



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item # 11.2

Meeting Date: October 19, 2023

Subject: **Approval of 2023 General Obligation Refunding Bonds in a Maximum Principal Amount of \$201.85 Million**

- 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. 3363 titled “RESOLUTION OF THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF ITS 2023 GENERAL OBLIGATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TWO HUNDRED ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS AND AUTHORIZING THE TENDER OF CERTAIN GENERAL OBLIGATION BONDS OF THE DISTRICT”

Background/Rationale: District staff proposes to issue 2023 General Obligation Refunding Bonds, in a principal amount not-to-exceed \$201.85 million dollars (“Bonds”). The Bonds are proposed to be issued to achieve debt service savings to the District’s taxpayers through (1) the refunding of the District’s outstanding 2013 Series A Bonds, and (2) a tender offer, for the tender and cancellation of certain targeted general obligation bonds of the District that are not currently eligible for refunding on a tax-exempt basis.

Dale Scott & Company serves as the District’s Municipal Advisor and will advise the District during the issuance of the Bonds. Loop Capital Markets is proposed to serve as underwriter for the Bonds and Loop Capital Markets will also serve as “Dealer Manager” relating to the tender offer. Dannis Woliver Kelley serves as the District’s bond counsel and disclosure counsel. Depending on market conditions, the Bonds are expected to be sold in mid-November 2023, with a closing expected in late-November 2023.

Financial Considerations: The costs of issuance for the Bonds will be paid from proceeds of the Bond issue and no such costs will be paid from the District’s 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 and Engaged Students; Family and Community Empowerment; Operational Excellence

Documents Attached:

1. Resolution
2. Bond Purchase Agreement
3. Preliminary Official Statement
4. Escrow Agreement
5. Invitation to Tender
6. Dealer Manager Agreement

Estimated Time: 10 minutes

Submitted by: Janea Marking, Chief Business and Operations Officer

Approved by: Lisa Allen, Interim Superintendent

RESOLUTION NO. 3363
RESOLUTION OF THE BOARD OF EDUCATION OF
THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT,
AUTHORIZING THE ISSUANCE AND SALE OF ITS
2023 GENERAL OBLIGATION REFUNDING BONDS
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
TWO HUNDRED ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS
AND AUTHORIZING THE TENDER OF CERTAIN
GENERAL OBLIGATION BONDS OF THE DISTRICT

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RESOLUTION NO. 3363

RESOLUTION OF THE BOARD OF EDUCATION OF SACRAMENTO CITY UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF ITS 2023 GENERAL OBLIGATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TWO HUNDRED ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS AND AUTHORIZING THE TENDER OF CERTAIN GENERAL OBLIGATION BONDS OF THE DISTRICT

WHEREAS, a duly called election was held in Sacramento City Unified School District (the "District"), Sacramento County (the "County"), State of California, on November 5, 2002 and thereafter canvassed pursuant to law;

WHEREAS, at such 2002 election there was submitted to and approved by the requisite 55% vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$225,000,000 ("Measure I") payable from the levy of an *ad valorem* tax against the taxable property in the District;

WHEREAS, the District previously issued its \$80,000,000 Sacramento City Unified School District General Obligation Bonds, Election of 2002, Series 2005 (the "2002 Series 2005 Bonds") and its \$64,997,966.35 Sacramento City Unified School District General Obligation Bonds Election of 2002, Series 2007 (the "2002 Series 2007 Bonds") under Measure I;

WHEREAS, in order to refund the outstanding 2002 Series 2005 Bonds and the 2002 Series 2007 Bonds, the District issued its \$32,740,000 Sacramento City Unified School District 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds");

WHEREAS, a duly called election was also held in the District on November 6, 2012 and thereafter canvassed pursuant to law;

WHEREAS, at such 2012 election there was submitted to and approved by the requisite 55% vote of the qualified electors of the District two distinct question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, (i) in the maximum amount of \$346,000,000 ("Measure Q") and (ii) in the maximum amount of \$68,000,000 ("Measure R"), each payable from the levy of an *ad valorem* tax against the taxable property in the District;

WHEREAS, the District previously issued its \$30,000,000 Sacramento City Unified School District General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the "2013 Series A Bonds") under Measure Q and Measure R;

WHEREAS, the District also previously issued its \$66,260,000 General Obligation Bonds, (Measure Q) (Election of 2012), 2015 Series C-1 (the "2015 Series C Bonds"), its \$14,000,000 General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D (the "2016 Series D Bonds"), and its \$112,000,000 General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E (the "2017 Series E Bonds") under Measure Q;

WHEREAS, the District also previously issued its \$10,000,000 General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C (the "2017 Series C Bonds") and its \$30,900,000 General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "2019 Series D Bonds") under Measure R;

WHEREAS, a duly called election was also held in the District on March 3, 2020 and thereafter canvassed pursuant to law;

WHEREAS, at such 2020 election there was submitted to and approved by the requisite 55% vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$750,000,000 ("Measure H") payable from the levy of an *ad valorem* tax against the taxable property in the District;

WHEREAS, the District previously issued its \$225,000,000 Sacramento City Unified School District General Obligation Bonds, Election of 2020 (Measure H) 2022 Series A (the "2022 Series A Bonds" and together with the 2015 Refunding Bonds, the 2015 Series C Bonds, the 2016 Series D Bonds, the 2017 Series E Bonds, the 2017 Series C Bonds and the 2019 Series D Bonds, the "Target Tender Bonds" and together with the 2013 Series A Bonds, the "Refunded Bonds");

WHEREAS, prudent management of the fiscal affairs of the District requires that the District issue refunding bonds (the "Series A Refunding Bonds") under the provisions of Article 9 (Sections 53550 and following) and Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Authorizing Law") to refund all or a portion of the outstanding 2013 Series A Bonds, provided that a sufficient level of savings may be achieved by doing so;

WHEREAS, it appears to the Board of Education of the District (the "Board") that the total net interest cost to maturity plus the principal amount of the Series A Refunding Bonds (plus any costs of issuance not funded from proceeds of the Series A Refunding Bonds) will not exceed the total net interest cost to maturity plus the principal amount of the 2013 Series A Bonds which are to be refunded, which, pursuant to California Government Code Sections 53552 and 53556, will permit the Board to issue the Bonds without approval of the electorate;

WHEREAS, pursuant to the Authorizing Law, the District is authorized to issue general obligation refunding bonds to refund the Target Tender Bonds and the Board wishes to authorize the issuance of general obligation refunding bonds in one or more series (collectively, the "Tender Refunding Bonds," and together with the Series A Refunding Bonds, herein referred to as the "Bonds") in order to realize present value debt service savings;

WHEREAS, the Target Tender Bonds are not currently subject to redemption on a tax-exempt basis, and in order to restructure its outstanding bonded indebtedness, the District may request a tender of all or a portion of the Target Tender Bonds and use a portion of the proceeds of the Tender Refunding Bonds to purchase and cancel all or a portion of the Target Tender Bonds;

WHEREAS, the District desires to enter into a dealer manager agreement (the "Dealer Manager Agreement") with Loop Capital Markets LLC, in its capacity as dealer-manager (in such capacity, the "Dealer Manager") to assist in the tendering of the Tender Target Bonds and to effectuate the restructuring; and

WHEREAS, pursuant to Section 53584 of the Government Code, the District is authorized to apply a portion of the proceeds of the sale of the Bonds to the purchase for cancellation upon their purchase of the Target Tender Bonds.

