Disclosure Period" is used as defined in MSRB Rule G-32 and shall end on the twenty-fifth day after the Closing Date.

(f) **References.** References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

(g) **Amendments to the Official Statement.** During the period ending on the twenty-fifth day after the End of the Underwriting Period (or such other period as may be agreed to by the County, the District and the Underwriter), neither the County nor the District (i) shall supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter, provided that the Underwriter may not unreasonably withhold such approval and that the Underwriter may not object to such amendments or supplements if they result in a correction of the Official Statement; and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the County or the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Agreement, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the Closing Date; or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the County, the District and the Underwriter, the County and the District may assume that the End of the Underwriting Period is the Closing Date.

Section 12. Underwriter's Certifications. At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Underwriter will provide (or cause to be provided) to the District:

(a) the receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter,

and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects; and

(b) the certification of the Underwriter regarding the prices at which the Bonds have been reoffered to the public, in form satisfactory to Bond Counsel, as described in this Purchase Agreement.

Section 13. Indemnification. The District agrees to, and shall indemnify, the County, its officers, agents and employees against any and all losses, claims, actions, suits, judgments, demand, damages, liabilities and expenses (including attorneys' fees and costs of investigation) of any nature arising out of any action or inaction of the District with respect to the issuance of the Bonds.

Section 14. Conditions to Closing. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the County and the District contained herein and the performance by the County and the District of their obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement are, and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) **Representations True.** The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and the County and the District shall be in compliance with each of the agreements made by them in this Purchase Agreement.

(b) **Obligations Performed.** At the time of the Closing, (i) the Official Statement and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of its obligations required under or specified in the Legal Documents, the Continuing Disclosure Agreement or the Official Statement to be performed at or prior to the Closing.

(c) **Adverse Rulings.** No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, pending or threatened which has any of the effects described in Section 8(f) hereof or contesting in any way the completeness or accuracy of the Official Statement.

(d) **Marketability.** The Underwriter shall have the right to cancel the Underwriter's obligation to purchase the Bonds if, between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds have been materially adversely affected, in the judgment of the Underwriter, by reason of any of the following:

(i) legislation enacted by Congress, or passed by either House thereof, or favorably reported for passage thereto by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or

introduced in the Congress or recommended for passage by the President of the United States or a member of the President's Cabinet (by press release, other form of notice or otherwise), or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service (the "IRS"), with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences of the interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof; or

(B) by or on behalf of the Securities and Exchange Commission (the "SEC"), or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or would be in violation of any provision of the federal securities laws;

(ii) any outbreak or escalation or hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency, calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(iii) the declaration of a general banking moratorium by federal, New York State or California authorities having appropriate jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(iv) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(v) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(vi) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to the outstanding indebtedness of the District;

(vii) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(viii) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District;

(ix) the suspension by the SEC of trading of any outstanding securities of the District;

(x) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(xi) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income, securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds;

(xii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading and, in either such event, the County or the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(xiii) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(xiv) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred.

(e) ***Delivery of Documents.*** At or prior to the Closing Date, the Underwriter shall receive sufficient copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) *Opinions.*

(A) *Opinion of Bond Counsel.* (I) An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the Closing Date, addressed to the County and the District, in substantially the form set forth in Appendix A of the Preliminary Official Statement and the Official Statement and (II) a reliance letter from Bond Counsel to the effect that the Underwriter may rely upon such approving opinion of Bond Counsel.

(B) *Supplemental Opinion of Bond Counsel.* Supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(1) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE" and APPENDIX A - "Forms of Bond Counsel Opinion" to the extent they purport to summarize certain provisions of the Bonds, the Resolutions, the Continuing Disclosure Agreement, and the form and content of Bond Counsel's approving opinion with respect to the Bonds, fairly and accurately summarize the matters purported to be summarized therein; provided further that Bond Counsel need not express any opinion with respect to any financial or statistical data, or information concerning The Depository Trust Company or related to its book-entry-only system;

(2) assuming due authorization, execution and delivery by the other parties, the Continuing Disclosure Agreement, the Paying Agent Agreement, and this Purchase Agreement have each been duly authorized, executed and delivered by the District and constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(3) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(C) *Disclosure Counsel Opinion.* The opinion of Dannis Woliver Kelley dated the Closing Date and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the financial advisor to the District, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date and as of the Closing Date (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, Appendices B, C, E and F, or any information about DTC, its book-entry-only system, [or the Insurer] included therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(D) *Underwriter's Counsel Opinion.* The opinion of _____, [City], [State], counsel to the Underwriter, in form and substance acceptable to the Underwriter.

(ii) *District Certificates.* A certificate signed by appropriate officials of the District to the effect that (A) such officials are authorized to execute this Purchase Agreement; (B) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the Closing Date; (C) the District has complied with all the terms of the Legal Documents to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect; (D) no litigation is pending or to the best of the District's knowledge, threatened (either in State or federal courts) (i) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (ii) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Legal Documents or the Continuing Disclosure Agreement or (iii) in any way contesting the existence or powers of the District; (E) such District officials have reviewed the Preliminary Official Statement and the Official Statement and on such basis certify that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the Closing Date, does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading (excluding therefrom information regarding DTC and its book-entry only system); and (F) the Bonds being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions.

(iii) *County Certificates.* A certificate signed by an appropriate official of the County in form and substance satisfactory to the Underwriter to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all of the terms of the Legal Documents to which it is a party and such Legal Documents are in full force and effect as of the date of this Purchase Agreement and as of the Closing Date, (iv) the Bonds being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof in the County Resolution;

(iv) *Paying Agent Certificate.* A certificate of the Paying Agent, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriter, substantially to the effect that, no litigation is pending or, to the best of Paying Agent's knowledge, threatened (either in state or federal courts) (A) seeking to restrain or enjoin the authentication and delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent.

(v) *Tax Certificate.* A non-arbitrage tax certificate of the District in form satisfactory to Bond Counsel.

(vi) *Ratings.* Evidence satisfactory to the Underwriter that the Bonds shall have been rated "___" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") [based upon the issuance of the Policy by the Insurer at Closing and "___" by S&P without regards to the Policy,] and rated "___" by Fitch Ratings, and that such ratings have not been revoked or downgraded.

(vii) *District Resolution.* A certificate, together with fully executed copies of the District Resolution, of the Secretary to or the Clerk of the District's Board of Education to the effect that:

(A) such copies are true and correct copies of the District Resolution;
and

(B) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(viii) *County Resolution.* A certificate, together with fully executed copies of the County Resolution, of the Secretary to or the Clerk of the County Board of Supervisors to the effect that:

(A) such copies are true and correct copies of the County Resolution;
and

(B) the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(ix) An opinion of County Counsel, addressed to the Underwriter, substantially in the form of Appendix B hereto.

(x) *Official Statement.* A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule.

(xi) *Continuing Disclosure Agreement.* An executed copy of the Continuing Disclosure Agreement, substantially in the form presented in the Official Statement as Appendix D thereto.

(xii) *Paying Agency Agreement.* An executed copy of the Paying Agency Agreement.

(xiii) *Form 8038-G.* Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(xiv) *[Policy.* The Policy issued by the Bond Insurer, together with such certificates and opinions from the Bond Insurer as Bond Counsel and the Underwriter may reasonably request.]

(xv) *CDIAC Statements.* A copy of the filings with the California Debt and Investment Advisory Commission pursuant to the applicable provisions of the California Government Code.

(xvi) *Other Documents.* Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence: (A) compliance by the County and the District with legal requirements; (B) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained and of the Official Statement; and (C) the due performance or satisfaction by the County and the District

at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the County and the District.

(f) **Termination.** Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the County to the Underwriter as provided in Section 6 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 18 hereof.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing in its sole discretion.

Section 15. Conditions to Obligations of the District. The performance by the County and the District of their obligations is conditioned upon (a) the performance by the Underwriter of their obligations hereunder, and (b) receipt by the County, the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

Section 16. Expenses. Except as herein described, all expenses and costs of the District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter shall be paid for by the District from proceeds of the Bonds including, without limitation: (a) the cost of the preparation and reproduction of the Resolutions; (b) the fees and disbursements of Bond Counsel and Disclosure Counsel; (c) the cost of the preparation, printing and delivery of the Bonds; (d) the fees, if any, for Bond ratings, including all necessary travel expenses; (e) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (f) the initial fees of the Paying Agent; (g) the fees and disbursements of the District's financial advisor; (i) County costs and expenses, if any, and (i) all other fees and expenses incident to the issuance and sale of the Bonds, except for as provided below.

Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the fees and disbursements of Underwriter's Counsel, the California Debt and Investment Advisory Commission fee, and CUSIP Bureau registration fees, travel and other expenses (except those expressly provided above), without limitation.

Notwithstanding Section 13(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in this Section 15 above that are attributable to District personnel.

The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

Section 17. Notices. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph

hereof) may be given by delivering the same in writing if to the County, to the Office of the Treasurer-Tax Collector, 915 I Street, Sacramento, California 95814, if to the District, to the Superintendent at the address set forth on the first page hereof, or if to the Underwriter, to [UNDERWRITER], [address], Suite _____, [CITY], California _____, Attention: _____, Managing Director.

Section 18. Parties in Interest; Survival of Representations and Warranties.

This Purchase Agreement when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement between the County, the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). The term "successor" shall not include any owner of any Bonds merely by virtue of such ownership. No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the County and the District in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Agreement. If any provision of this Purchase Agreement is, or is held or deemed to be, invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 19. Severability. In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 20. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

Section 21. Entire Agreement. This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

Section 22. Execution in Counterparts. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[Remainder of page intentionally left blank.]

Section 23. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

[UNDERWRITER], as Underwriter

By _____
[Managing Director]

The foregoing is hereby agreed to and accepted
at _____ P.M. Pacific Time, this ____ day
of _____, 2021:

COUNTY OF SACRAMENTO

By _____
Authorized Representative

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Superintendent

APPENDIX A

**INTEREST RATES, REOFFERING YIELDS, MATURITIES, AND
REDEMPTION PROVISIONS**

\$_____
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
GENERAL OBLIGATION BONDS
ELECTION OF 2012 (MEASUREQ), 2021 SERIES G

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Sold</u>	<u>Hold the Offering Price</u>
--------------------------------	-----------------------------	--------------------------	--------------	--------------	---------------------	--

^T Term bonds.

* Priced to par call on August 1, 20__.

TERMS OF REDEMPTION

Optional Redemption

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on August 1, 20__, may be redeemed before maturity at the option of the District, as a whole or in part, from any source of available funds, on any date on or after August 1, 20__ at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Redemption

The Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

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__ is optionally redeemed prior to maturity, the remaining 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.

APPENDIX B

OPINION OF COUNTY COUNSEL

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

[UNDERWRITER]
[STREET ADDRESS]
[CITY], [STATE] [ZIP]

Ladies and Gentlemen,

This opinion is rendered and delivered in connection with the issuance by the Board of Supervisors of the County of Sacramento (the "County") on behalf of Sacramento City Unified School District (the "District") of \$_____ aggregate principal amount of bonds designated "Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G" (the "Bonds"). The Bonds are issued pursuant to a Resolution of the Board of Education of the District adopted on _____, 2021 (the "District Resolution") and a Resolution of the Board of Supervisors of the County adopted on _____, 2021 (the "County Resolution").

In rendering this opinion, we have examined the District Resolution, the County Resolution and the Bond Purchase Agreement, dated _____, 2021 ("Purchase Agreement"), by and between the County, the District and [_____] and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

Having reviewed these documents and other information we have deemed relevant to the preparation of this opinion, it is our opinion that:

1. The County is a political subdivision duly organized and existing under the Constitution and the laws of the State of California;
2. The County Resolution approving and authorizing the issuance of the Bonds and the execution and delivery of the Purchase Agreement was duly adopted at a meeting of the Board of Supervisors of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof;
3. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against the County (1) affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution of the Purchase Agreement or the issuance and sale of the Bonds; (2) affecting delivery of the Bonds; (3) in any way contesting or affecting the validity

or enforceability of the Bonds, the Purchase Agreement, the County Resolution or the Bonds; (4) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any the County Resolution or the Purchase Agreement; or (5) seeking to restrain or enjoin the levy or collection of tax revenues pledged for the Bonds;

4. To the best of our knowledge, the obligations of the County under the Bonds, and the execution of and performance of the provisions of the Purchase Agreement, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation court order or consent decree to which the County is subject; and

5. The Bonds have been duly authorized by the County and the Purchase Agreement has been duly authorized by the County, and assuming due authorization, execution and delivery by the other parties thereto and of issuance of the Bonds by the County, and upon due authentication by the Paying Agent of and receipt of payment for the Bonds, the Bonds and the Purchase Agreement will constitute legal, valid and binding agreements of the County enforceable against the County in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against school districts in the state of California.

With respect to the opinions we have expressed above, enforcement of the rights and obligations under the County Resolution, the Purchase Agreement and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with the enforcement of the County Resolution, the Purchase Agreement or the Bonds.

Very truly yours,

[County Counsel]

APPENDIX C

FORM OF ISSUE PRICE CERTIFICATE

[UNDERWRITER] (the "**Underwriter**") hereby certifies and represents the following with respect to the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G (the "**Bonds**"), in the aggregate initial principal amount of \$_____ :

1. **Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective prices shown on Schedule A hereto.

2. **Initial Offering Price of the Hold-the-Offering-Price Maturities.**

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. If any Hold-the-Offering-Price Maturities are identified in Schedule A, a copy of the pricing wire or equivalent communication for the Bonds will be attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement dated _____, 2021, by and between the District and Underwriter, Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. **Defined Terms.**

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Board of Supervisors of the County of Sacramento.

(e) *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.

(f) *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.

(g) *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 _____, 2021.

(h) *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).