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

SECTION 1. Definitions.

The following terms shall for all purposes of this Resolution have the following meanings:

"Authorized Officer" has the meaning set forth in Section 5 hereof.

"Authorized Investments" shall mean the County Investment Pool (or other investment pools of the County into which the District may lawfully invest its funds), any investment authorized pursuant to Government Code Sections 16429.1, 53601 and 53635, but only to the extent that the same are acquired at Fair Market Value.

"Authorizing Law" shall mean Article 9 (Sections 53550 and following) and Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, as amended.

"Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories including, but not limited to, through the Nominee.

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

"Bond Counsel" and "Disclosure Counsel" means the law firm of Dannis Woliver Kelley, as Bond Counsel to the District and a firm of nationally recognized standing with respect to the issuance of municipal obligations.

"Bond Insurer" shall mean any financial guaranty company that guarantees the scheduled payments of principal of and interest on the Bonds when due.

"Bond Insurance Policy" shall mean a policy of municipal bond insurance which guarantees the scheduled payments of principal of and interest on the Bonds when due.

"Bond Obligation" shall mean, from time to time as of the date of calculation, the Principal Amount of a Bond.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement, by and between the District and the Underwriter, relating to the Bonds.

"Bonds" shall mean the Sacramento City Unified School District 2023 General Obligation Refunding Bonds, issued and delivered pursuant to this Resolution, in one or more series and including the Series A Refunding Bonds and the Tender Refunding Bonds, with such further series designations as shall be favorable to the District in the structuring, marketing and sale of the Bonds.

"Bond Year" shall mean the twelve-month period commencing July 1 or August 1 in any year and ending on the last day of June or July, respectively, in the next succeeding year, both dates inclusive, or as otherwise set forth in the Bond Purchase Agreement; provided, however, that the first Bond Year shall commence on the day the Bonds are

issued and shall end on either June 30, 2024, or July 31, 2024, both dates inclusive, or as otherwise set forth in the Bond Purchase Agreement.

“Business Day” shall mean a day that is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Code” shall mean the Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement of the District for the benefit of the Owners of the Bonds.

“Costs of Issuance” shall mean all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Official Statement pertaining to the Bonds, the Invitation to Tender, and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisor fees; rating agency fees and related travel expenses; auditor’s fees; legal fees and expenses of Bond and Disclosure Counsel with respect to the financing; the initial fees and expenses of the Paying Agent; premium for any Bond Insurance Policy; fees of the Escrow Agent; fees of the escrow verification agent, and other fees and expenses incurred in connection with the issuance of the Bonds, the redemption of the 2013 Series A Bonds, or the tender and purchase of the Target Tender Bonds, including the fees and expenses of the Dealer Manager and the Information Agent and Tender Agent (which may be reimbursed to the Dealer Manager), to the extent such fees and expenses are approved by the District.

“County” shall mean Sacramento County, California.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.

“Debt Service” shall have the meaning given to that term in Section 24(c) of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 24(a) of this Resolution.

“Depository” shall mean DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the District discontinues use of the Depository pursuant to this Resolution, any other securities depository that agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and that is selected by an Authorized Officer.

“Director of Finance” shall mean the Director of Finance of the County.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agent” shall mean U.S. Bank Trust Company, National Association.

"Escrow Agreement" shall mean that certain at Escrow and Deposit Agreement by and between the District and the Escrow Agent relating to the refunding of all or a portion of the Refunded Bonds.

"Excess Earnings Fund" shall mean the Excess Earnings Fund established pursuant to Section 23 of this Resolution.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term "investment" will include a hedge.

"Fiscal Year" shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year in effect for the District.

"Information Agent and Tender Agent" shall mean Globic Advisors.

"Interest Payment Date" shall mean either January 1 and July 1 in each year or February 1 and August 1 in each year, or as otherwise specified in the Bond Purchase Agreement, commencing on the date specified in the Bond Purchase Agreement.

"Nominee" shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

"Outstanding" when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (i) Bonds canceled at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 19 hereof;
- (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 45 of this Resolution.

"Owner" shall mean the registered owner, as indicated in the Bond Register, of any Bond.

"Participant" shall mean a member of or participant in the Depository.

"Paying Agent" shall mean the Director of Finance of the County of Sacramento, its successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent, or, to the extent the County does not approve, or the Director of Finance does not accept, such appointment as Paying Agent, such other qualified Paying Agent as the District may select in accordance with the terms hereof.

"Pledged Moneys" shall have the meaning given to that term in Section 21 of this Resolution.

"Principal" or "Principal Amount" shall mean, as of any date of calculation, the principal amount of a Bond.

"Principal Payment Date" shall mean July 1 or August 1 in each year, or as otherwise specified in the Bond Purchase Agreement, commencing on the date specified in the Bond Purchase Agreement.

"Record Date" shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

"Refunded Bonds" has the meaning given thereto in the recitals.

"Regulations" shall mean applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Resolution" shall mean this Resolution of the Board providing for the issuance and sale of the Bonds.

"Securities Depositories" shall mean The Depository Trust Company; and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a certificate of the County delivered to the Paying Agent.

"Series A Refunding Bonds" has the meaning given thereto in the recitals.

"State" shall mean the State of California.

"Superintendent" shall mean the Superintendent of the District, including any interim Superintendent appointed by the Board.

"Superintendent of Schools" shall mean the Superintendent of Schools of the County.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the Board in accordance with Section 42 or Section 43 hereof.

"Tax Certificate" shall mean a tax and non-arbitrage certificate of the District delivered in connection with the issuance of the Bonds.

"Target Tender Bonds" has the meaning given thereto in the recitals.

"Transfer Amount" shall mean the aggregate Principal Amount of a Bond to be transferred.

"Underwriter" shall mean Loop Capital Markets LLC, as underwriter for the Bonds.

SECTION 2. Rules of Construction.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution.

This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Contract.

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 5. Terms and Conditions of Sale.

The Board hereby approves of the sale of the Bonds 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 basis. The Bonds shall be sold at a negotiated sale upon the direction of the Superintendent, the Deputy Superintendent, the Assistant Superintendent, Business Services of the District, the Chief Business and Operations Officer or any designee thereof (each, an "Authorized Officer"). The Bonds shall be sold pursuant to the terms and conditions set forth in the Bond Purchase Agreement, as described below.

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 B** attached hereto and incorporated herein.

SECTION 6. Designation of Finance Team.

The Board hereby confirms the designation of Dale Scott & Company, as Municipal Advisor and the law firm of Dannis Woliver Kelley, Long Beach, California, as Bond Counsel and Disclosure Counsel to the District in connection with the authorization and issuance of the Bonds. The Authorized Officers are, and each of them acting alone is hereby authorized to execute a legal services agreement with 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 Bond Purchase Agreement by an Authorized Officer.

SECTION 7. Terms of Bonds.

The Board hereby finds that prudent management of the fiscal affairs of the District requires that the District issue the Bonds to refund all or a portion of the 2013 Series A Bonds and to finance the purchase price of all or a portion of the Target Tender Bonds in order to refund such bonds for present value debt service savings. The Bonds shall be dated their date of delivery (or such other date as may be designated in the Bond Purchase Agreement). The Bonds shall bear interest at rates not to exceed the maximum rate permitted by law, on the dates and in the amounts as may be set forth in the Bond Purchase Agreement, payable upon maturity. The Bonds shall mature on July 1 or August 1 of each of the years as set forth in the Bond Purchase Agreement, or such other maturity date as may be set forth in the Bond Purchase Agreement, through a date no later than the final maturity dates of respective series of the Refunded Bonds. The Bond Purchase Agreement shall provide for optional, mandatory sinking fund and other types and terms of redemption for the Bonds as shall prove most advantageous in marketing said Bonds for the District.

SECTION 8. Approval of Bond Purchase Agreement.

The Superintendent or any Authorized Officer, in consultation with Bond Counsel and such other officers of the District as shall be authorized by the Board, are hereby authorized and directed to issue and deliver the Bonds and to establish the final Principal Amount thereof, provided, however, that such combined Principal Amount (in one or more series) shall not exceed the maximum aggregate Principal Amount of Two Hundred One Million Eight Hundred Fifty Thousand Dollars (\$201,850,000.00). The form of the Bond Purchase Agreement on file with the Board is hereby approved. The Authorized Officers, or any authorized deputy, and such other officers of the District as may be authorized by the Board are, and each of them acting alone is, authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the District, with such additions, changes or corrections therein as the officer executing the same on behalf of the District may approve, in his/her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such officer's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriter. The Authorized Officers, or any authorized deputy, and such other officers of the District as may be authorized by the Board are, and each of them acting alone hereby is authorized and directed to negotiate with the Underwriter the interest rates on the Bonds and the purchase price of the Bonds to be paid by the Underwriter, which purchase price shall reflect an Underwriter's discount of not to exceed One Percent (1.00%) (not including original issue discount or any Costs of Issuance to be paid by the Underwriter) of the Principal Amount thereof. Final terms of the Bonds shall be as set forth in the Bond Purchase Agreement.

SECTION 9. Official Statement.

The Board hereby approves the form of Preliminary Official Statement relating to the Bonds 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. 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") and an Authorized Officer is authorized to execute a certificate to that effect. 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 10. Approval of Escrow Agreement.

The forms, terms and provisions of the Escrow Agreement are hereby approved. Any Authorized Officer is hereby authorized on behalf of the Board and in its name to execute and deliver the Escrow Agreement to the Escrow Agent, in substantially the form presented to and considered by this Board, with such changes therein as may be approved by the Authorized Officer executing the same, such approval to be conclusively evidenced by the execution thereof.

SECTION 11. Approval of Invitation to Tender.

The form of the Invitation to Tender is hereby approved, and the Dealer Manager is hereby authorized to distribute copies of such Invitation to Tender to owners who may be interested in tendering the Target Tender Bonds. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver the Invitation to Tender in substantially the form on file with the District and considered at this meeting, with such changes therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by the execution and delivery of the Invitation to Tender by such Authorized Officer. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed to make changes to the Invitation to Tender to achieve the purposes for which the Bonds are being executed and delivered. Furthermore, the Authorized Officers, in consultation with, and upon the advice of, the Municipal Advisor and Bond Counsel, are hereby authorized to execute such documents and agreements ancillary to and related to the Invitation to Tender as is necessary to accomplish the matters described in this Resolution.

SECTION 12. Approval of Dealer Manager Agreement.

The form of the Dealer Manager Agreement is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver the Dealer Manager Agreement in substantially the form on file with the District and considered at this meeting, with such changes therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by the execution and delivery of the Dealer Manager Agreement by such Authorized Officer, provided, that the Dealer Manager fee shall not exceed \$2.50 for each \$1,000 of the principal amount of the Target Tender Bonds tendered and purchased by the District pursuant to the Invitation to Tender (not including any Costs of Issuance paid by the Dealer Manager), which fee shall be payable by the District as Costs of Issuance attributable to the Tender Refunding Bonds. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed to make

changes to the Dealer Manager Agreement to achieve the purposes for which the Bonds are being executed and delivered.

This Board also hereby consents to the retention by the Dealer Manager of Globic Advisors as the Information Agent and Tender Agent (the "Information Agent and Tender Agent") in connection with the Invitation to Tender and agrees to either reimburse the Dealer Manager or pay the Information Agent and Tender Agent directly, but solely from proceeds of the Bonds, the fees and reasonable expenses of the Information Agent and Tender Agent.

SECTION 13. Authorization of Officers.

The Authorized Officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 14. Use of Bond Proceeds.

Bonds of the District shall be issued in the name of the District in an aggregate Principal Amount not to exceed \$201,850,000,000, and proceeds of the Bonds shall be applied to (i) the redemption of all or a portion of the 2013 Series A Bonds in accordance with the Escrow Agreement, (ii) pay the purchase price of all or a portion of the Target Tender Bonds and (iii) pay the Costs of Issuance.

SECTION 15. Designation and Form; Payment.

a. An issue of Bonds of one or more series entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed \$201,850,000. Such Bonds shall be general obligations of the District, payable as to Principal and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). The Bonds shall be designated "Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds" with such additional series designations as may be necessary or advisable in order to market the Bonds, as set forth in the Bond Purchase Agreement. The Bonds shall be subject to redemption as further set forth in the Bond Purchase Agreement, pursuant to this Resolution.

b. The form of the Bonds shall be substantially in conformity with the standard forms of registered school district bonds, a copy of which is attached hereto as **Exhibit A** and incorporated herein by this reference.

c. Principal, premium, if any, and interest with respect to any Bond are payable in lawful money of the United States of America. Principal and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent.

SECTION 16. Description of the Bonds.

a. The Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated and

shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Bond Purchase Agreement.

b. Interest on each Bond shall accrue from its dated date as set forth in the Bond Purchase Agreement. Interest on Bonds 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 Record Date. Interest with respect to each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any 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 on the Bonds 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.

SECTION 17. Book-Entry System.

a. The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds within each series. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any

notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on, the Bonds. The District may treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on, such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on, the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word "Nominee" in this Resolution shall refer to such new nominee of the Depository.

b. If at any time the Depository notifies the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Superintendent within 90 days after the District receives notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Superintendent shall issue new bonds representing the Bonds as provided below. In addition, the District may determine at any time that the Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event, the Superintendent shall execute and deliver certificates representing the Bonds as provided below. Certificated securities issued in exchange for book-entry securities pursuant to this subsection shall be registered in such names and delivered in such denominations as the Depository shall instruct the District. The Superintendent shall then deliver certificated securities representing the new bonds to the persons in whose names such Bonds are so registered.

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or cause to be prepared a new fully-registered book-entry security for each of the maturities of Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the District and such securities depository and not inconsistent with the terms of this Resolution.

c. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal of, premium, if any, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

d. The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

SECTION 18. Execution of the Bonds.

a. The Bonds shall be executed in the name of the District by the manual or facsimile signature of the President of the Board and the manual or facsimile signature of the Secretary to or the Clerk of the Board or by a deputy of either of such officers. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been issued by the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the District, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

b. The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

SECTION 19. Transfer and Exchange.