The representations set forth in this certificate are limited to factual matters only as to facts in existence on the date hereof. Nothing in this certificate represents Underwriter's interpretation of any laws, including specifically Section 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder, or the application of any laws to these facts. Underwriter understands that the foregoing information will be relied upon by the Issuer 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, Special Counsel, 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 Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. The Certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: _____, 2021

[UNDERWRITER]

By _____
[Managing Director]

SCHEDULE A

**Sale Prices of the General Rule Maturities
And
Initial Offering Prices of the Hold-the-Offering Price Maturities**

Schedule B
Pricing Wire or Equivalent Communication
[attached]

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 Resolutions 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. See “TAX MATTERS” herein.



\$77,100,000*
**SACRAMENTO CITY UNIFIED
 SCHOOL DISTRICT
 (SACRAMENTO COUNTY, CALIFORNIA)
 GENERAL OBLIGATION BONDS,
 ELECTION OF 2012 (MEASURE Q),
 2021 SERIES G**

\$38,000,000*
**SACRAMENTO CITY UNIFIED
 SCHOOL DISTRICT
 (SACRAMENTO COUNTY, CALIFORNIA)
 2021 GENERAL OBLIGATION
 REFUNDING BONDS**

Dated: Date of Delivery

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

The Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G (the “Series G Bonds”) are being issued by the County of Sacramento (“County”), for and on behalf of the Sacramento City Unified School District (the “District”), to (i) finance the acquisition, construction, furnishing and equipping of District facilities and (ii) to pay certain costs of issuance associated therewith, as more fully described herein under the caption “PLAN OF FINANCE – The Projects.” The Series G Bonds were authorized at an election within the District held on November 6, 2012 (the “Election”) at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of \$346,000,000 aggregate principal amount of general obligation bonds of the District (the “Authorization”). The Series G Bonds are the seventh and final series of general obligation bonds issued under the Authorization.

The Sacramento City Unified School District 2021 General Obligation Refunding Bonds (the “Refunding Bonds” and, together with the Series G Bonds, the “Bonds”) are being issued by the District to (i) refund certain maturities of the District’s outstanding 2011 General Obligation Refunding Bonds and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption “PLAN OF FINANCE – The Refunding.” The Series G Bonds and the Refunding Bonds are issued on a parity basis with each other and 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, 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 of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

Interest on the Series G Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2022. Interest on the Refunding Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2022. See “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 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 Series G Bonds are subject to redemption prior to maturity as described herein. The Refunding Bonds are not subject to redemption prior to maturity. See “THE BONDS – Redemption” herein.

MATURITY SCHEDULE
 On Inside Cover Pages

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 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. Certain matters will be passed upon for the Underwriter by its counsel, _____, [City], [State]. 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 _____, 2021.

[UNDERWRITER LOGO]

The Date of this Official Statement is: _____, 2021.

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.

MATURITY SCHEDULE

\$ _____
Sacramento City Unified School District
(Sacramento County, California)
General Obligation Bonds,
Election of 2012 (Measure Q), 2021 Series G

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (785870)</u>
--------------------------------	-----------------------------	--------------------------	--------------	---------------------------

\$ _____ % Term Bonds due August 1, 20__ ; Yield _____ %, CUSIP¹ 785870 _____

MATURITY SCHEDULE

\$ _____
Sacramento City Unified School District
(Sacramento County, California)
2021 General Obligation Refunding Bonds

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ (785870)</u>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				

¹ Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento County, State of California

Board of Education

Christina Pritchett, *President, Trustee Area 3*
Lisa Murawski, *1st Vice President, Trustee Area 1*
Darrel Woo, *2nd Vice President, Trustee Area 6*
Leticia Garcia, *Member, Trustee Area 2*
Jamee Villa, *Member, Trustee Area 4*
Chinua Rhodes, *Member, Trustee Area 5*
Lavinia Grace Phillips, *Member, Trustee Area 7*

District Administrators

Jorge A. Aguilar, *Superintendent*
Lisa Allen, *Deputy Superintendent*
Adrian Vargas, *Assistant Superintendent of Business Services*
Christine Baeta, *Chief Academic Officer*
Rose F. Ramos, *Chief Business Officer*
Tara Gallegos, *Chief Communications Officer*
Robert Lyons, Ed.D., *Chief Information Officer*
Vincent Harris, *Chief Continuous Improvement and Accountability Officer*
Cancy McArn, *Chief Human Resources Officer*

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Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Financial Advisor

Dale Scott & Company
San Francisco, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey, Demgen & Moore
Denver, Colorado

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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, its 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. However, the information presented there 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.

\$77,100,000*
**SACRAMENTO CITY UNIFIED
SCHOOL DISTRICT**
(Sacramento County, California)
**GENERAL OBLIGATION BONDS,
ELECTION OF 2012 (Measure Q), 2021 SERIES G**

\$38,000,000*
**SACRAMENTO CITY UNIFIED
SCHOOL DISTRICT**
(Sacramento County, California)
2021 GENERAL OBLIGATION REFUNDING BONDS

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.

The Sacramento City Unified School District (the “District”) proposes to issue \$77,100,000* aggregate principal amount of its General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G (the “Series G Bonds”) under and pursuant to a bond authorization (the “Authorization”) for the issuance and sale of not more than \$346,000,000 of general obligation bonds approved by 55% or more of the qualified voters of the District voting on the proposition at a general election held on November 6, 2012 (the “Election”). The Series G Bonds are the seventh series of general obligation bonds issued under the Authorization and, subsequent to the issuance of the Series G Bonds, no* general obligation bonds will remain for issuance pursuant to the Authorization.

Proceeds from the sale of the Series G Bonds will be used to (i) finance the acquisition, construction, furnishing and equipping of District facilities and (ii) to pay certain costs of issuance associated therewith. See “PLAN OF FINANCE – The Projects” herein.

The District also proposes to issue \$38,000,000* aggregate principal amount of its 2021 General Obligation Refunding Bonds (the “Refunding Bonds” and together with the Series G Bonds, the “Bonds”) in order to (i) refund a portion of its 2011 General Obligation Refunding Bonds (the “2011 Refunding Bonds”), originally issued on June 30, 2011, and (ii) pay all legal, financial and contingent costs in connection with the issuance of the Refunding Bonds. See “PLAN OF FINANCE – The Refunding” herein. The 2011 Refunding Bonds were issued to refund (i) certain general obligation bonds of the District issued pursuant to an authorization (the “1999 Authorization”) for the issuance and sale of not to exceed \$195,000,000 of general obligation bonds approved by more than 2/3 of the qualified voters of the District voting on the proposition at a general election held on October 19, 1999, and (ii) certain general obligation refunding bonds of the District which refunded general obligation bonds issued under the 1999 Authorization. Refunding bonds are not counted against the 1999 Authorization amount and therefore, the District may issue the Refunding Bonds, as well as additional refunding bonds in the future, to refund outstanding general obligation bonds issued pursuant to the 1999 Authorization.

The Bonds are issued on a parity basis with each other and all outstanding general obligation bonds of the District.

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

* Preliminary; subject to change.

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 is the 13th 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 capitol of the State, the City of Sacramento (the “City”). The District operates 42 elementary schools for grades K-6, seven K-8 schools, six middle schools for grades 7-8, two middle/high schools for grades 7-12, seven comprehensive high schools for grades 9-12, three alternative schools, two special education centers, two adult education centers, 15 charter schools (including five dependent charter schools) and 42 children’s centers/preschools. The ADA at second principal apportionment for the District for fiscal year 2020-21 is estimated to be 38,220 students and the District has a 2020-21 total assessed valuation of \$40,429,259,236. The audited financial statements for the District for the fiscal year ended June 30, 2020 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 appointed by the Board 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.

Additionally, for information regarding the impact of the Coronavirus Disease 2019 (“COVID-19”) pandemic on (i) the security and sources of repayment of the Bonds, see “SECURITY FOR THE BONDS – Assessed Valuations” and (ii) the District’s finances and revenues, see “DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact” and “ – Effect of COVID-19 Response on California School Districts” 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. U.S. Bank National Association, San Francisco, California, is acting as escrow agent for the Bonds. Dale Scott & Company, San Francisco, California, is acting as Financial Advisor to the District in connection with the issuance of the Bonds. _____, [City], [State], is acting as counsel to the Underwriter with respect to 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 _____, 2021.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Series G Bonds are being issued by the County on behalf of the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the “Government Code”) (commencing with Section 53506) and pursuant to a resolution of the Board adopted on _____, 2021 and a Resolution of the Board of Supervisors of the County (the “County Board”) adopted on _____, 2021 (together, the “Series G Resolution”).

The Refunding Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on _____, 2021 (the “Refunding Resolution” and together with the Series G Resolution, the “Resolutions”).

Purpose of Issue

The net proceeds of the Series G 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 updating classrooms, science labs, computer systems and technology; renovating heating and ventilation systems; reducing costs through energy efficiency; improving student safety and security systems; repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems. See “PLAN OF FINANCE – The Projects” herein.

The net proceeds of the Refunding Bonds will be applied to refund a portion of the 2011 Refunding Bonds. See “PLAN OF FINANCE – The Refunding” 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

Interest on the Series G Bonds is payable commencing February 1, 2022, and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date” with respect to the Series G Bonds). Interest on the Refunding Bonds is payable commencing January 1, 2022, and semiannually thereafter on January 1 and July 1 of each year (each, an “Interest Payment Date” with respect to the Refunding Bonds). 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 rates 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 prior to the close of business on January 15, 2022, with respect to the Series G Bonds, and December 15, 2021, with respect to the Refunding Bonds, 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*

Series G Bonds

Optional Redemption. The Series G Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Series G Bonds maturing on or after August 1, 20__ 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, 20__ at a redemption price equal to the par amount to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Redemption. The Series G 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
--	------------------------------------

In the event that a portion of the Series G Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining 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 Series G Bonds optionally redeemed.

Refunding Bonds

No Redemption. The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

Selection of Series G Bonds for Redemption

Whenever provision is made for the redemption of Series G Bonds and less than all outstanding Series G 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 Series G Bonds for redemption in such order as the District may direct. Within a maturity, the Paying Agent shall select Series G Bonds

* Preliminary; subject to change.

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 Series G 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, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall give notice of the redemption of the Series G Bonds at least 20 but not more than 60 days prior to the redemption date to the respective Owners of Series G Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify: (a) the Series G Bonds or designated portions thereof (in the case of redemption of the Series G Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series G Bonds to be redeemed, (f) the numbers of the Series G Bonds to be redeemed in whole or in part and, in the case of any Series G Bond to be redeemed in part only, the principal amount, as appropriate, of such Series G Bond to be redeemed, (g) the original issue date, interest rate and stated maturity date of each Series G Bond to be redeemed in whole or in part and (h) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Such redemption notice shall further state that on the specified date there shall become due and payable upon each Series G Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Series G Bonds, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

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 Series G 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 Debt Service Fund 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 Series G 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 Series G 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 Series G 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 Series G 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 Series G 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 Series G 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 any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways: (a) by well and truly paying or causing to be paid the principal of and interest on all Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or (c) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to the respective Resolution, in trust, lawful money or non-callable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and described under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the District, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; then all obligations of the District and the Paying Agent under the respective Resolution with respect to such Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the respective Resolution.

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"), 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:

<i>Sources of Funds</i>	<u>Series G Bonds</u>	<u>Refunding Bonds</u>	<u>Total</u>
Principal Amount of Bonds			
[Net] Original Issue Premium			
Total Sources			
<i>Uses of Funds</i>			
Deposit to Escrow Fund			
Deposit to Building Fund			
Deposit to Debt Service Fund			
Costs of Issuance ⁽¹⁾			
Total Uses			

⁽¹⁾ Includes Underwriter’s discount, Bond and Disclosure Counsel fees, financial advisory fees, paying agent and escrow agent fees, rating agency fees, verification agent 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 Director of Finance by school and community college districts located in the County, various special districts, and some cities within the State of California. 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.

The net proceeds from the sale of the Series G Bonds (other than premium) shall be paid to the County to the credit of the Sacramento City Unified School District Building Fund (the “Building Fund”) established pursuant to the Series G Resolution and shall be disbursed for the payment of the costs of acquiring and constructing the Projects (as described below). Any premium or accrued interest received by the District from the sale of the Series G Bonds will be deposited in the Debt Service Fund. Earnings on the investment of moneys in either the Building Fund or the Debt Service Fund will be retained in the respective fund and used only for the purposes to which the respective fund may lawfully be applied. Moneys in the Debt Service Fund may only be applied to make payments of principal of and interest, and premium, if any, on bonds of the District. All funds held in the Building Fund and the Debt Service Fund will be invested by the Director of Finance.

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 ¹	Series G Bonds		Refunding Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2019					
2020					
2021					
2022					
2023					
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					

¹ The bond year ends August 1 in each year with respect to the Series G Bonds and July 1 in each year with respect to the Refunding Bonds.

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, Election of 2012 (Measures Q and R), 2013 Series A ("2013 Series A Bonds"), the General Obligation Bonds, Election of 2012 (Measures Q and R), 2013 Series B ("2013 Series B Bonds"), the 2011 General Obligation Refunding Bonds ("2011 Refunding Bonds"), the 2012 General Obligation Refunding Bonds ("2012 Refunding Bonds"), the 2014 General Obligation Refunding Bonds ("2014 Refunding Bonds"), the 2015 General Obligation Refunding Bonds ("2015 Refunding Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2015 Series C ("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 Series G Bonds and the Refunding Bonds.

The 2011 Refunding Bonds are expected to be refunded in part by the Refunding Bonds described herein. See "PLAN OF FINANCE- The Refunding."