The transfer of any Bond may be registered upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in **Exhibit A** hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute Owner of such Bond, whether the Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Transfer Amount of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has

been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 20. Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, Series and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 21. Bond Register.

The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 22. Unclaimed Money.

All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the general fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid, after a date in said notice, which date shall not be less than 90 days prior to the date of such payment, to the effect that said money has not been claimed and that after a date named therein, any unclaimed balance of said money then remaining will be transferred to the general fund of the District. Thereafter, the Owners of such Bonds shall look only to the general fund of the District for payment of such Bonds.

SECTION 23. Payment and Security for the Bonds.

The Board of Supervisors shall annually at the time of making the 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 Debt Service Fund and available for such purpose, to pay the Principal of and interest on each Bond as each becomes due and payable in the next succeeding Bond Year. 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, all revenues from the property taxes collected from the aforementioned levy and the amounts on deposit in the District's Debt Service Fund, including the interest earnings thereon (the "Pledged Moneys"). The foregoing pledge is an agreement between the District and the owners of the Bonds to provide security for the Bonds in addition to any statutory lien that may exist. The County shall deposit or cause to be deposited in the District's Debt Service Fund, the proceeds from the levy of the aforementioned tax that the County receives and all interest earnings thereon. 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. 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 24. Debt Service Fund.

a. The District shall deposit or cause to be deposited any accrued interest and any proceeds of the Bonds not applied towards payment of the Costs of Issuance or deposited into the escrow fund pursuant to the Escrow Agreement in the fund established and designated as the "Sacramento City Unified School District 2023 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund") to be administered by the County and used only for the payment of the Principal of, premium, if any, and interest on the Bonds.

b. All Pledged Moneys shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

c. The County shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest due on the Bonds (collectively, the "Debt Service") on each Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

d. The District shall cause moneys to be transferred to the extent needed to comply with the Tax Certificate. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the general fund of the District.

SECTION 25. Establishment and Application of Excess Earnings Fund.

The District shall establish a special fund designated "Sacramento City Unified School District 2023 General Obligation Refunding Bonds Excess Earnings Fund" (the "Excess

Earnings Fund”) which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall deposit, or cause to be deposited, moneys to the Excess Earnings Fund in accordance with the provisions of the Tax Certificate. Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 26. Payment of Costs of Issuance.

The District may pay, or cause to be paid, Costs of Issuance using proceeds of the Bonds as provided in the Bond Purchase Agreement.

SECTION 27. Establishment of Additional Funds and Accounts.

If at any time it is deemed necessary or desirable by the District, the County Office of Education may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 28. Redemption.

The Bonds shall be subject to redemption as provided in the Bond Purchase Agreement.

SECTION 29. Selection of Bonds for Redemption.

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

SECTION 30. Notice of Redemption.

When redemption is authorized or required pursuant to this Resolution or the Bond Purchase Agreement, 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 (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the 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 Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, as appropriate, of such Bond to be redeemed, (g) the original issue date, interest rate and stated maturity date of each 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 Bond or portion

thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Bonds, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

a. At least twenty (20) but not more than sixty (60) days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register. Notice of redemption may be given on a conditional basis in contemplation of a refunding of the Bonds.

b. In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

c. In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, or (ii) overnight delivery service, to the Municipal Securities Rulemaking Board.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by Series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

SECTION 31. Partial Redemption of Bonds.

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 32. Effect of Notice of Redemption.

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

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided hereunder, 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 as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the

redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Resolution shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

SECTION 33. Right to Rescind Notice.

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the 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, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

SECTION 34. Paying Agent, Appointment and Acceptance of Duties.

a. The Board hereby consents to and confirms the appointment of the Director of Finance of the County to act as Paying Agent for the Bonds under this Resolution. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District. To the extent the County does not approve, or the Director of Finance does not accept, such appointment as Paying Agent hereunder, an Authorized Officer shall select another person, in accordance with the qualifications set forth in section 39, to serve as Paying Agent. The Paying Agent shall execute and deliver an acceptance of duties or paying agent agreement with the District, in the form determined by an Authorized Officer, in consultation with Bond Counsel, to be sufficient and in the best interest of the District to carry out such duties.

b. Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Bonds.

SECTION 35. Liability of Paying Agent.

The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 36. Evidence on Which Paying Agent May Act.

The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not

be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 37. Compensation.

The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the Paying Agent be required to expend its own funds hereunder.

The fees and expenses of the Paying Agent not paid from the proceeds of the sale of the Bonds shall be paid each year from the Debt Service Fund, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

SECTION 38. Ownership of Bonds Permitted.

The Paying Agent or the Underwriter may become the Owner of any Bonds.

SECTION 39. Resignation or Removal of Paying Agent and Appointment of Successor.

a. The Paying Agent initially appointed hereunder may resign from service as Paying Agent and the Superintendent may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the District shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in San Francisco or Los Angeles, California, with at least \$50,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the District in a format mutually agreeable to the Paying Agent and the District. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

b. In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor.

SECTION 40. Investment of Certain Funds.

Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Director of Finance in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the Excess Earnings Fund and the Debt Service Fund shall remain on deposit in such funds.

Earnings on the investment of moneys in the Debt Service Fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Debt Service Fund may only be applied to make payments of interest, principal, and premium, if any, on Bonds of the District.

All funds held in the Debt Service Fund of the District shall be invested at the sole discretion of the Director of Finance of the County. Proceeds of the Bonds held by the Director of Finance shall be invested at the Director of Finance's sole discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District. The Director of Finance is hereby authorized and requested to invest any or all funds held hereunder at the Director of Finance's discretion pursuant to law and the investment policy of the County, both of which may be amended or supplemented from time to time, and in other investments, defined as permitted investments, in the Official Statement.

SECTION 41. Valuation and Sale of Investments.

Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account.

The District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Resolution or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

SECTION 42. Supplemental Resolutions With Consent of Owners.

This Resolution, and the rights and obligations of the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the District with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that if a Bond Insurance Policy is in effect, and provided that the Bond Insurer, if any, complies with its obligations thereunder, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 43. Supplemental Resolutions Effective Without Consent of Owners.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

a. To add to the covenants and agreements of the County or the District in this Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

b. To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

c. To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or accounts to be held under this Resolution;

d. To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution;

e. To make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

f. To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

SECTION 44. Effect of Supplemental Resolution.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent of either from taking any action pursuant thereto.

SECTION 45. 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 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 hereunder, 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, 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 this 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 hereunder and the obligation of the District to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

SECTION 46. Bond Insurance.

All or a portion of the Bonds may be sold with a Bond Insurance Policy or other form of credit enhancement, if the Superintendent or any Authorized Officer, in consultation with the Underwriter and the Municipal Advisor, determines that the savings to the District resulting from the purchase of such Bond Insurance Policy or other form of credit enhancement exceeds the cost thereof.

SECTION 47. Continuing Disclosure.

The District hereby covenants and agrees that it will comply with and carry out all of the terms of the Continuing Disclosure Agreement. Any Underwriter, any Owner or any Beneficial Owner 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 Section and the Continuing Disclosure Agreement.