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

Period Ending ⁽¹⁾	2002 Series 2007 Bonds ⁽²⁾	2013 Series A Bonds ⁽³⁾⁽⁴⁾	2013 Series B Bonds ⁽³⁾⁽⁵⁾	2011 General Obligation Refunding Bonds ⁽²⁾	2012 General Obligation Refunding Bonds ⁽²⁾	2014 General Obligation Refunding Bonds ⁽²⁾	2015 General Obligation Refunding Bonds ⁽²⁾	2015 Series C Bonds ⁽³⁾	2016 Series D Bonds ⁽³⁾	2017 Series E Bonds	2017 Series C Bonds	2018 Series F Bonds	2019 Series D Bonds	The Bonds	Total
2021	-	\$966,738	\$3,926,667	\$7,266,875	\$10,539,713	\$4,914,350	\$4,309,500	\$4,687,850	\$805,000	\$5,652,850	\$596,600	\$236,900	\$6,267,575		
2022	-	965,538	3,926,667	7,265,875	10,342,713	5,100,600	4,556,750	4,687,250	808,000	5,659,650	593,800	181,980	1,235,575		
2023	\$5,065,000	968,738	3,926,667	7,267,125	6,637,963	5,294,100	929,000	4,688,650	811,400	5,653,250	595,800	528,290	1,236,375		
2024	5,225,000	966,138	3,926,667	7,269,875	6,880,838	5,488,600	929,000	4,686,400	807,700	5,654,250	595,300	665,990	1,236,375		
2025	5,510,000	968,388	3,926,667	7,268,375	6,665,350	5,698,100	929,000	4,684,150	808,900	5,655,250	594,300	-	1,235,575		
2026	5,725,000	969,388	3,926,667	7,267,125	6,765,100	5,910,850	929,000	4,686,650	806,900	5,661,000	592,800	-	1,238,975		
2027	6,280,000	967,875	3,926,667	2,280,775	10,584,100	6,125,600	929,000	4,688,400	808,500	5,656,000	595,800	-	1,236,375		
2028	6,525,000	970,050	3,926,667	4,136,825	9,197,300	-	6,629,000	4,684,150	809,300	5,660,500	593,050	-	1,237,975		
2029	6,765,000	965,650	3,926,667	1,440,075	11,902,100	-	6,829,000	4,683,900	809,300	5,653,750	594,800	-	1,238,575		
2030	7,015,000	969,388	3,926,667	-	8,926,500	-	7,029,750	4,687,150	808,500	5,656,000	595,800	-	1,238,175		
2031	9,525,000	967,388	3,926,667	-	9,072,000	-	-	4,688,400	806,900	5,659,400	594,000	-	1,235,175		
2032	9,860,000	968,263	3,926,667	-	-	-	-	4,687,400	809,500	5,658,200	591,800	-	1,235,675		
2033	-	967,300	3,926,667	-	-	-	-	4,683,900	811,100	5,657,400	594,200	-	1,234,425		
2034	-	969,500	3,926,667	-	-	-	-	4,687,650	806,700	5,656,800	596,000	-	1,236,375		
2035	-	966,500	3,926,667	-	-	-	-	4,687,900	811,500	5,661,200	592,200	-	1,236,875		
2036	-	966,750	3,926,667	-	-	-	-	4,684,400	811,700	5,660,200	593,000	-	1,236,875		
2037	-	965,000	3,926,667	-	-	-	-	4,685,400	811,300	5,658,800	593,200	-	1,236,375		
2038	-	967,396	3,738,333	-	-	-	-	4,685,200	810,300	5,656,800	592,800	-	1,234,325		
2039	-	-	-	-	-	-	-	4,688,600	808,700	5,659,000	591,800	-	1,236,750		
2040	-	-	-	-	-	-	-	4,685,200	811,500	5,655,000	595,200	-	1,236,350		
2041	-	-	-	-	-	-	-	-	808,550	5,659,800	592,800	-	1,238,750		
2042	-	-	-	-	-	-	-	-	-	5,657,800	594,800	-	1,235,250		
2043	-	-	-	-	-	-	-	-	-	5,654,000	596,000	-	1,236,000		
2044	-	-	-	-	-	-	-	-	-	5,658,200	591,400	-	1,235,850		
2045	-	-	-	-	-	-	-	-	-	5,654,800	596,200	-	1,234,800		
2046	-	-	-	-	-	-	-	-	-	5,653,800	595,000	-	1,237,850		
2047	-	-	-	-	-	-	-	-	-	5,659,850	592,250	-	1,234,850		
2048	-	-	-	-	-	-	-	-	-	-	-	-	1,235,950		
2049	-	-	-	-	-	-	-	-	-	-	-	-	1,236,000		
Total ⁽⁶⁾	\$67,495,000	\$17,416,538	\$70,491,672	\$51,462,925	\$97,513,677	\$38,532,200	\$33,999,000	\$93,728,600	\$16,991,250	\$152,745,567	\$16,042,717	\$1,615,178	\$40,886,050		

- (1) July 1, except as otherwise noted.
 - (2) January 1 and July 1 payments.
 - (3) February 1 and August 1 payments.
 - (4) Debt service shown for periods ending August 1, 2020-2037, and July 1, 2038.
 - (5) Debt service not net of Qualified School Construction Bonds (QSCB) subsidy payments.
- Columns may not sum to totals due to rounding.

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.

The District received authorization to issue \$346,000,000 principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on November 6, 2012. Subsequent to the issuance of the Series G Bonds, no general obligation bonds will remain for issuance under the Authorization*. The District is authorized to issue refunding bonds to refund its outstanding general obligation bonds (including general obligation refunding bonds) under the Government Code (commencing with section 53550 thereof).

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

* Preliminary; subject to change.

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 Resolutions, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* 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 Resolutions. 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.

PLAN OF FINANCE

The Projects

The District will apply the net proceeds of the Series G 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 Series G 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 Series G 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.

The Refunding

The District intends to apply the net proceeds of the sale of the Refunding Bonds to (i) refund the 2011 Refunding Bonds maturing on July 1, 2022 through July 1, 2029, inclusive (the “Refunded Bonds”), and (ii) pay the costs of issuance of the Refunding Bonds.

Upon the issuance of the Refunding Bonds, the District will deposit the net proceeds of the Refunding Bonds into an Escrow Fund (the “Escrow Fund”) established pursuant to the Escrow and Deposit Agreement, by and between the District and U.S. Bank National Association, as escrow agent (the “Escrow Agent”) thereunder, in order to redeem the Refunded Bonds on July __, 2021* (the “Redemption Date”), at a redemption price equal to the par amount of the Refunded Bonds, plus accrued interest to the Redemption Date.

The sufficiency of amounts deposited into the Escrow Fund, together with investment earnings thereon, to effect the redemption of the Refunded Bonds will be verified by Causey, Demgen & Moore,

* Preliminary; subject to change.

certified public accountants (the “Verification Agent”). See the caption “ESCROW VERIFICATION” herein.

As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter’s and the Verification Agent’s computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will also be defeased. Amounts deposited into the Escrow Fund are not available to pay debt service on the Bonds.

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 XIII A 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.

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The following tables presents the historical assessed valuation in the District since fiscal year 2011-12. The District’s total assessed valuation is \$40,429,259,236 for fiscal year 2020-21.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2011-12 through 2020-21

Fiscal Year	Local Secured ⁽¹⁾	Unsecured	Total	Annual % Change
2011-12	\$24,367,435,850	\$1,381,399,468	\$25,748,835,318	--
2012-13	24,088,535,893	1,312,707,722	25,401,243,615	(1.35)%
2013-14	25,070,853,698	1,240,891,839	26,311,745,537	3.58
2014-15	26,203,736,543	1,279,564,924	27,483,301,467	4.45
2015-16	27,627,053,568	1,188,321,120	28,815,374,688	4.85
2016-17	29,448,310,116	1,271,280,326	30,719,590,442	6.61
2017-18	31,630,780,391	1,332,650,184	32,963,430,575	7.30
2018-19	33,920,993,517	1,444,875,017	35,365,868,534	7.29
2019-20	36,764,643,370	1,403,666,196	38,168,309,566	7.92
2020-21	38,932,165,119	1,497,094,117	40,429,259,236	5.92

⁽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 resulting from pandemic or otherwise, 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 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.”

Change in Economic Conditions. The recent outbreak of COVID-19 and the corresponding measures to prevent its spread have caused widespread unemployment and economic slow-down in the United States, the State and the County. Such economic slow-down may lead to an economic recession or depression and a general market decline in real estate values. Such a decline may cause a reduction of assessed values in the District. See DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact” for more information regarding the impact of COVID-19.

Historic California Drought Conditions and Wildfires. 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. According to the U.S. Drought Monitor, as of April 2021, parts of California, including the territory of the District, are currently experiencing severe to extreme drought conditions. 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.

Additionally, 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. The District was not materially impacted by recent wildfires.

The District cannot make any representation regarding the effects that the drought, change in economic conditions, caused by pandemic or otherwise, or fire conditions has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to agricultural production, 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 XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A 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 XIII A (currently, a 2% annual maximum) until such assessed value again equals the Article XIII A 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 XIII A and base year values may not be increased by more than the standard Article XIII A 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 XIII A base year value for such property. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A 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.

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 2020-21**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Elk Grove\$ 67,957,615		0.17%	\$22,575,446,282	0.30%
City of Rancho Cordova	964,808,019	2.39	\$9,830,093,802	9.81%
City of Sacramento	34,383,709,230	85.05	\$58,814,794,231	58.46%
Unincorporated Sacramento County	<u>5,012,784,372</u>	<u>12.40</u>		7.73%
Total District	\$40,429,259,236	100.00%		
Sacramento County	\$40,429,259,236	100.00%	\$181,845,828,757	22.23%

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 2020-21

	2020-21 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural\$ 277,410	0.00%	8	0.01%	
Commercial/Office	7,495,002,156	19.25	2,915	2.78
Vacant Commercial	216,405,317	0.56	566	0.54
Industrial	1,858,430,743	4.77	1,313	1.25
Vacant Industrial	64,836,137	0.17	393	0.37
Recreational	504,020,464	1.29	159	0.15
Government/Social/Institutional	219,722,693	0.56	957	0.91
Miscellaneous 2,063,310	0.01	250	0.24	
Subtotal Non-Residential	\$10,360,758,230	26.61%	6,561	6.26%
Residential:				
Single Family Residence	\$21,384,906,149	54.93%	83,963	80.06%
Condominium/Townhouse	589,893,794	1.52	2,348	2.24
Mobile Home	34,719,687	0.09	1,487	1.42
Mobile Home Park	54,502,502	0.14	33	0.03
2-4 Residential Units	2,037,330,990	5.23	6,794	6.48
5+ Residential Units/Apartments	3,465,950,472	8.90	1,627	1.55
Hotel/Motel	650,036,928	1.67	72	0.07
Miscellaneous Residential	49,864,521	0.13	138	0.13
Vacant Residential	304,201,846	0.78	1,857	1.77
Subtotal Residential	\$28,571,406,889	73.39%	98,319	93.74%
Total	\$38,932,165,119	100.00%	104,880	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 2020-21, including the median and average assessed value per single family parcel.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2020-21**

	No. of <u>Parcels</u>	2020-21 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>			
Single Family Residential	83,963	\$21,384,906,149	\$254,694	\$211,405			
	<u>2020-21 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
	\$0 - \$24,999	450	0.536%	0.536%	7,226,484	0.034%	0.034%
	\$25,000 - \$49,999	3,441	4.098	4.634	140,016,162	0.655	0.689
	\$50,000 - \$74,999	5,424	6.460	11.094	340,855,298	1.594	2.282
	\$75,000 - \$99,999	6,565	7.819	18.913	574,619,311	2.687	4.969
	\$100,000 - \$124,999	6,180	7.360	26.273	694,593,955	3.248	8.218
	\$125,000 - \$149,999	6,067	7.226	33.499	833,837,822	3.899	12.117
	\$150,000 - \$174,999	5,994	7.139	40.638	973,240,779	4.551	16.668
	\$175,000 - \$199,999	5,463	6.506	47.145	1,022,968,534	4.784	21.451
	\$200,000 - \$224,999	5,264	6.269	53.414	1,118,803,104	5.232	26.683
	\$225,000 - \$249,999	5,127	6.106	59.520	1,218,919,466	5.700	32.383
	\$250,000 - \$274,999	4,627	5.511	65.031	1,211,894,615	5.667	38.050
	\$275,000 - \$299,999	3,968	4.726	69.757	1,137,668,005	5.320	43.370
	\$300,000 - \$324,999	3,538	4.214	73.971	1,104,633,020	5.165	48.536
	\$325,000 - \$349,999	2,877	3.427	77.397	969,856,666	4.535	53.071
	\$350,000 - \$374,999	2,645	3.150	80.547	957,236,826	4.476	57.547
	\$375,000 - \$399,999	2,125	2.531	83.078	822,348,691	3.845	61.392
	\$400,000 - \$424,999	2,019	2.405	85.483	832,294,659	3.892	65.284
	\$425,000 - \$449,999	1,718	2.046	87.529	750,700,042	3.510	68.795
	\$450,000 - \$474,999	1,461	1.740	89.269	674,812,433	3.156	71.950
	\$475,000 - \$499,999	1,231	1.466	90.735	600,095,219	2.806	74.757
	\$500,000 and greater	<u>7,779</u>	<u>9.265</u>	<u>100.000</u>	<u>5,398,285,058</u>	<u>25.243</u>	<u>100.000</u>
		83,963	100.000%		\$21,384,906,149	100.000%	

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

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Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2020-21.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Largest Total Secured Taxpayers Fiscal Year 2020-21

	<u>Property Owner</u>	<u>Primary Land Use</u>	2020-21 <u>Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	City of Sacramento & The Sacramento Kings	Sports Arena	\$ 399,488,288	1.03%
2.	M&H Realty Partners VI LP	Commercial	254,130,927	0.65
3.	Hancock SREIT Sacramento LLC	Office Building	198,750,000	0.51
4.	Pac West Office Equities LP	Office Building	197,158,904	0.51
5.	SRI Eleven 621 Capitol Mall LLC	Office Building	167,504,400	0.43
6.	GPT Properties Trust	Office Building	149,426,052	0.38
7.	500 Capitol Mall LLC	Office Building	147,446,414	0.38
8.	HP Hood LLC	Industrial	138,331,197	0.36
9.	300 Capitol Associates NF LP	Office Building	129,540,000	0.33
10.	Prime US-Park Tower LLC	Office Building	129,335,561	0.33
11.	BRE Depot PK LLC	Industrial	128,681,413	0.33
12.	Sacramento CA I FGF LLC	Office Building	105,612,416	0.27
13.	Capital Towers Apartments LLC	Apartments	98,904,529	0.25
14.	Greenery Apartments LP & DLC Sacramento LLC	Apartments	97,200,000	0.25
15.	Gem Crossings LLC	Apartments	93,250,000	0.24
16.	CA Sacramento Commons LLC	Apartments	89,646,148	0.23
17.	Sac Mubi Hotel LLC	Hotel	88,405,170	0.23
18.	1415 Meridian Plaza Investors LP	Office Building	86,500,000	0.22
19.	SGD Retail LLC	Commercial	85,251,191	0.22
20.	NB Element DST	Apartments	<u>85,193,154</u>	<u>0.22</u>
			\$2,869,755,764	7.37%

⁽¹⁾ 2020-21 local secured assessed valuation: \$38,932,165,119.

Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for 2020-21 account for 7.37% of the secured assessed value in the District which is \$38,932,165,119. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for 2020-21 was City of Sacramento and The Sacramento Kings, accounting for 1.03% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 0.65% 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 2016-17 through 2020-21:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Typical Tax Rate per \$100 Assessed Valuation (TRA 3-005)⁽¹⁾
Fiscal Years 2016-17 through 2020-21

Jurisdiction	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	0.0141	0.0130	0.0131	0.0232	0.0223
Sacramento City USD	<u>0.1277</u>	<u>0.1235</u>	<u>0.1164</u>	<u>0.1139</u>	<u>0.1171</u>
Total	1.1418	1.1365	1.1295	1.1371	1.1394

⁽¹⁾ 2020-21 assessed valuation of TRA 3-005 is \$11,672,963,838 which is 28.87% 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 2015-16 through 2019-20. 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 2015-16 through 2019-20

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30 ⁽²⁾	% Del. June 30
2015-16	\$36,197,451	\$311,422	0.86%
2016-17	36,846,021	307,015	0.83
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

⁽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 March 4, 2021:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness
Dated as of March 4, 2021

2020-21 Assessed Valuation: \$40,429,259,236

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/21</u>
Los Rios Community College District	18.413%	\$ 76,411,188
Sacramento City Unified School District	100.000	455,012,966⁽¹⁾
City of Sacramento Community Facilities Districts	0.009-100.000	26,246,328
City and Special District 1915 Act Bonds (Estimate)	Various	148,962,200
Southgate Recreation and Park Benefit Assessment District	15.999	<u>963,940</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$707,596,622

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Sacramento County General Fund Obligations	22.233%	\$ 30,941,091
Sacramento County Pension Obligation Bonds	22.233	158,473,501
Sacramento County Board of Education Certificates of Participation	22.233	689,223
Sacramento City Unified School District Lease Revenue Bonds	100.000	57,855,000
City of Elk Grove General Fund Obligations	0.301	115,351
City of Rancho Cordova Certificates of Participation	9.815	1,335,331
City of Sacramento General Fund Obligations	58.461	339,728,563
Cordova Recreation and Park District General Fund Obligations	26.216	1,799,132
Southgate Recreation and Park District General Fund Obligations	15.999	377,079
Cosumnes Community Services District Certificates of Participation	0.265	57,137
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	5.786	<u>2,399,165</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$593,770,573
Less: City of Elk Grove supported obligations		25,239
Sacramento County supported obligations		3,318,812
City of Sacramento supported obligations		<u>244,325,455</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$346,101,067

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$133,443,832

GROSS COMBINED TOTAL DEBT \$1,434,811,027⁽²⁾
NET COMBINED TOTAL DEBT \$1,187,141,521

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$455,012,966) 1.13%

Total Direct and Overlapping Tax and Assessment Debt.....1.75%

Combined Direct Debt (\$512,867,966)1.27%

Gross Combined Total Debt3.55%

Net Combined Total Debt2.94%

Ratios to Redevelopment Incremental Valuation (\$7,811,708,843):

Total Overlapping Tax Increment Debt1.71%

(1) Excludes the Bonds to be sold, but includes the Refunded Bonds.

(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 (defined below) 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 schools 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 2020-21, the LCFF provided to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) \$8,503 per ADA for kindergarten through grade 3; (b) \$7,818 per ADA for grades 4 through 6; (c) \$8,050 per ADA for grades 7 and 8; and (d) \$9,572 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 cost-of-living-adjustments is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2020-21, no cost-of-living-adjustment ("COLA") is included in LCFF funding as a result of the decrease in State revenues budgeted due to the COVID-19 pandemic's impact on the State economy. See "State Budget Measures – Proposed 2021-22 State Budget" herein for a discussion of the proposal to backfill the Fiscal Year 2020-21 COLA in fiscal year 2021-22. 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.

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 ADA (second principal apportionment) and enrollment (California Basic Educational Data System Actual) for fiscal years 2011-12 through 2019-20.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2011-12 through 2019-20

Fiscal Year	ADA	Enrollment
2011-12	41,131	43,426
2012-13	40,449	42,623
2013-14	39,985	41,638
2014-15	38,891	41,026
2015-16	38,837	41,027
2016-17	38,730	41,079
2017-18	38,578	42,689
2018-19	38,425	42,506
2019-20	42,231	42,231

Source: *The District*.

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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 2019-20, budgeted for the current year and projections for fiscal years 2021-22 and 2022-23.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2019-20 through 2022-23**

Fiscal Year	ADA				Total ADA	Enrollment		
	K-3	4-6	7-8	9-12		Total Enrollment	% of Unduplicated Count	% of FRPM Enrollment
2019-20					42,231 ¹	42,231 ¹		
2020-21					38,220 ¹	40,711 ¹		
2021-22					38,220 ^{1,2}	41,381 ^{1,2}		
2022-23					37,547 ^{1,2}	40,914 ^{1,2}		

¹ Based on Second Interim Financial Report.

² Projected.

Source: *The District*.

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 or prior year, 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 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, as amended by SB 91, 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.

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:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Percentage of Revenue by Source

Revenue Source	2016-17	2017-18	2018-19	2019-20	2020-21 ⁽¹⁾
LCFF sources	72.9%	74.0%	72.5%	74.7%	68.1%
Federal revenues	8.3	9.8	8.7	9.4	18.3
Other State revenues	16.7	13.9	16.7	14.1	12.1
Other local revenues	2.1	2.3	2.1	1.8	1.5

⁽¹⁾ Based on the 2020-21 Second Interim Financial Report.
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.

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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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Developer Fee Collections

Fiscal Year	Developer Fees Collected
2016-17	
2017-18	
2018-19	
2019-20	
2020-21 ⁽¹⁾	

⁽¹⁾ Projected, from Second Interim Financial Report.
Source: The District.

COVID-19 Outbreak and its Economic Impact

In late 2019, an outbreak of COVID-19, a respiratory virus, occurred in China, and since that time has been spreading globally. The global outbreak, together with measures underway to attempt to limit the spread of COVID-19 imposed by local and federal governments, has caused volatility in financial markets as well as restrictions and closures of many businesses.

On March 13, 2020, responding to the evolving COVID-19 situation, President Trump declared a national emergency, making available more than \$50 billion in federal resources to combat the spread of the virus. On March 23, 2020 the Federal Reserve Bank lowered the federal funds rate to between zero and one quarter percent, announced a Treasury security and agency backed-mortgage security buying program and emergency credit and liquidity facilities for financial institutions. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted in order to provide relief and stimulus to American businesses and individuals impacted by COVID-19. The CARES Act, in relevant part, (i) created a \$349 billion loan program for small businesses, (ii) provided a payment of \$1,200 to each American earning \$75,000 a year or less (\$150,000 for couples filing jointly) and \$500 for each child, (iii) expanded eligibility for unemployment and increased benefits by \$600 per week for up to four months, (iv) 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, (v) allocated \$500 billion in loans and investments to businesses, including \$58 billion to the airline industry, (vi) allocated \$100 billion to hospitals and health providers and increased Medicare reimbursements for treating coronavirus and (vii) delayed federal student loan payments until September 2020.

In response to the outbreak of COVID-19 in the State, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency (the “Emergency Declaration”). The Emergency Declaration was intended to make additional resources available, formalize emergency actions underway across multiple State agencies and departments, and assist the State in preparing for the spread of COVID-19.

On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a mandatory statewide shelter-in-place order (the “Order”) applicable to all non-essential services. The Order also set forth a

roadmap in four phases for the State for shelter-in-place restrictions. On May 7, 2020, Governor Newsom ordered a gradual movement into “Phase 2” of the roadmap in which lower-risk workplaces may re-open to the public for business in accordance with industry specific safety guidelines.

As a result of an increase in transmission of COVID-19 during the summer months of 2020, on July 13, 2020, the Governor ordered the closing of all bars throughout the State, as well as indoor operations at certain businesses such as live sports events, theme parks, restaurants, movie theaters and museums, which had previously re-opened. In addition, in certain counties listed on the County Monitoring List, which tracks counties that have increases in certain metrics such as disease transmission and hospitalization rate, indoor activity at gyms, cultural centers and personal care services were also ordered closed. In September, 2020, the County Monitoring List was replaced by the “Blueprint for a Safer Economy” which categorizes counties according to a color-coded risk assessment related to certain metrics of disease transmission. As such metrics increase or decrease within a county, such county will move along the risk—assessment levels which correspond with regulations on economic and social activity.

Due to an increase in the case rates and hospitalizations due to COVID-19, on December 3, 2020, the Governor announced a stay-at home order (the “Regional Stay-at-Home Order”) effective December 5, 2020, that was triggered by intensive care unit (“ICU”) capacity dropping below 15% in a given region. The Regional Stay-at-Home Order temporarily superseded the Blueprint for a Safer Economy regulations. Once the Regional Stay-at-Home Order was triggered in any region residents in that region were required to stay at home as much as possible and minimize mingling with those outside their household to reduce exposure to COVID-19. The Regional Stay-at-Home Order was triggered in most of the State, including within the District, and lifted in the State on January 25, 2021. The County is currently under the “red tier” (Tier 2 - substantial) of the Blueprint for a Safer Economy regulations.

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, on December 27, 2020, the federal government enacted the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSA”), making consolidated appropriations for the fiscal year ending September 30, 2021 which included \$900 billion of coronavirus emergency response and relief. CRRSA, in relevant part, provides (i) \$54.3 billion for K-12 schools and \$22.7 billion for higher education, (ii) \$10 billion for child care, (iii) \$13 billion for nutrition programs, (iv) \$284 billion to restart the Paycheck Protection Program, (v) \$600 stimulus payments to qualifying individuals and \$600 for dependents, (vi) supplemental weekly federal unemployment benefits of \$300 into mid-March 2021, (vii) \$30 billion for vaccine procurement and distribution, (viii) \$7 billion for expansion of internet access, (ix) a year-long extension, until December 31, 2021, to spend \$150 billion provided under the CARES Act, (x) an extension of eviction protection until January 31, 2021, and (xi) \$25 billion in rental assistance for individuals who lost their sources of income during the pandemic.

On March 11, 2021, President Biden signed a \$1.9 trillion stimulus package (the “American Rescue Package”) 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.

On April 6, 2021, CDPH announced its plans to move beyond the Blueprint for a Safer Economy regulations as of June 15, 2021 conditioned upon (i) vaccine supply being sufficient for Californians 16 or older who wish to be inoculated; and (ii) hospitalizations due to COVID-19 being stable and low, and specifically, hospitalizations among fully vaccinated individuals being low. Such a move would permit all of the sectors currently regulated under the Blueprint for A Safer Economy to fully re-open economic activity in the State in accordance with applicable Statewide guidelines and limited public health

restrictions such as masking, testing and vaccination. Included in the sectors to re-open are schools which would be expected to resume full-time in-person instruction in compliance with certain emergency temporary standards and public health guidelines.

As the transmission rates of COVID-19 increase or decrease corresponding actions may be taken by State and local authorities to increase or decrease social distancing protocols including the closure of certain businesses which might have further negative economic consequences. The District cannot predict the trajectory of the COVID-19 pandemic or future actions that might be taken as a result.

As a result of the various regulations imposed in order to slow the spread of COVID-19 since its outbreak, economic activity within the State, the County and the community around and within the District has been depressed. Generally, a majority of the State's general fund revenue is derived from personal income tax receipts. Given stock market declines in the initial weeks of the pandemic and business closures in response to the COVID-19 outbreak and related shelter in place requirements, income tax and capital gains tax receipts were projected to not be sufficient to fund the State budget for fiscal years 2018-19 and 2019-20 at the levels originally budgeted. Such projected decline in State revenues has impacted State funding of school districts in fiscal year 2020-21, including the District's and may continue to impact State funding of school districts, including the District's, in the future. However, the Proposed 2021-22 State Budget (defined below) indicates that the decline in State revenues may not have been as severe as originally projected and that State revenues may increase for fiscal year 2021-22, including funding for school districts. See " – State Budget Measures" below for additional information regarding the impact of COVID-19 on the State budget.

As noted in the table above under the caption "DISTRICT FINANCIAL INFORMATION – Revenue Sources," the District receives the large majority of its revenues from LCFF Sources which are comprised of local property taxes and State moneys. Should the State experience a decline in revenue resulting from the impacts of COVID-19, there may be a resulting decline in revenue available for funding school districts. See "State Budget Measures" below for a discussion of the impacts of COVID-19 on fiscal years 2019-20 and 2020-21 State budgets.

Effect of COVID-19 Response on California School Districts

The District, upon consultation with the County Department of Public Health and County Superintendent of Schools, determined to close its school campuses effective March 16, 2020 through the end of the 2019-20 school year and implemented a distance learning program.

On March 13, 2020, Governor Newsom issued Executive Order N-26-20, providing that school districts that initiate a school closure to address COVID-19 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. Executive Order N-26-20 also provided that statutory mandated maintenance of schools for a minimum of 175 days is waived for school districts that initiate a school closure to address COVID-19.

To address the impacts of school closures and the COVID-19 response, the California legislature adopted and the Governor signed Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117"), which bills took immediate effect. SB 89 amended the Budget Act of 2019 by appropriating \$500,000,000 from the State General Fund for any purpose related to the Emergency Declaration. SB 117 addresses economic impacts to school districts directly. Among other things, SB 117 provided that, for all school districts that comply 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. SB 117 also 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. SB 117 also held harmless grantees operating after-school education and safety programs that were prevented from operating such programs due to COVID-19, and credited such program grantees with the ADA that the grantee would have received had it been able to operate but for COVID-19.

On July 17, 2020, the California Department of Public Health (“CDPH”) announced guidance for schools and school-based programs including all public, charter and private schools with respect to re-opening for the 2020-21 school year. Schools and school districts may reopen for in-person instruction at any time if they are located in a local health jurisdiction that has not been on the county monitoring list for at least 14 days. If the school district meets this requirement, local health guidelines should then guide and assist in the determination of whether to open for in-person instruction. The State, in August, subsequently announced its “Blueprint for a Safer Economy” which replaced the county monitoring list system with a color-coded risk assessment for each county.

On January 14, 2021, the CDHP issued new guidance that changed the requirements for school re-openings. Schools which had already re-opened prior to the issuance of such guidance could remain open and were required, by February 1, 2021, to post a COVID-19 Safety Plan to their website or in another publicly accessible manner. As previously, schools located in a county in the three lowest risk tiers under the Blueprint for a Safer Economy may reopen all grades. Schools in a county in the purple highest risk tier that are not already open, may re-open for in-person instruction for grades kindergarten through sixth only if i) the average adjusted case rate in the county is below 25 cases per 100,000 population per day, ii) the testing positivity rate is under 8%, and iii) the school posts a COVID-19 Safety Plan. Schools located in counties in the purple highest risk tier re still prohibited from reopening for in-person instruction for grades seven through twelve. Additionally, as of January 14, 2021, the State discontinued the program allowing K-6 elementary schools in the purple tier to reopen if they received a waiver.

On March 5, 2021, Governor Newsom signed Assembly Bill 86 which provides \$2.0 billion for In-Person Instruction Grants (“Re-Opening Grants”) and \$4.6 billion for Learning Recovery Grants (“Recovery Grants”) to school districts, county offices of education and charter schools. Re-Opening Grant recipients are required to offer in-person instruction for transitional kindergarten through second grade students and at-risk students in any grade by April 1, 2021. All school districts, including those in the purple tier, are eligible to receive a Re-Opening Grant provided they are able to re-open in accordance with State Guidelines as described above. School districts located in counties not in the purple tier, and those in the purple tier once disease metrics decrease, must reopen all elementary grades and at least one grade in middle school or high school. The Re-Opening Grants may be used for any purpose consistent with in-person instruction and a penalty of 1% of the grant is applied for each instructional day after May 1 that a school district does not re-open through May 15 when the entire grant is forfeited. Recovery Grants are provided to school districts that implement a learning recovery program with 85% of the Recovery Grant to be spent for in-person instruction and 15% to be spent for distance learning or in-person preparation.

District’s 2020-21 Reopening Plan. During the fall of 2020, the District’s reopening plan provided for a distance learning mode of instruction. The District began a phased, hybrid model of instruction offering in-person instruction two days per week, with distance learning (online) three days per week (“Hybrid Model”), for its students in TK-3rd grades and its K-6 special day classes on April 8, 2021. The District began to offer the Hybrid Model of instruction to its non-special day school students in grades 4-6 on April 15, 2021 and its students in grades 7-12 on April 22, 2021. [DISTRICT TO CONFIRM/UPDATE]

COVID-19 Relief Funds. The District received \$666,159 as Learning Loss Mitigation Funding under SB 117 in fiscal year 2019-20 and has received, or is expected to receive, the following amounts pursuant to the CARES Act, the CRRSA, Assembly Bill 86 and the American Rescue Package in fiscal year 2020-21: (i) \$40,438,566 as Learning Loss Mitigation Funding under the CARES Act, (ii) \$15,855,174 as elementary and secondary school emergency relief funding under the CARES Act (“ESSER I”), (iii) \$67,632,182 as elementary and secondary school emergency relief funding under the CRSSA Act (“ESSER II”), (iv) \$13,394,403 as an in-person instructional grant under Assembly Bill 86, (v) \$28,585,878 as an expanded learning opportunity grant under Assembly Bill 86, and (vi) \$ _____ as elementary and secondary school emergency relief funding under the American Recovery Act (“ESSER III”). [DISTRICT TO CONFIRM/UPDATE]

The District plans to use such additional COVID-19 funding for _____. [DISTRICT TO CONFIRM/UPDATE]

The District cannot predict the extent or duration of the outbreak of COVID-19 or what impact it may have on District 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.

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 District self-certified its first and second interim budget reports for fiscal year 2018-19 as negative, its first and second interim budget reports for fiscal year 2019-20 as negative, and its first and second interim budget reports for fiscal year 2020-21 as negative and qualified, respectively.

Projected Budgetary Deficits and Fiscal Advisor Oversight

The District is facing a structural deficit in its budget, due to various factors, including continued enrollment decline and increased operating expenses. For the past three fiscal years (2018-19 through 2020-21), the County Office of Education ("SCOE") has disapproved the District's budgets due to the projected negative ending fund balances shown in each budget's multi-year projections. The financial status as of the 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 the 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. However, the District still needs to determine and implement an ongoing fiscal recovery plan of approximately \$28 million in additional budget cuts to balance the budget and avoid a fiscal crisis.

The District's historic trend of general fund deficit spending has adversely affected the District's financial condition and its ability to meet future financial obligations. Although the District has taken measures to reduce expenditures and increase reserves over the last fiscal year, the District's projected deficit persists in the multi-year projections as of the 2020-21 Second Interim Financial Report. The District was granted cash deferral exemptions for the months of April and May 2021 and due to campus closures during the 2020-21 fiscal year, the District is projecting to avoid \$40 million in one-time operational costs. These two factors improved the District's cash balances, which are projected to remain positive at June 30 for all three fiscal years 2020-21, 2021-22 and 2022-23. As of March 24, 2021, the date the fiscal year 2019-20 audited financials were delivered to the District, the District has not achieved sufficient reductions to resolve the ongoing structural budget deficit which is projected to increase in future years. The District will continue to evaluate its programs and staffing levels, and other supply and services expenditures in order to determine whether additional non-negotiable savings may be achieved. The District's current negotiations with its labor organizations are aimed at reducing District expenditures on salaries and benefits, which would have a significant benefit on the District's finances.

County Oversight

Pursuant to Section 42127 of the Education Code, because the County Office of Education disapproved the District's fiscal year 2019-20 Adopted Budget, increased oversight procedures were implemented. These procedures include the assignment of a Fiscal Advisor to assist the District with building a balanced budget. The County Office of Education-appointed Fiscal Advisor (the "Fiscal Advisor") will continue to assist the District until the District eliminates deficit spending and regains the required level of reserves. Currently, the District's Superintendent and Chief Business Officer meet weekly with the County Superintendent of Schools, the Fiscal Advisor and other members of SCOE to review the District's financial and budgetary management.

The District's ongoing efforts to eliminate its structural budget deficit, with SCOE's oversight and assistance (including via the County-appointed fiscal advisor), is intended, in part, to avoid extreme financial difficulties. If the District is unable to eliminate its structural budget deficit, it would be necessary for the District to request an emergency loan from the State, resulting in a State takeover of the District's financial affairs.

FCMAT Oversight and Report

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.

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 Committee's meeting schedule and agendas are available at the District's website at the following address: <http://www.scusd.edu/board-education-committee/fiscal-transparency-and-accountability-committee>.

State Audit

The California Joint Legislative Audit Committee has directed that a state auditor conduct a performance audit (the “State Audit”) of the District’s finances for the past 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, publically 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. [District to summarize its efforts to address the State Audit recommendations.]

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, 2020, 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 2019-20 Audited Financial Statements of the District.

The table on the following page reflects the District’s budgeted and audited general fund revenues, expenditures, and fund balances for fiscal years 2016-17 through 2019-20 and the unaudited adopted budget and current projections for fiscal year 2020-21, per the District’s Fiscal Year 2020-21 Second Interim Financial Report.

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**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING**

	Adopted Budget 2016-17 ¹	Audited Actuals 2016-17 ¹	Adopted Budget 2017-18 ¹	Audited Actuals 2017-18 ¹	Adopted Budget 2018-19 ¹	Audited Actuals 2018-19 ¹	Adopted Budget 2019-20 ¹	Audited Actuals 2019-20 ¹	Adopted Budget 2020-21 ²	Second Interim Report 2020-21 ²
REVENUES										
LCFF Sources	\$365,331,921	\$362,902,859	\$367,365,706	\$373,353,837	\$398,504,903	\$398,672,584	\$411,797,231	\$413,709,116	\$412,231,565	\$412,206,634
Federal	45,535,813	41,219,643	51,515,753	49,249,342	53,970,361	47,850,158	66,583,550	51,917,179	116,834,765	110,508,151
Other State	74,263,554	83,134,267	56,275,406	70,050,430	67,215,792	91,644,448	72,319,786	78,372,218	75,048,088	73,660,441
Other Local	5,901,083	10,843,677	4,962,063	11,881,019	6,694,121	11,661,233	9,090,755	9,950,079	9,685,814	9,089,272
Total Revenues	491,032,371	498,100,446	480,118,928	504,534,628	526,385,177	549,828,423	559,791,322	553,948,592	613,800,231	605,464,498
EXPENDITURES										
Current										
Certificated Salaries	186,397,275	192,501,260	197,337,618	196,143,370	210,175,812	211,749,238	222,800,621	209,808,827	215,532,888	211,883,992
Classified Salaries	58,714,203	58,343,622	61,159,475	63,562,086	66,138,347	63,096,658	62,778,941	60,163,620	58,460,974	58,703,099
Employee Benefits	149,592,688	141,343,139	160,938,613	160,839,811	172,109,818	186,303,443	177,606,806	175,948,151	181,174,974	176,981,519
Books and Supplies	20,168,575	12,897,800	21,569,264	19,147,391	22,899,370	14,459,073	41,196,691	11,145,790	101,259,537	67,747,515
Services, Other										
Operating Expenses	85,096,701	87,290,180	55,550,675	71,049,494	82,011,585	70,305,279	75,194,802	65,548,240	84,002,765	79,933,935
Other Outgo	--	216,459	--	659,827	--	689,233	471,000	1,150,697	1,105,000	1,110,300
Other Outgo – Transfers of Indirect Costs	--	--	--	--	--	--	--	--	(1,144,836)	(947,576)
Capital outlay	17,060,803	23,010,286	2,665,254	2,202,829	5,328,453	6,855,740	627,792	8,361,223	484,435	3,297,668
Debt service- principal	--	65,426	--	2,218,576	2,626,713	31,643	10,300	2,280	--	--
Debt service - interest	--	2,785	2,836,450	2,185,174	2,378,333	808	--	--	--	--
Total Expenditures	517,030,245	515,670,957	502,057,349	518,008,558	563,668,431	553,491,115	580,686,953	532,129,368	640,875,737	598,710,451
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(25,997,874)	(17,570,511)	(21,938,421)	(13,473,930)	(37,283,254)	(3,662,692)	(20,895,631)	21,819,224	(27,075,507)	6,754,047
OTHER FINANCING SOURCES (USES)										
Transfers in	3,038,449	3,126,985	3,413,895	3,755,901	4,208,003	3,850,573	4,022,539	3,598,304	2,653,429	2,653,429
Transfers out	(1,730,000)	(2,022,282)	(1,730,000)	(1,248,027)	(2,875,207)	(1,719,449)	(1,833,785)	(2,698,262)	(1,981,864)	1,538,926
Proceeds from sale of land/building	--	--	--	--	--	1,360,162	--	--	--	--
Total Other Financing Sources (Uses)	1,308,449	1,140,703	1,683,895	2,507,874	1,332,796	3,491,286	2,188,754	900,042	671,565	1,114,503
NET CHANGE IN FUND BALANCES	(24,689,425)	(16,465,808)	(20,254,526)	(10,966,056)	(35,950,458)	(171,406)	(18,706,877)	22,719,266	(26,403,942)	7,868,549
Fund Balance, July 1	97,932,615	97,932,615	81,466,807	81,466,807	70,500,751	70,500,751	70,329,345	70,329,345	93,048,611	93,048,611
Fund Balance, June 30	\$73,243,190	\$81,466,807	\$61,212,261	\$70,500,751	\$34,550,293	\$70,329,345	\$51,622,468	\$93,048,611	\$66,644,669	\$100,917,160

¹ From the audited financial statement of the District for such fiscal year.

² From 2020-21 Second Interim Budget Report.

Source: *The District*.

General Fund Balance Sheet

The following table reflects the District’s audited general fund balance sheet for fiscal years 2016-17 to 2019-20.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
Summary of General Fund Balance Sheet
for Fiscal Years 2016-17 through 2019-20**

	2016-17 Audit	2017-18 Audit	2018-19 Audit	2019-20 Audit
ASSETS				
Cash and Investments:				
Cash in County Treasury	\$92,414,388	\$75,050,277	\$74,722,121	\$48,227,154
Cash on Hand and in Banks	1,700,267	281,217	67,519	85,883
Cash in Revolving Fund	225,000	225,000	225,000	225,000
Accounts Receivable	12,008,190	8,656,692	8,707,218	64,707,798
Prepaid Expenditures	16,636	12,730	19,306	-
Due from Other Funds	2,963,638	4,117,257	5,970,784	2,814,637
Due from Grantor Governments	17,961,176	16,311,650	23,390,594	24,179,665
Stores Inventory	126,654	108,722	104,845	104,537
Total Assets	127,415,949	104,763,545	113,207,387	140,344,674
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	34,529,308	26,947,248	30,947,183	40,063,484
Unearned Revenue	6,458,836	6,567,313	10,438,729	5,597,401
Due to Other Funds	4,960,998	748,233	1,492,130	1,635,178
Total Liabilities	45,949,142	34,262,794	42,878,042	47,296,063
FUND BALANCES				
Total Fund Balances	81,466,807	70,500,751	70,329,345	93,048,611
Total Liabilities and Fund Balances	\$127,415,949	\$104,763,545	\$113,207,387	\$140,344,674

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.