SECTION 48. 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 Internal Revenue Code of 1986, as amended (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 49. Further Assurances.

The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Resolution.

SECTION 50. Reimbursement of County Costs.

The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in connection with the issuance of the Bonds.

SECTION 51. 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 52. 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.

The foregoing resolution was, on the 19th day of October, 2023, 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: _____
Chinua Rhodes,
President of the Board of Education

ATTEST:

By: _____
Lisa Allen,
Interim Secretary to the Board of Education

EXHIBIT A

FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2023 GENERAL OBLIGATION REFUNDING BONDS, SERIES ___**

\$ _____

No. _____

Interest Rate

Maturity Date

Dated Date

CUSIP

___ %

_____, 20__

_____, 2023

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Sacramento City Unified School District (the "District"), Sacramento County, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the dated date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on _____ 1, 20__, and semiannually thereafter on the first day of _____ and _____ (each, an "Interest Payment Date") in each year to the registered owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on _____ 15, 20__, in which event it shall bear interest from its date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). The Principal Amount hereof is payable at the office of the [Director of Finance of the County of Sacramento], as paying agent (the "Paying Agent"), in [Sacramento,] California. The

interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

The Bonds of this issue are comprised of \$_____ Principal Amount. This Bond is issued by the District under and in accordance with the provisions of Section 53550 *et seq.* of the California Government Code (the "Act") and pursuant to a resolution adopted by the Board of Education of the District on [October 19], 2023 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds are refunding certain general obligation bonds of the District (the "Refunded Bonds") that were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Bonds are subject to redemption prior to their maturity dates as set forth in the Bond Purchase Agreement.

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution,

other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; (5) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or (6) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Education Code of the State and that all of the proceedings of the Board of Education of the District in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by law.

IN WITNESS WHEREOF, Sacramento City Unified School District has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Sacramento City Unified School District, and to be countersigned by the manual or facsimile signature of the Secretary of the Board of Education of the Sacramento City Unified School District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____ [FORM; DO NOT SIGN]
President of the Board of Education

Countersigned:

By: _____ [FORM; DO NOT SIGN]
Secretary to the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Sacramento City Unified School District.

DATED: _____, 2023

**[DIRECTOR OF FINANCE OF THE
COUNTY OF SACRAMENTO]**, as Paying
Agent

By: _____ **[FORM; DO NOT SIGN]**
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.:

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated:

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By _____
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock exchange or a commercial bank or trust company.

EXHIBIT B

DISCLOSURE OF SPECIFIED INFORMATION

1. Estimated True Interest Cost of the Bonds:
4.58%
2. Estimated Finance Charge, i.e., the sum of all fees and charges paid to third parties:
\$3,449,173
3. Estimated amount of proceeds to be received by the District, less Finance Charge, reserves and capitalized interest:
\$195,223,139
4. Estimated total debt service to maturity, including any Finance Charge not paid with proceeds of the Bonds (if any):
\$358,207,106

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2023 GENERAL OBLIGATION REFUNDING BONDS**

\$ _____ [*] 2023 General Obligation Refunding Bonds, Series A	\$ _____ [*] 2023 General Obligation Refunding Bonds, Series B
\$ _____ [*] 2023 General Obligation Refunding Bonds, Series C	
\$ _____ [*] 2023 General Obligation Refunding Bonds, Series D	\$ _____ [*] 2023 General Obligation Refunding Bonds, Series E

BOND PURCHASE AGREEMENT

[____], 2023

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

Ladies and Gentlemen:

The undersigned, Loop Capital Markets LLC, (the “Underwriter”) offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the Sacramento City Unified School District (the “District”), which, upon the District’s acceptance hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement (as defined herein) or, if not defined in the Official Statement, in the Resolution (as defined herein).

Inasmuch as the sale contemplated hereby represents a negotiated transaction, the District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District and has not assumed any advisory or fiduciary responsibilities to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to the District on other matters), (iii) the Underwriter is acting solely

in its capacity as Underwriter for its own account, (iv) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission (“SEC”) or the rules of the Municipal Securities Rulemaking Board (“MSRB”), and (v) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. 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 MSRB.

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 District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of (i) \$[] in aggregate initial principal amount of the District’s 2023 General Obligation Refunding Bonds, Series A (the “Series A Bonds”); (ii) \$[] in aggregate initial principal amount of the District’s 2023 General Obligation Refunding Bonds, Series B (the “Series B Bonds”); (iii) \$[] in aggregate initial principal amount of the District’s 2023 General Obligation Refunding Bonds, Series C (the “Series C Bonds”); (iv) \$[] in aggregate initial principal amount of the District’s 2023 General Obligation Refunding Bonds, Series D (the “Series D Bonds”); and (v) \$[] in aggregate initial principal amount of the District’s 2023 General Obligation Refunding Bonds, Series E (the “Series E Bonds,” and together with the Series A Bonds, the Series B Bonds, the Series C Bonds and the Series D Bonds, the “Bonds”).

The Series A Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds shall bear interest from the Date of Delivery (as defined herein) payable semiannually on each February 1 and August 1, commencing February 1, 2024. The Series B Bonds shall bear interest from the Date of Delivery payable semiannually on each January 1 and July 1, commencing on January 1, 2024. The final maturity dates, interest rates, yields and redemption provisions of the Bonds are shown in Appendix A hereto, which appendix is incorporated by reference herein. The Underwriter shall purchase the Series A Bonds at a price of \$[] (consisting of the initial principal amount of the Series A Bonds of \$[], [plus/less] original issue [premium/discount] of \$[], less an Underwriter’s discount of \$[], [and less \$[] to be used by the Underwriter to pay the Insurer (as defined herein), for payment of the Policy premium (as defined herein)]). The Underwriter shall purchase the Series B Bonds at a price of \$[] (consisting of the initial principal amount of the Series B Bonds of \$[], [plus/less] original issue [premium/discount] of \$[], less an Underwriter’s discount of \$[], [and less \$[] to be used by the Underwriter to pay the Insurer (as defined herein), for payment of the Policy premium (as defined herein)]). The Underwriter shall purchase the Series C Bonds at a price of \$[] (consisting of the initial principal amount of the Series C Bonds of \$[], [plus/less] original issue [premium/discount] of \$[], less an Underwriter’s discount of \$[], [and less \$[] to be used by the Underwriter to pay the Insurer (as defined herein), for payment of the Policy premium (as defined herein)]). The Underwriter shall purchase the Series D Bonds at a price of \$[] (consisting of the initial principal amount of the Series D Bonds of \$[], [plus/less] original issue [premium/discount] of \$[], less an Underwriter’s discount of \$[], [and less \$[] to be used by the Underwriter to pay the Insurer (as defined herein), for payment of the Policy premium (as defined herein)]). The Underwriter shall purchase the Series E Bonds at a price of \$[] (consisting of the initial principal amount of the Series E Bonds of \$[], [plus/less] original issue [premium/discount] of \$[], less an Underwriter’s discount of \$[], [and less

\$_[] to be used by the Underwriter to pay the Insurer (as defined herein), for payment of the Policy premium (as defined herein)).