2020-21 State Budget. Governor Newsom signed the budget for the State for fiscal year 2020-21 (the "2020-21 State Budget") on June 29, 2020. The 2020-21 State Budget reflected the impact of the global economic crisis caused by the COVID-19 pandemic on the State. The 2020-21 State Budget restated resources for fiscal year 2019-20 to \$148.9 billion and expenditures for fiscal year 2019-20 to \$146.9 billion. For fiscal year 2020-21, the 2020-21 State Budget projected total resources of \$139.7 billion with expenditures of \$133.9 billion. The 2020-21 State Budget closed a \$54.3 billion budget deficit and set aside \$2.6 billion in the Special Fund for Economic Uncertainties, including \$716 million for the State to respond quickly to the changing conditions of the COVID-19 pandemic. Despite significantly reducing the structural deficit over the next several years, an \$8.7 billion operating deficit was still forecasted in 2021-22, after accounting for reserves. The 2020-21 State Budget was balanced as follows:

- Draw Down of Reserves — \$8.8 billion draw down in reserves from the Rainy Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all of the funds in the Public School System Stabilization Account (the "PSSSA").
- Triggers — \$11.1 billion in reductions and deferrals that would be restored if at least \$14 billion in federal funds were received by October 15, 2020. If the State received a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals would be partially restored.
- Federal Funds — \$10.1 billion in federal funds that provide general fund relief, including \$8.1 billion already received, including the enhanced Federal Medical Assistance Percentage, a portion of the state's Coronavirus Relief Fund allocation and funds provided for childcare programs.
- Revenues — suspension of net operating losses for medium and large businesses and temporarily limited to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year which would generate \$4.4 billion in new revenues in the 2020-21 fiscal year.
- Borrowing/Transfers/Deferrals — \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools.
- Cancelled Expansions, Updated Assumptions and Other Solutions — \$10.6 billion of solutions included: i) cancelling multiple program expansions and anticipating increased government efficiencies; ii) higher ongoing revenues and iii) lower health and human services caseload costs.

Included in the 2020-21 State Budget were approximately \$5.7 billion of expenditures related to the COVID-19 pandemic, of which the State expected to be reimbursed for approximately 75%. The 2020-21 State Budget also made new investments in wildfire prevention and mitigation, including \$85.6 million to CAL FIRE for firefighting resources and surge capacity and \$50 million for community power resiliency. The 2020-21 State Budget also supported the new State Earthquake Early Warning Program, integrated the Seismic Safety Commission into the California Office of Emergency Services, and expanded efforts to address cybersecurity threats. In an effort to reduce the cost of government functions, nearly all State operations were intended under the 2020-21 State Budget to be reduced by approximately 5% over the next two years. Nonessential contracts, purchases, and travel were suspended and departments were directed to fill only the most essential vacant positions.

With respect to K-12 education, the 2020-21 State Budget included total funding of \$98.8 billion (\$48.1 billion general fund and \$50.7 billion other funds) for all K-12 education programs. The 2020-21 State Budget estimated Proposition 98 funds of \$78.5 billion in fiscal year 2018-19, \$77.7 billion in fiscal year 2019-20 and \$70.9 billion in fiscal year 2020-21. For K-12 schools, that resulted in Proposition 98 per pupil spending of \$10,654 in 2020-21, a \$1,339 decrease over the 2019-20 per pupil spending levels. Additionally, in the same period, per pupil spending from all state, federal, and local sources decreased by approximately \$542 per pupil to \$16,881. To help mitigate the negative impacts of the decline in funding for K-12 schools and California community colleges, the 2020-21 State Budget included deferrals, learning loss mitigation, supplemental appropriations and supplemental retirement program contributions.

The 2020-21 State Budget included \$1.9 billion of LCFE apportionment deferrals in 2019-20, growing to \$11 billion LCFE apportionment deferrals in 2020-21. Additionally, the statutory LCFE COLA was suspended in fiscal year 2020-21. Of the total deferrals, \$5.8 billion would be triggered off in 2020-21 if the federal government provided sufficient funding that could be used for this purpose.

The 2020-21 State Budget included a one-time investment of \$5.3 billion (\$4.4 billion federal Coronavirus Relief Fund, \$539.9 million Proposition 98 funds, and \$355.2 million federal Governor's Emergency Education Relief Fund) to local educational agencies to address learning loss related to school closures as a result of COVID-19. \$2.9 billion of such funds would be allocated based on the LCFE supplemental and concentration grant allocation; \$1.5 billion would be based on number of students with exceptional needs and \$979.8 million would be based on total LCFE allocation.

Supplemental appropriations in the 2020-21 State Budget equal to 1.5% of general fund revenues, beginning in fiscal year 2021-22, up to a cumulative \$12.4 billion, were intended to offset decreases in Proposition 98 funding also included in the 2020-21 State Budget. The 2020-21 State Budget also re-directed \$2.3 billion to STRS and PERS originally intended to reduce long-term unfunded liabilities to reduce employer contribution rates in fiscal years 2020-21 and 2021-22. See "WINTERS JOINT UNIFIED SCHOOL DISTRICT – District Retirement Systems" for details on reductions to the STRS and PERS employer contribution rates in fiscal years 2020-21 and 2021-22.

Other significant features of the 2020-21 State Budget relating to K-12 education included the following:

- \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds with 90% (\$1.5 billion) allocated to local educational agencies in proportion to the amount of Title I-A funding they receive to be used for COVID-19 related costs and the remaining 10% (\$164.7 million) for COVID-19 related state-level activities.

- An increase in the special education base rates to \$625 per pupil, apportioned using the existing hold harmless methodology, and \$100 million to increase funding for students with low-incidence disabilities
- \$15 million federal Individuals with Disabilities Education Act (“IDEA”) funds for the Golden State Teacher Scholarship Program to increase the special education teacher pipeline, \$8.6 million IDEA funds to assist local educational agencies with developing regional alternative dispute resolution services and statewide mediation services, and \$1.1 million IDEA funds for a study of the current special education governance and accountability structure.
- ADA hold-harmless for the purpose of calculating apportionment in the 2020-21 fiscal year with ADA based on fiscal year 2019-20, except for new charter schools commencing instruction in 2020-21.
- An exemption for local educational agencies from the annual minimum instructional minutes requirement such that minimum daily instructional minutes and minimum instructional day requirements may be met through a combination of in-person and distance learning instruction.
- New requirements for distance learning services, including the provision of devices and connectivity and supports for students with exceptional needs, English language learner students, youth in foster care, and youth experiencing homelessness, as well as students in need of mental health supports. Daily interaction with students in distance learning is required and local educational agencies are required to provide access to nutrition programs.
- Distance learning attendance requirements, including documentation of daily student participation, weekly engagement records, and attendance reporting for purposes of chronic absenteeism tracking, re-engagement strategies for students who do not participate and regular engagement with parents or guardians regarding academic progress.
- Fiscal penalties for local educational agencies offering distance learning that do not meet instructional day requirements or the attendance-related requirements.
- Replacement of the LCAP with a Learning Continuity and Attendance Plan, to be completed by September 30, 2020 including:
 - A description of how the local educational agency will provide continuity of learning during the COVID-19 pandemic and address distance learning, learning loss, mental health and social-emotional well-being, professional development, pupil engagement and outreach and school nutrition;
 - Local educational agency expenditures related to addressing the impacts of the COVID-19 pandemic; and
 - How local educational agencies are increasing or improving services in proportion to funds generated on the basis of the number and concentration of English learners, youth in foster care, and low-income students pursuant to the LCFF.
- Suspension of the August 15, 2020, layoff window for teachers and other non-administrative certificated staff and suspension of layoffs for classified staff working in transportation, nutrition, and custodial services from July 1, 2020 through June 30, 2021.

Proposed 2021-22 State Budget On January 8, 2021, Governor Newsom released his proposal for the budget for the State for fiscal year 2021-22 (the “Proposed 2021-22 State Budget”) citing immediate relief for individuals and small businesses disproportionately impacted by COVID-19, the safe reopening of schools and extended learning time, and investment in strategies for creating quality jobs as priorities. The Proposed 2021-22 State Budget includes general fund revenues and transfers of \$158.3 billion and expenditures of \$164.5 billion in fiscal year 2021-22. The Proposed 2021-22 State Budget also revises revenue expectations for fiscal year 2020-21 up to \$162.7 billion, an increase of \$23 billion over the 2020-21 State Budget, and expenditures in fiscal year 2020-21 to \$155.8 billion, an increase of \$22 billion over the 2020-21 State Budget. While the Proposed 2021-22 State Budget is balanced, and reflects a significant increase in revenues over the 2020-21 State Budget, a structural deficit of \$7.6 billion is projected for 2022-23 that is forecast to grow to over \$11 billion by 2024-25. To provide resiliency, \$34 billion of reserves and discretionary surplus are included in the Proposed 2021-22 State Budget to bring the Budget Stabilization Account balance to \$15.6 billion; the Safety Net Reserve balance to \$450 million; the PSSSA to \$3 billion; and the State’s operating reserve to an estimated \$2.9 billion.

The Proposed 2021-22 State Budget proposes \$3 billion of COVID-19 relief for immediate action in January, 2021 including \$2.4 billion for the Golden State Stimulus, a \$600 tax refund to low-income workers who were eligible to receive the earned income tax credits for calendar years 2019 and 2020, as well as \$575 million for grants to small businesses and small non-profit cultural institutions disproportionately impacted by the pandemic. To accelerate economic recovery and job creation, the Proposed 2021-22 State Budget includes i) \$777.5 million for a California Jobs Initiative to accelerate investment and job creation; ii) \$353 million for work force development; iii) \$1.5 billion for infrastructure and to implement the state's zero-emission vehicle goals; iv) \$500 million for infill infrastructure to accelerate housing development; v) \$385 million for targeted investments to build a more sustainable agricultural industry; and vi) \$300 million for deferred maintenance and greening of state infrastructure.

K-12 education funding under the Proposed 2021-22 State Budget reaches a new high. Total Proposition 98 funding is proposed to be \$85.8 billion. Total K-12 per pupil expenditures are projected to be \$18,837 in 2020-21 (\$12,354 in Proposition 98 funds and \$6,483 other funds) and \$18,000 in 2021-22 (\$12,648 in Proposition 98 funds and \$5,352 other funds). LCFF funding equals \$64.5 billion under the Proposed 2021-22 State Budget. In order to address the lack of a statutory COLA in the 2020-21 State Budget, the Proposed 2021-22 State Budget funds both the 2020-21 COLA (2.31%) and the 2021-22 COLA (1.5%) in fiscal year 2021-22, creating a compounded combined COLA of 3.84% for fiscal year 2021-22.

The apportionment deferrals included in the 2020-21 State Budget for fiscal year 2020-21 remain in place and such apportionments will be paid during fiscal year 2021-22. The Proposed 2021-22 State Budget eliminates any apportionment deferrals in fiscal year 2021-22 with the exception of the deferral in June 2022 which remains delayed until July 2022. The 1.5% supplemental appropriation to school districts in the 2020-21 State Budget is eliminated due to the increase in revenues, however, a one-time supplemental payment of \$2.3 billion is included to address COVID-19 related needs.

In accordance with Proposition 2 (described below), the Proposed 2021-22 State Budget projects deposits to the Budget Stabilization Account of \$747 million in 2020-21 and \$2.2 billion in 2021-22. Additionally, such deposits will trigger the 10% cap on school district reserves in fiscal year 2022-23.

In-Person Instruction Grants. Also calendared for immediate action in January in order to assist local educational agencies in returning to in-person instruction, the Proposed 2021-22 Proposed Budget includes \$2 billion of Proposition 98 funds to augment resources for schools to offer in-person instruction safely. Beginning in February 2021 with respect to TK through second grade students and March 15 for

third through sixth grade students, county schools, school districts and charter schools (except certain non-classroom based charter schools) that continue or begin offering in-person instruction would receive a base grant of \$450 per pupil up to \$700 per pupil based on enrollment of low-income, foster youth and English learners. Local education agencies that commence in-person instruction at a later date will qualify for a proportionally lower base grant, except those in counties with high rates of community spread. School districts in counties of high community spread will be eligible for the full February base grant if they open for in-person instruction pursuant to State and local health guidance once their rates of community spread sufficiently decline. The base grants may be expended for any purpose that supports in-person instruction, including COVID-19 testing, personal protective equipment and other in-person operating expenses such as teacher and staff salaries. See “Effect of COVID-19 Response on California School Districts” herein above for information regarding the implementation of the in-person instruction grants in the Proposed 2021-22 State Budget.

Expanded Learning Time. To address learning loss caused by distance learning and other learning disruptions due to COVID-19, the Proposed 2021-22 State Budget provides \$4.6 billion Proposition 98 funds for school districts to design targeted interventions that focus on students from low-income families, English language learners, youth in foster care, and homeless youth, including an extended school year or summer school. The funds would be eligible for targeted strategies that address learning loss related to the pandemic, including community learning hubs. See “Effect of COVID-19 Response on California School Districts” herein above for information regarding the implementation of expanded learning time in the Proposed 2021-22 State Budget.

The Proposed 2021-22 Proposed State Budget includes \$315.3 million for educator professional development, with emphases on developing quality training in high-need areas and providing timely access to training, including:

- \$250 million one-time Proposition 98 funds for the Educator Effectiveness Block Grant to provide local educational agencies with resources to expedite professional development for teachers, administrators, and other in-person staff, in high-need areas including accelerated learning, re-engaging students, restorative practices, and implicit bias training.
- \$50 million one-time Proposition 98 funds to create statewide resources and provide targeted professional development on social-emotional learning and trauma-informed practices.
- \$8.3 million one-time Proposition 98 funds for the California Early Math Initiative to provide teachers with professional development in mathematics teaching strategies for young children pre-K through third grade.
- \$7 million one-time non-Proposition 98 funds to the University of California Subject Matter Projects to create high-quality professional development on learning loss in core subject matter content areas like reading and math, and in ethnic studies.
- \$5 million one-time Proposition 98 funds for professional development and instructional materials for local educational agencies who are offering, or would like to offer, courses on ethnic studies.

To increase the well-prepared educator workforce, the 2021-22 Proposed State Budget includes \$225 million to be allocated as follows:

- \$100 million one-time non-Proposition 98 funds for continued investment in the Golden State Teacher Grant Program, which provides grants to students enrolled in teacher preparation

programs who commit to working in high-need fields and at schools with high rates of under-prepared teachers.

- \$100 million one-time Proposition 98 funds to expand the Teacher Residency Program, which supports clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need communities and subject areas, including special education, bilingual education, and STEM.
- \$25 million one-time Proposition 98 funds to expand the Classified School Employees Credentialing Program, which provides grants to local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.

Other significant provisions of the Proposed 2021-22 State Budget related to K-12 education include the following:

- \$300 million ongoing Proposition 98 funds for the Special Education Early Intervention Grant to increase the availability of evidence-based services for infants, toddlers, and preschoolers.
- \$5 million one-time Proposition 98 funds to establish professional learning networks to increase local educational agency capacity to access federal Medi-Cal funds, and \$250,000 for a lead county office of education to provide guidance for Medi-Cal billing within the statewide system of support.
- \$500,000 one-time Proposition 98 funds for a study to examine certification and oversight of non-public school special education placements.
- \$264.9 million one-time Proposition 98 funds to enable local educational agencies to expand existing networks of community schools and establish new community schools, and to coordinate a wide range of services to these schools, with priority given to schools in high-poverty communities.
- \$25 million ongoing Proposition 98 funds to fund innovative partnerships with county behavioral health to support student mental health services.
- \$10 million one-time Proposition 98 funds for a county office of education to i) make information available for school climate surveys to assess community needs stemming from COVID-19 and distance learning; ii) provide grants to implement enhanced survey instruments and start-up costs in conducting annual school climate surveys; and iii) provide training on interpreting data and using responses to inform continuous improvement efforts.
- \$250 million one-time Proposition 98 funds to provide grants to local educational agencies that offer early access to TK and \$50 million one-time Proposition 98 funds to provide TK and kindergarten teachers with training in providing instruction in inclusive classrooms, support for English language learners, social-emotional learning, trauma-informed practices, restorative practices, and mitigating implicit biases.
- \$1.5 billion Proposition 51 bond funds to support school construction projects.
- COLA—An increase of \$85.7 million ongoing Proposition 98 funds to reflect a 1.5% COLA for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional

Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- County Offices of Education—An increase of \$10.2 million ongoing Proposition 98 funds to reflect a 1.5% COLA and ADA changes applicable to the LCFF.

Future Actions. The State is currently and also has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its 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 “- 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. The Bonds are secured by *ad valorem* taxes levied upon real property within the District.

Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See “DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact” “– Effect of COVID-19 Response on California School Districts” herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIII A of the California Constitution

Article XIII A of the State Constitution (“Article XIII A”) limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the County assessor. Article XIII A 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 XIII A 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 XIII A 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 XIII A 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 XIII A 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: (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 will have on assessed valuation of real property in the District.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. 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 XIII A.

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 XIII B of the California Constitution

Article XIII B of the State Constitution (“Article XIII B”), 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 XIII B 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 XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B 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, (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 Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B 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 XIII B 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 XIII C and Article XIII D 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 XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), 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 XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D 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 XIII A 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 XIII C 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 XIII D. 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 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 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 XIII B 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 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 XIII B 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. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B 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. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B 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. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the 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 Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B 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 XIII B 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 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 XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the 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 general fund and transportation funds, 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 new construction of 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 million 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 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.

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”). For the fiscal year ended June 30, 2020, the District reserve was 15.7% of the total expenditures, with available reserves of \$84,052,645, \$10,624,585 of which was designated as available for economic uncertainties.

While the District is required to maintain the Minimum Reserve, increases in expenses such as the costs of compensation, pension, health and welfare benefits have outpaced increases in revenue. In addition, the District faces decreases in enrollment due in part to decreases in the birth rate in recent years

and to competition with charter schools. The adopted budget for fiscal year 2019-20 implemented approximately \$20.5 million in budgetary adjustments in order to achieve the targeted Minimum Reserve in fiscal year 2019-20, and to provide additional reserves for the outlying years. The District projects it will meet the Minimum Reserve requirement for fiscal years 2020-21 and 2021-22, with reserves of 14.85% and 13.38% of total expenditures, respectively. The District currently projects that it will meet the Minimum Reserve requirement for fiscal year 2022-23, with a reserve of 9.02% of total expenditures. In March 2021, the District adopted a reserve policy setting a minimum reserve level at 5%, once it has achieved fiscal solvency.

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 – County Oversight" and " – FCMAT Oversight and Report." The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D 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 or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Introduction

The District is located in Sacramento County, California (the “County”) and spans 70 square miles. The District was established in 1854 and is the 13th 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 City of Sacramento (the “City”), the capitol of the State.

The District operates 42 elementary schools for grades K-6, seven K-8 schools, six middle schools for grades 7-8, two middle/high schools for grades 7-12, seven comprehensive high schools for grades 9-12, three alternative schools, two special education centers, two adult education centers, 15 charter schools (including five dependent charter schools) and 42 children’s centers/preschools.

The ADA at second principal apportionment for the District for fiscal year 2020-21 is estimated to be 38,220 students and the District has a 2020-21 total assessed valuation of \$40,429,259,236. The audited financial statements for the District for the fiscal year ended June 30, 2020 are attached as APPENDIX B hereto.

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**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Christina Pritchett	President	2024
Lisa Murawski	First Vice President	2022
Darrel Woo	Second Vice President	2022
Leticia Garcia	Member	2022
Jamee Villa	Member	2024
Chinua Rhodes	Member	2024
Lavinia Grace Phillips	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: Chief Business Officer. 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
Jorge A. Aguilar	Superintendent
Lisa Allen	Deputy Superintendent
Adrian Vargas	Assistant Superintendent of Business Services
Christine Baeta	Chief Academic Officer
Rose F. Ramos	Chief Business Officer
Tara Gallegos	Chief Communications Officer
Robert Lyons, Ed.D.	Chief Information Officer
Vincent Harris	Chief Continuous Improvement and Accountability Officer
Cancy McArn	Chief Human Resources Officer

Jorge A. Aguilar – Superintendent. Jorge A. Aguilar was appointed Superintendent of the District on July 1, 2017. Prior to serving as Superintendent, Mr. Aguilar was the Associate Superintendent for Equity and Access at Fresno Unified School District. In his career, Superintendent Aguilar has also served as an Associate Vice Chancellor for Educational and Community Partnerships and Special Assistant to the Chancellor at the University of California, Merced; as a Spanish teacher at South Gate High School; and a legislative fellow in the State Capitol. Mr. Aguilar has over 20 years of experience in the field of K-12 and higher education and holds a Bachelor of Arts from the University of California, Berkeley and a Juris Doctor degree from Loyola Law School.

Lisa Allen – Deputy Superintendent. Ms. Allen has served as the Deputy Superintendent of the District since _____. 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 in both State and Federal Department 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. [Bio to be completed]

Adrian Vargas – Assistant Superintendent of Business Services. Mr. Vargas has served as the Assistant Superintendent of Business Services of the District since ____, 20___. Prior to the District, Mr. Vargas served as the Assistant Superintendent of Business Services at Natomas Unified School District, the Chief Business Officer at Vallejo City Unified School District [Bio to be completed]

Employees and Labor Relations

The District employs approximately 2,217 full-time equivalent (“FTE”) certificated academic professionals, approximately 1,225 FTE classified employees, and approximately 258.3 FTE management employees.

The certificated employees of the District have assigned the Sacramento City Teachers Association (“SCTA”) as their exclusive bargaining agent. The contract between the District and SCTA

expired on June 30, 2020. By operation of law, the parties are operating under the expired contracts until a new contract is executed and delivered. The District and SCTA entered into a memorandum of understanding on March 20, 2021, regarding reopening of District schools for the remainder of school year 2020-21.

The classified employees have assigned California School Employees Association (“CSEA”), as their exclusive bargaining agent. The contract between the District and CSEA expired on June 30, 2020. By operation of law, the parties are operating under the expired contracts until a new contract is executed and delivered.

Currently, four out of five District labor unions have initiated contract negotiations with the District and formed a labor-management consortium (“LMC”) focused on reducing spending on benefits. The LMC is comprised of SEIU 1021, United Professional Educators, Teamsters Local 150 and Classified Supervisors. Leaders of the SCTA have not yet accepted the invitation to join the LMC, nor have they attended the contract negotiations in person. The negotiations encompass review of the District’s current health plan and other postemployment benefits. See “ - District Retirement Systems” and “- Other Post-Employment Benefits below for information regarding the current benefits offered by the District.

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 are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law. The District is currently required by such statutes to contribute 16.15% 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 9.828% of teacher payroll for fiscal year 2020-21. 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 until the employer contribution rate is 19.10% of covered payroll 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 liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to A.B. 1469, school districts' employer contribution rates will increase over a seven-year phase-in period in accordance with the following schedule:

**SCHOOL DISTRICT EMPLOYER CONTRIBUTION RATES
State Teachers' Retirement Fund**

Effective Date (July 1)	School District Contribution Rate to STRS
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10*
2020	16.15*+

* The 2019-20 State Budget provided supplemental payments to STRS by the State which reduces the school district contribution rate under A.B. 1469.

+ Additional supplemental payments to STRS in the 2020-21 State Budget further reduced the school district contribution rate in fiscal year 2020-21.

Subsequent to the increases to the school district's contribution rates to STRS in the table above, A.B. 1469 requires that for 2021-22 and each fiscal year thereafter, STRS adjust the school districts' contribution rate to reflect the rate required to eliminate the unfunded liability by July 1, 2046. The 2020-21 State Budget applies certain funds in fiscal year 2020-21 intended under the 2019-20 State Budget to reduce future obligations to STRS to the school districts' 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 2021-2022 from 17.9% to 16.02%.

The District contributed \$25,504,600 to STRS for fiscal year 2014-15, \$29,172,733 for fiscal year 2017-18, \$35,911,088 for fiscal year 2018-19 and \$36,383,635 for fiscal year 2019-20. Such contributions were equal to 100% of the required contributions for the respective years. The District has budgeted a contribution of \$53,534,179 for fiscal year 2020-21. 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 Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 20.7% of eligible salary expenditures for fiscal year 2020-21, while participants enrolled in PERS (whether enrolled prior to or subsequent to January 1, 2013) contribute 7% of their respective salaries.

On April 19, 2017, the Board of Administration of PERS 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 Board of Administration 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 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 of Administration. See "DISTRICT FINANCIAL INFORMATION- State Budget Measures" herein.

On April 21, 2020, the Board of Administration of PERS set the fiscal year 2020-21 employer contribution rate at 22.68%. The contribution rate reflected an initial actuarially determined rate of 23.35% that had been reduced by 0.67% after reflecting part of the State contribution. The Board of Administration of PERS also approved a continuation of the current 7% employee contribution rate for fiscal year 2020-21 for school employees subject to the Public Employees' Pension Reform Act of 2013 described below. Subsequent to the Board of Administration of PERS' action, the 2020-21 State Budget provided supplemental payments to PERS which further reduces the employer contribution rate in fiscal year 2020-21 from 22.68% to 20.7% and in fiscal year 2021-22 from 24.6% to 22.84%. See "State Budget Measures –2020-21 State Budget."

The District contributed \$9,319,751 to PERS for fiscal year 2014-15, \$11,256,216 for fiscal year 2017-18, \$13,259,325 for fiscal year 2018-19 and \$13,529,537 for fiscal year 2019-20, which amounts equaled 100% of required contributions to PERS. The District has budgeted a contribution of \$12,189,576 for fiscal year 2020-21.

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, 2019.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation as of July 1, 2019
(Dollar Amounts in Millions)⁽¹⁾

<u>Plan</u>	<u>Accrued Liability</u>	<u>Market Value of Trust Assets</u>	<u>Unfunded Liability</u>
Public Employees Retirement Fund (PERS)	\$ 99,528	\$ 68,177	\$ (31,351)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	310,719	225,466	(102,636)

⁽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, 2020, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	\$357,334,000
PERS	<u>153,723,000</u>
Total	\$511,057,000

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, 2020 attached hereto as APPENDIX B.

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, 2018 valuation, 3,118 retirees and their beneficiaries were receiving Health & Welfare Benefits with 4,278 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 2019-20, the District contributed \$26,713,074 towards Health & Welfare Benefits.

The following table shows the changes in the District’s net Health and Welfare Benefits as of June 30, 2020.

	<u>Total OPEB Liability</u>	<u>Total Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2019	\$598,953,650	\$72,777,938	\$526,175,712
Service Cost	20,002,277	-	20,002,277
Interest	25,888,179	-	25,888,179
Assumption Changes	29,041,398	-	29,041,398
Employer Contributions	--	28,640,257	(28,640,257)
Interest Income	--	4,576,947	(4,576,947)
Administrative Expense	--	(15,677)	15,677
Benefit payments	(19,644,632)	(19,644,632)	-
Net Change	55,287,222	13,555,905	41,731,317
Balance at June 30, 2020	<u>\$654,240,872</u>	<u>\$86,333,843</u>	<u>\$567,907,029</u>

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, 2020 is shown below:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Long-Term Debt

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Debt:					
General obligation bonds	\$464,177,966	\$30,900,000	\$29,950,000	\$465,127,966	\$28,705,000
Accreted interest	18,546,706	2,114,310	-	20,661,016	-
Lease Revenue Bonds	63,120,000	-	2,570,000	60,550,000	2,695,000
Premium on issuance	34,229,996	1,331,988	2,530,870	33,031,114	2,530,870
Capitalized lease obligations	2,820	-	2,820	-	-
Other Long-Term Liabilities:					
Net Pension Liability	497,997,000	13,060,000	-	511,057,000	-
Net OPEB liability	526,175,712	41,731,317	-	567,907,029	-
Compensated absences	4,568,518	401,955	-	4,970,473	4,970,473
Total	<u>\$1,608,818,718</u>	<u>\$89,539,570</u>	<u>\$35,063,690</u>	<u>\$1,663,304,598</u>	<u>\$38,901,343</u>

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”). 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) 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) 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 , \$112,000,000 General Obligation Bonds Election of 2012 (Measure Q), 2017 Series E (the “Series, \$10,000,000 General Obligation Bonds Election of 2012 (Measure R), 2017 Series C, \$10,000,000 General Obligation Bonds Election of 2012 (Measure Q) 2018 Series F, and \$30,900,000 General Obligation Bonds Election of 2012 (Measure R), 2019 Series D. No general obligation bonds remain for issuance under Measure Q. Subsequent to the issuance of the Series G Bonds, no general obligation bonds will remain for issuance under the Measure Q authorization*.