2. **The Bonds.** The Bonds shall be dated as of the date of their initial issuance and delivery (the “Date of Delivery”). The Bonds shall mature on the dates shown on Appendix A hereto, shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of this Purchase Agreement, the resolution of the Board of Education of the District adopted on [], 2023 (the “Resolution”), and Sections 53550 and 53580 *et. seq.* of the California Government Code (the “Act”). The Sacramento County Director of Finance will act as paying agent (in such capacity, the “Paying Agent”) for the Bonds.

The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”); the Bonds shall initially be in authorized denominations of \$5,000 principal amount, or any integral multiple thereof.

- (a) The Series A Bonds are being issued to (i) refund, on a current basis, all or a portion of the District’s outstanding General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the “Refunded Bonds”) and (ii) pay the costs of issuance of the Series A Bonds.

Pursuant an escrow agreement (the “Escrow Agreement”), dated [October] 1, 2023, by and between the District and U.S. Bank Trust Company, National Association (the “Escrow Agent”), the net proceeds of the Series A Bonds shall be deposited with the Escrow Agent in an escrow fund held pursuant to the Escrow Agreement (the “Escrow Fund”). Funds on deposit in the Escrow Fund shall be invested as provided in the Escrow Agreement, or otherwise held uninvested as cash, and applied to the payment of interest on the Refunded Bonds on its first optional redemption date, and to redeem the Refunded Bonds on such date at a price equal to 100% of the principal amount thereof.

- (b) The Series B Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds (collectively, the “Tender Refunding Bonds”) are being issued to purchase certain maturities of certain outstanding general obligation bonds of the District (the “Target Bonds”) and pay the costs of issuance of the Tender Refunding Bonds. The refunding of the Target Bonds will be facilitated by a request by the District for a tender of the Target Bonds and use of the proceeds of the Tender Refunding Bonds to purchase and cancel the Target Bonds, as described in the Preliminary Official Statement (as herein defined) and the Dealer Management Agreement (the “Dealer Manager Agreement”) between the District and Loop Capital Markets LLC, as dealer manager thereunder (in such capacity, the “Dealer Manager”). Globic Advisors will serve as tender agent and information agent (the “Tender Agent”) in connection therewith.

The scheduled payment of the principal of and interest on the Bonds, when due, will be guaranteed under a municipal bond insurance policy (the “Policy”) to be issued by [] (the “Insurer”).

3. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, the Continuing Disclosure Certificate (as defined herein), this Purchase Agreement, the Preliminary Official Statement (as defined herein), the Official

Statement, the Resolution, the Escrow Agreement and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

4. **Public Offering of 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 inside cover of the Official Statement and Appendix A hereto. Subject to the requirements of this Section, subsequent to such initial public offering, the Underwriter reserves the right to change such initial offering prices or yields as they deem necessary in connection with the marketing of the Bonds.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to 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 Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Dannis Woliver Kelley, (“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 Dale Scott & Company, Inc., the District’s municipal advisor 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 (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the District the price or prices at which the Underwriter 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 Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.]

(c) The Underwriter confirms that the Underwriter 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:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) 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 shall promptly advise the District or the District's Municipal Advisor when the Underwriter 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, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) 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 hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that 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 hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires.

(d) The Underwriter confirms that:

(1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(i) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) promptly notify the Underwriter of any sales of the 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) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public; and:

(2) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable,

in each case if and for so long as directed by the Underwriter or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(1) “public” means any person other than an underwriter or a related party,

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

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

(4) “sale date” means the date of execution of this Purchase Agreement by all parties.

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 [____], 2023 (the “Preliminary Official Statement”), which has been duly authorized and prepared by the District for use by the Underwriter in connection with the sale of the Bonds. The District represents that it has received and reviewed the Preliminary Official Statement and authorized and caused the preparation of the Preliminary Official Statement and further represents that it has deemed the Preliminary Official Statement to be final as of its date, 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, redemption provisions, delivery date, rating(s) 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 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

The Underwriter agrees that prior to the time the 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 electronic distribution (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).

6. **Closing.** At 9:00 A.M., California Time, on [____], 2023 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the “Closing”), the District will deliver to the Underwriter, at the offices of DTC in New York, New York, or at such other place as the District and the Underwriter may 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 Bond Counsel, in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to the account of the District.

7. **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 of California, with the power to issue the Bonds pursuant to the Act and has all requisite right, power and authority to adopt the Resolution and to execute this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated hereby and thereby.

(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 this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, to adopt the Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement, and to carry out and effectuate the transactions contemplated by this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution, the Escrow Agreement, the Continuing Disclosure Certificate, and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, assuming the due authorization, execution and delivery thereof by the respective other parties thereto, constitute valid and legally binding obligations of the District, enforceable in accordance with their respective terms, subject to any limitations on the enforceability thereof as a result of 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 of California; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement, the Resolution and the Official Statement.

(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, the execution and delivery of this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, the adoption of the Resolution, or the consummation of the other

transactions effected or contemplated herein or hereby, or which have not been taken or obtained, 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; 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) Representation Regarding Refunded Bonds. The District has not entered into any contract or agreement that would limit or restrict its ability to refund the Refunded Bonds or enter into this Purchase Agreement for the sale of the Bonds to the Underwriter.

(e) No Default. The District is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition or operating of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing.

(f) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate, the Resolution 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 of California 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.

(g) 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 of the District or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the collection of *ad valorem* property taxes contemplated by the Resolution, and the application thereof to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, this Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Certificate; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate or the Resolution, (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 federal income taxation or the exclusion of interest on the Bonds from State personal income taxation.

(h) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor any other person 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.

(i) 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.

(j) Continuing Disclosure. In accordance with the requirements of the Rule and pursuant to the Resolution, at or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Certificate with respect to the Bonds (the “Continuing Disclosure Certificate”) on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall be substantially in the form attached to the Official Statement in Appendix D. Except as otherwise disclosed in the Official Statement, the District and its related entities have not, within the past five years, failed to comply in a material respect with any of its previous undertakings pursuant to the Rule to provide annual reports or notice of certain listed events.

(k) Official Statement Accurate and Complete. The Preliminary Official Statement, as of its date and as of the date hereof did not and does not, as of the date hereof does not, contain any untrue statement of a material fact or omitted or omits 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. As of the date thereof and on the Closing Date, the final Official Statement 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. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(l) Levy of Tax. The District hereby agrees to take any and all actions as may be required by Sacramento County (the “County”) or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the Director of Finance of the County a copy of the Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the County.

(m) No Material Adverse Change. The financial statements of, and other financial information regarding the District, in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

(n) Representation regarding the Refunded Bonds and Target Bonds. The District hereby represents that it has not entered into any contract or agreement that would limit or restrict the District's ability to purchase the Target Bonds or to refund the Refunded Bonds.

8. Representations, Warranties and Agreements of the Underwriter. The Underwriter represents to and agrees with the District that, as of the date hereof and as of the date of the Closing:

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

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

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590(c) or MSRB Rule G-23, with 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.

9. Covenants of the District. The District covenants and agrees with the Underwriter that:

(a) Securities Laws. 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 in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, provided, however, that the District shall not 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 Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) 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 and the District (such Official Statement with such changes, if any, and including the cover page, inside front cover pages, 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 not later than five (5) business days following the date this Purchase Agreement is signed, 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 District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the End of the Underwriting Period. For the purposes of this Purchase Agreement, the “End of the Underwriting Period” is used as defined in the Rule and shall occur on the later of (i) the date of the Closing or (ii) when the Underwriter no longer retain an unsold balance of the Bonds. Unless otherwise advised in writing by the Underwriter on or prior to the date of the Closing, or otherwise agreed to by the District and the Underwriter, the End of the Underwriting Period is the date of Closing;

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

(f) Amendments to Official Statement. For a period of twenty-five (25) days after the End of the Underwriting Period (or such other period as may be agreed to by the District and the Underwriter), the District will not adopt any amendment of or supplement to the Official Statement to which, promptly after having been furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to ensure that the Official Statement, at the time it is delivered to a purchaser, does not contain an untrue statement of a material fact or 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, then the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or 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 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.

(g) Internal Revenue Code. The District has complied with the requirements of the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

10. **Conditions to Closing**. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. 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 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 date of the Closing; and the

District shall be in compliance with each of the agreements made by it in this Purchase Agreement;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreement, and the Resolution 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 District shall perform or have performed all of their obligations required under or specified in the Resolution, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. To the best knowledge of the District, 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 pending or threatened which has any of the effects described in Section 7(g) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability of the Bond or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices of the Bonds set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the reasonable judgment of the Underwriter by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States (by press release, other form of notice or otherwise), or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owner of the Bonds, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of changing the federal income tax treatment of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, 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;

(2) any outbreak or escalation of hostilities or civil unrest affecting the United States, the declaration by the United States of a national emergency or war, or engagement in military hostilities by the United States or the occurrence or escalation of any other national or internal emergency, calamity or crisis that interrupts or causes

disorder relating to the operation of federal or state governments or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading by the New York Stock Exchange, any national securities exchange, or any governmental authority securities exchange;

(4) 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;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, 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;

(6) the withdrawal or downgrading or placement on negative credit watch of any underlying credit rating of the District's outstanding indebtedness by a national rating agency; or

(7) 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.

(8) the suspension by the SEC of trading in the outstanding securities of the District.

(f) Delivery of Documents. At or prior to the date of the Closing, 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:

(1) Bond Counsel Opinions.

(i) The approving opinion of Bond Counsel, as to the validity and tax status of the Bonds, dated the date of the Closing, addressed to the District, in substantially the form set forth as Appendix A in the Preliminary Official Statement and Official Statement; and (ii) a defeasance opinion of Bond Counsel, dated the Closing and addressed to the District, to the effect that, the Escrow Agreement has been duly authorized, executed and delivered by the District and, assuming the due

authorization, execution and delivery by the other parties thereto, constitute a legal, valid and binding agreement of the District enforceable in accordance with its 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 upon the deposit of cash and certain proceeds of the Bonds into the escrow funds established under the Escrow Agreement as provided in the resolutions pursuant to which the Refunded Bonds were issued, and the investment of money and securities in accordance with the provisions of the Escrow Agreement, the Refunded Bonds will have been satisfied and discharged and are no longer outstanding under said resolutions. In rendering this opinion, Bond Counsel may rely on a verification report as to the mathematical accuracy of the schedules with respect to the sufficiency of the escrow funds established to pay the Refunded Bonds and will not independently verify the accuracy of the information contained in the verification reports.

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in 10(f)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the District and the Underwriter, substantially to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover thereof and under the captions "INTRODUCTION," "THE BONDS," "CONTINUING DISCLOSURE," and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Continuing Disclosure Certificate and the form and content of Bond Counsel's approving opinion with respect to the treatment of interest on the Bonds under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to (i) any information contained in Appendices B, C, E, F [and G- insurance policy] to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, tables, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to The Depository Trust Company or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the District's compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING," (vii) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATING", [and (viii) any information with respect to the Insurer or the

Policy, including but not limited to information under the caption “THE BONDS – Bond Insurance”];

(ii) the Continuing Disclosure Certificate, the Escrow Agreement, and this Purchase Agreement have each been duly authorized, executed and delivered by the District and, assuming the due authorization, execution and delivery by the other parties thereto, 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

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) Certificates. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase Agreement, (ii) the representations, covenants, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution, the Escrow Agreement, and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement, as of its date and as of the date of the Closing, did not and does not contain any untrue statement of a material fact or omitted or omit to state 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, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution, and (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading;

(5) Ratings. Evidence satisfactory to the Underwriter that (i) the Bonds shall have been rated “[]” by Moody’s Investors Service, [based upon the issuance of the Policy by the Insurer] and (ii) that any such ratings have not been revoked or downgraded;

(6) District Resolution. A certificate, together with a fully executed copy of the Resolution, of the Secretary or Clerk of the District Board of Education to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(7) Preliminary 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;

(8) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix D thereto;

(9) Disclosure Counsel Letter. A letter of Dannis Woliver Kelley, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter and its counsel, the Municipal Advisor, the County, 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, as a matter of fact and not opinion, 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 contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that Disclosure Counsel need not express any opinion with respect to (i) any information contained in Appendices B, C, E, F [or G] to the Official Statement, (ii) financial or statistical data or forecasts, numbers, tables, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) the District's compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (v) any CUSIP numbers or information relating thereto, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING"; (vi) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATING," [and (vii) and information with respect to the Insurer or the Policy, including but not limited information presented under the heading "THE BONDS – Bond Insurance"];

(10) Underwriter's Counsel Opinion. The opinion of Nixon Peabody LLP, in a form and substance acceptable to the Underwriter;

(11) Certificate of the Paying Agent. A certificate of the Paying Agent, signed by a duly authorized officer thereof, substantially to the effect that: (i) the Paying Agent is qualified to accept and perform the duties and obligations of Paying Agent imposed upon the Paying Agent by the Paying Agent Agreement relating to the Bonds (the "Paying Agent Agreement") and confirms acceptance of such duties and

obligations; (ii) to the best knowledge of the Paying Agent, the representations and agreements of the Paying Agent in the Paying Agent Agreement are true and correct in all material respects as of the Closing; (iii) the Paying Agent is duly authorized to enter into the Paying Agent Agreement, and when the Paying Agent Agreement is duly executed and delivered by the other party thereto, the Paying Agent Agreement will constitute a valid and binding obligation of the Paying Agent in accordance with its terms; (iv) no litigation is pending or, to the best knowledge of the Paying Agent, threatened (either in state or federal courts) (a) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds or the execution of the Paying Agent Agreement, 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 the Paying Agent Agreement;

(12) Escrow Agreement. A fully executed copy of the Escrow Agreement;

(13) Escrow Agent Certificate. A certificate of the Escrow Agent, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriter, substantially to the effect that: (i) the Escrow Agent is qualified to accept and perform the duties and obligations of Escrow Agent imposed upon the Escrow Agent by the Escrow Agreement and confirms acceptance of such duties and obligations; (ii) to the best knowledge of the Escrow Agent, the representations and agreements of the Escrow Agent in the Escrow Agreement are true and correct in all material respects as of the Closing; (iii) the Escrow Agent is duly authorized to enter into the Escrow Agreement, and when the Escrow Agreement are duly executed and delivered by the parties thereto, the Escrow Agreement will constitute a valid and binding obligations of the Escrow Agent in accordance with its terms; (iv) no litigation is pending or, to the best knowledge of the Escrow Agent, threatened (either in state or federal courts) in any way contesting or affecting the validity of, or any authority of the Escrow Agent to enter into the Escrow Agreement;