The District also issued its 2011 General Obligation Refunding Bonds (the “2011 Refunding Bonds”) to refund a portion of the Series 2001 Bonds, the Series 2003 Bonds and the Series 2004 Bonds, its 2012 General Obligation Refunding Bonds to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds and the Series 2004 Bonds, its 2014 General Obligation Refunding Bonds to refund a portion of the Series 2005 Bonds and its 2015 General Obligation Refunding Bonds to refund the remaining outstanding Series 2005 Bonds and a portion of the outstanding Series 2007 Bonds. The District intends to apply the net proceeds of the Refunding Bonds to refund a portion of the outstanding 2011 Refunding Bonds as described herein.

Certificates of Participation

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 Power Financing Authority
Lease Revenue Refunding Bonds, 2014 Series A**

Year ending June 30	Principal	Interest	Total
2021	\$2,495,000	\$1,614,500	\$4,109,500
2022	2,625,000	1,489,750	4,114,750
2023	2,770,000	1,358,500	4,128,500
2024	2,915,000	1,220,000	4,135,000
2025	3,025,000	1,074,250	4,099,250
2026-2030	235,000	4,568,000	4,803,000
2031-2035	4,590,000	4,444,250	9,034,250
2036-2040	13,635,000	2,111,500	15,746,500
Total	\$32,078,500	<u>\$17,880,750</u>	<u>\$50,170,750</u>

* Preliminary; subject to change.

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

Year ending June 30	Principal	Interest	Total
2021	\$200,000	\$1,155,834	\$1,355,834
2022	200,000	1,147,654	1,347,654
2023	200,000	1,139,474	1,339,474
2024	200,000	1,131,294	1,331,294
2025	240,000	1,123,114	1,363,114
2026-2030	18,670,000	4,123,947	22,793,947
2030-2033	<u>8,550,000</u>	<u>614,338</u>	<u>9,164,338</u>
Total	\$28,260,000	<u>\$10,435,655</u>	<u>\$38,695,655</u>

Short-Term Debt

As of June 30, 2020, 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 2020-21.] [District to confirm.]

SACRAMENTO COUNTY INVESTMENT POOL

The County Board approved the current County Investment Policy Statement (the “Investment Policy”) on December 8, 2020 (see Appendix D – “SACRAMENTO COUNTY 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.

The District’s funds held by the Director of Finance are invested in the Investment Pool which pools all of the District’s funds. As of _____, 2021, the balance in the District’s funds was \$ _____ or ____% of the Investment Pool. The Investment Pool is invested ____% in securities rated in the two highest rating categories. As of _____, 2021, the Investment Pool has a weighted average maturity of ____ days and the year-to-date net yield is ____%.

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The following represents the composition of the Pool as of _____, 2021 :

Type of Investment	Market Value (In thousands)	Percent of Pool
U.S. Government Agencies	\$	
U.S. Treasuries		
Municipal Debt		
Medium-Term Notes		
Money Market Mutual Funds		
Local Agency Investment Fund		
Certificates of Deposit		
Total	\$	

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.

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 2020-21 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 has not failed to comply, in all material respects, with any previous undertakings it has entered into with respect to the Rule]. [To be confirmed]. The District has engaged Dale Scott & Company 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. _____, [City], [State], is acting

as counsel to the Underwriter. 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 Resolutions 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 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 Debt Service 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, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. 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 forms of Bond Counsel’s anticipated opinion respecting the Bonds are included in APPENDIX A. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

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 Resolutions 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.

Forms of Bond Counsel Opinion. The forms of the proposed opinion of Bond Counsel relating to the Bonds are 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 municipal bond rating of "___" to the Bonds. 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 the 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.

ESCROW VERIFICATION

The sufficiency of amounts on deposit in the Escrow Fund to pay the redemption price of the Refunded Bonds will be verified by Causey, Demgen & Moore, certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Refunding Bonds.

UNDERWRITING

_____ (the "Underwriter"), has agreed to purchase the Series G Bonds at the purchase price of \$_____ (reflecting the principal amount of the Series G Bonds plus a net original issue premium in the amount of \$_____ less an Underwriter's discount of \$_____), at the rates and yields shown on the inside cover pages hereof. The Underwriter has agreed to purchase the Refunding Bonds at the purchase price of \$_____ (reflecting the principal amount of the Refunding Bonds plus a net original issue premium in the amount of \$_____ less an Underwriter's discount of \$_____), at the rates and yields shown on the inside cover pages hereof.

The Underwriter may offer and sell the Bonds to certain dealers and others at yields other than the yields stated on the inside cover pages. The offering prices may be changed from time to time by the Underwriter.

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.

[Remainder of page intentionally blank]

Superintendent

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. Copies of the Resolutions are 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: _____

APPENDIX A

FORMS OF BOND COUNSEL OPINION

[Closing date]

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

Re: \$ _____ Sacramento City Unified School District (Sacramento County, California)
General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G

Ladies and Gentlemen:

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 2012 (Measure Q), 2021 Series G (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 _____, 2021 (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.

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

[Closing date]

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

Re: \$ _____ Sacramento City Unified School District (Sacramento County, California)
2021 General Obligation Refunding Bonds

Ladies and Gentlemen:

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 2021 General Obligation Refunding Bonds (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), as amended, and that certain resolution adopted by the Board of Education of the District on _____, 2021 (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.

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, 2020**

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.

The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors, including as a result of the impact of COVID-19. For more information on the impact of the COVID-19 pandemic, see “DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact” and “-Effect of COVID-19 Response on California School Districts” herein.

General

The County was incorporated in 1850 as one of the original 27 counties of the State of California (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 2016.

POPULATION The City and the County Calendar Years 2016 through 2020

Year ⁽¹⁾	City of Sacramento	County of Sacramento
2016	487,455	1,496,385
2017	492,858	1,512,721
2018	498,563	1,527,132
2019	505,230	1,541,301
2020	510,931	1,555,365

Based on 2010 Census benchmark and Population Estimates for Cities, Counties, and State.

Source: *California State Department of Finance.*

⁽¹⁾ As of January 1.

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 2016 through 2019.

WAGE AND SALARY EMPLOYMENT County of Sacramento Calendar Years 2015 through 2019⁽¹⁾

Industry Category	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Mining and Logging	100	200	100	200	200
Construction	31,000	32,900	35,500	38,600	40,900
Manufacturing	20,800	21,100	21,100	21,200	21,500
Transportation, Warehousing & Utilities	13,600	14,400	15,200	17,400	19,000
Wholesale Trade	15,100	15,700	16,300	17,800	17,300
Retail Trade	62,100	64,100	64,600	64,300	63,400
Financial Activities ⁽²⁾	32,700	33,200	33,400	33,200	33,200
Professional and Business Services	88,400	94,400	94,900	96,000	96,500
Educational and Health Services	102,000	109,500	106,800	112,200	116,300
Leisure and Hospitality	58,700	60,800	62,500	65,200	67,300
Other Services	20,800	21,200	22,400	23,300	23,700
Government	163,300	164,700	163,800	165,300	167,900
Total Nonagricultural ⁽³⁾	618,600	641,800	645,000	662,800	675,000

⁽¹⁾ All figures are based on a March, 2020 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 2016 through 2020.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT⁽¹⁾
County of Sacramento, State of California and United States
2016 through 2020

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2016				
Sacramento County	694,000	656,400	37,600	5.4%
California	19,012,000	17,965,400	1,046,600	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
Sacramento County	696,900	664,200	32,800	4.7%
California	19,173,800	18,246,800	927,000	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
Sacramento County	704,200	676,800	27,400	3.9%
California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Sacramento County	710,200	683,600	26,600	3.7%
California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Sacramento County	707,200	641,600	65,600	9.3%
California	18,821,200	16,913,100	1,908,100	10.1
United States	160,720,000	147,795,000	12,947,000	8.1

⁽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.*

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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 2015 through 2020.

PERSONAL INCOME
County of Sacramento, State of California, and United States
2015-2020
(Dollars in Thousands)

<u>Year</u>	<u>County of Sacramento</u>	<u>California</u>	<u>United States</u>
2015	\$71,615,866	\$2,172,930,200	\$15,717,140,000
2016	74,321,409	2,273,557,500	16,151,881,000
2017	77,459,778	2,383,130,500	16,937,582,000
2018	81,589,289	2,514,503,400	17,839,255,000
2019	85,775,621	2,632,279,800	18,542,262,000
2020 ⁽¹⁾	--	2,814,010,800	19,679,715,100

⁽¹⁾ County level data for personal income is not yet available for 2020.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME⁽¹⁾
County of Sacramento, State of California, and United States
2015-2020

<u>Year</u>	<u>County of Sacramento</u>	<u>California</u>	<u>United States</u>
2015	\$47,946	\$55,853	\$49,003
2016	49,187	58,074	49,995
2017	50,717	60,581	52,096
2018	53,023	63,759	54,581
2019	55,266	66,745	56,474
2020 ⁽²⁾	--	71,480	59,729

⁽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).

⁽²⁾ County level data for personal income is not yet available for 2020.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Major Employers

The following table sets forth the major employers in the County in 2020 in alphabetical order.

MAJOR EMPLOYERS County of Sacramento 2020

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Agreeya Solutions	Folsom	Information Technology Services
Ampca Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Apple Distribution Ctr	Elk Grove	Distribution Centers (whls)
California Department-Crrctns	Sacramento	Insurance Agents Brokers & Service
California State Univ Scrmnt	Sacramento	Schools-Universities & Colleges Academic
Corrections Department	Sacramento	State Govt-Correctional Institutions
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Outplacement Consultants
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Kaiser Permanente South	Sacramento	Hospitals
L A Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/Mfrs)
Sacramento Municipal Utility	Sacramento	Electric Contractors
Securitas Security Svc USA	Sacramento	Security Guard & Patrol Service
Smud	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Summit Funding Inc	Sacramento	Financing
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
Villara Building Systems	Mcclellan	Building Contractors
Water Resource Dept	Sacramento	Government Offices-State

Source: America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

Commercial Activity

A summary of taxable sales within the County for years 2015 through 2019 is shown in the following table. Taxable sales data for 2020 is not yet available.

**TAXABLE SALES
County of Sacramento
2015-2019
(Dollars in Thousands)**

<u>Year</u>	<u>Retail and Food Taxable Transactions</u>	<u>Total Outlets Taxable Transactions</u>
2015	\$15,396,375	\$22,218,348
2016	16,200,531	23,368,174
2017	16,934,872	24,610,617
2018	17,593,375	25,443,669
2019	18,195,302	26,836,365

Source: *California Department of Tax and Fee Administration, Taxable Sales, Counties by Type of Business, January 29, 2021.*

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2016 through 2020 are shown in the following tables for the County and the City.

**BUILDING PERMIT VALUATIONS
Sacramento County
2016-2020
(Dollars in Thousands)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Valuation (\$000's)					
Residential	\$950,178	\$1,200,257	\$1,504,930	\$1,666,799	\$1,738,674
Non-Residential	<u>987,138</u>	<u>679,406</u>	<u>964,945</u>	<u>1,504,675</u>	<u>891,464</u>
Total	\$1,937,316	\$1,879,663	\$2,469,876	\$3,171,474	\$2,630,138
Units					
Single Family	2,676	3,174	3,589	3,981	3,588
Multiple Family	<u>609</u>	<u>1,761</u>	<u>1,272</u>	<u>2,008</u>	<u>2,868</u>
Total	3,285	4,935	4,861	5,989	6,456

Note: Totals may not add to sum because of rounding.

Source: *Construction Industry Research Board.*

BUILDING PERMIT VALUATIONS
City of Sacramento
2016-2020
(Dollars in Thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Valuation (\$000's)					
Residential	\$469,400	\$704,827	\$610,884	\$717,752	\$894,165
Non-Residential	<u>397,867</u>	<u>340,670</u>	<u>450,174</u>	<u>1,106,990</u>	<u>446,299</u>
Total	\$595,544	\$1,045,497	\$1,061,057	\$1,824,742	\$1,340,464
Units					
Single Family	995	1,723	1,608	1,552	956
Multiple Family	<u>601</u>	<u>1,076</u>	<u>813</u>	<u>1,487</u>	<u>2855</u>
Total	1,596	2,799	2,421	3,039	3811

Note: Totals may not add to sum because of rounding.

Source: *Construction Industry Research Board.*

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 2012 (Measure Q), 2021 Series G (the “Series G Bonds”) and \$_____ aggregate principal amount of the District’s 2021 General Obligation Refunding Bonds (the “Refunding Bonds” and, together with the Series G Bonds, the “Bonds”). The Series G Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on _____, 2021 and a Resolution of the Board of Supervisors of the County adopted on _____, 2021 (together, the “Series G Resolution”) and the Refunding Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on _____, 2021 (the “Refunding Resolution” and, together with the Series G Resolution, the “Resolutions”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions, as applicable.

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 _____.

“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 _____, 2021 (“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, 2021, which would be due on April 1, 2022, 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) Optional, unscheduled or contingent 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: _____, 2021

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT:

By: _____

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 2012 (Measure Q), 2021 Series G
and \$___ 2021 General Obligation Refunding Bonds

Date of Issuance: _____, 2021

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 _____, 2021. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

[ISSUER/DISSEMINATION AGENT]

By: _____

APPENDIX E

SACRAMENTO COUNTY INVESTMENT POLICY STATEMENT

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.