(14) Verification Report. The report of Causey Demgen & Moore, P.C. with respect to the sufficiency of the funds held under the Escrow Agreement to refund the Refunded Bonds as provided in the Escrow Agreement;

(15) Tax Certificate. A Tax Certificate of the District in form satisfactory to Bond Counsel regarding the Bonds;

(16) [Bond Insurance. The Policy, together with:

(a) an opinion of counsel to the Insurer, dated the date of Closing and addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter; and

(b) a certificate of the Insurer, dated the date of Closing, in form and substance acceptable to the Underwriter, regarding, among other matters, disclosure, no default and tax matters;] and

(17) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably

request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by 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 District to the Underwriter as provided in Section 6 herein, 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 14 hereof.

If the District is 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 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 District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived in writing at its sole discretion.

11. **Conditions to Obligations of the District.** The performance by the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

12. **Expenses.** To the extent that the transactions contemplated by this Purchase Agreement are consummated, the District shall pay, and the Underwriter shall be under no obligation to pay, all costs of issuance of the Bonds, including but not limited to the following costs of issuance: (i) the fees and disbursements of the District's Bond Counsel and Disclosure Counsel; (ii) the fees of the District's Municipal Advisor; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses; (v) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (vi) the initial fees of the Paying Agent, Fiscal Agent; and Escrow Agent; (vii) the fees and expenses of the Dealer Manager and the Tender Agent as set forth in the Dealer Manager Agreement; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds. The District hereby instructs the Underwriter to wire a portion of the collective purchase price for the Bonds, in an amount equal to \$[_____], to U.S. Bank Trust Company, National Association, acting as custodian for the payment of such costs.

Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, fees of counsel to the Underwriter, California Debt and Investment Advisory Commission fee, travel and other expenses (except those expressly provided above), without limitation.

Notwithstanding Section 10(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 clause (iv) of Section 12 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.

13. **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 District, to the Chief Business and Operations Officer, Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824, or if to the Underwriter, to Loop Capital Markets LLC, 580 California Street, 16th Floor, San Francisco, California 94104, Attention: Robert Larkins, Managing Director, with a copy to 111 W. Jackson Boulevard, Suite 1901, Chicago, Illinois, 60604.

14. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All your representations, warranties and agreements of 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.

15. **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.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Very truly yours,

**LOOP CAPITAL MARKETS LLC, as
Underwriter**

By: _____

The foregoing is hereby agreed to and accepted at _____ p.m., California time, as of the date first above written:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Janea Marking,
Chief Business and Operations Officer

APPENDIX A

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)**

**2023 General Obligation Refunding Bonds, Series A
\$[_____] Serial Bonds**

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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**2023 General Obligation Refunding Bonds, Series B
\$[_____] Serial Bonds**

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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2023 General Obligation Refunding Bonds, Series C
 \$[_____] Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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2023 General Obligation Refunding Bonds, Series D
 \$[_____] Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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2023 General Obligation Refunding Bonds, Series E
\$_[_____] Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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Redemption Provisions

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

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

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

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

* Maturity.

In the event that a portion of the Series __ 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 __ Bonds optionally redeemed.

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2023 GENERAL OBLIGATION REFUNDING BONDS

\$ _____*	\$ _____*
2023 General Obligation Refunding Bonds, Series A	2023 General Obligation Refunding Bonds, Series B
\$ _____*	
2023 General Obligation Refunding Bonds, Series C	
\$ _____*	\$ _____*
2023 General Obligation Refunding Bonds, Series D	2023 General Obligation Refunding Bonds, Series E

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of LOOP CAPITAL MARKETS LLC (the “Underwriter”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

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 was sold to the Public is the respective price listed in Schedule A.

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.

(b) As set forth in the Purchase Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they 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 the 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 Sacramento City Unified School District.

(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 _____, 2023].

(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. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the 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, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

LOOP CAPITAL MARKETS LLC, as the Underwriter

By: _____

—

Authorized Officer

Dated: [____], 2023

SCHEDULE A

IDENTIFICATION OF GENERAL RULE MATURITIES

\$[_____]
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series A

\$[_____] Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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\$[_____]
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series B

\$[_____] Serial Bonds

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule
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\$[_____]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

 (Sacramento County, California)

2023 General Obligation Refunding Bonds, Series C

\$[_____] Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Rule Met</u>	<u>10% Rule Not Met</u>	<u>Hold the Offering Price Rule</u>
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\$[_____]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

 (Sacramento County, California)

2023 General Obligation Refunding Bonds, Series D

\$[_____] Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Rule Met</u>	<u>10% Rule Not Met</u>	<u>Hold the Offering Price Rule</u>
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\$[_____]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

 (Sacramento County, California)

2023 General Obligation Refunding Bonds, Series E

\$[_____] Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Rule Met</u>	<u>10% Rule Not Met</u>	<u>Hold the Offering Price Rule</u>
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NEW ISSUE – BOOK ENTRY ONLY

RATING:
Moody's: “_”
 (See “RATING” herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolution authorizing the Bonds and subject to the matters set forth under “TAX MATTERS” herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purposes of computing alternative minimum tax imposed on certain corporations. See “TAX MATTERS” herein.



**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 (SACRAMENTO COUNTY, CALIFORNIA)
 2023 GENERAL OBLIGATION REFUNDING BONDS**

Consisting of:

\$ _____*	\$ _____*
2023 General Obligation Refunding Bonds, Series A	2023 General Obligation Refunding Bonds, Series B
\$ _____*	
2023 General Obligation Refunding Bonds, Series C	
\$ _____*	\$ _____*
2023 General Obligation Refunding Bonds, Series D	2023 General Obligation Refunding Bonds, Series E

Dated: Date of Delivery **Due:** July 1 or August 1, as shown on inside cover pages.

The Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series A (the “Series A Bonds”) are being issued by the Sacramento Unified School District (the “District”) to (i) refund all or a portion of the District’s outstanding General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption “PLAN OF FINANCE – The Refunding.”

The Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series B (the “Series B Bonds”), Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series C (the “Series C Bonds”), Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series D (the “Series D Bonds”), and Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series E (the “Series E Bonds”) and together with the Series B Bonds, the Series C Bonds and the Series D Bonds, the “Tender Refunding Bonds” and collectively with the Series A Bonds, the “Bonds”) are being issued by the District to (i) purchase certain maturities of certain outstanding general obligation bonds of the District described herein (the “Target Bonds”) pursuant to an invitation to the owners of such Target Bonds and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption “PLAN OF FINANCE – The Tender Offer.” The Bonds have a co-equal lien on the *ad valorem* property taxes levied to pay debt service thereon with each other and with all other outstanding general obligation bonds of the District.

The District, with the assistance of Loop Capital Markets LLC, as dealer manager (the “Dealer Manager”), has released an “Invitation to Tender for Purchase made by Sacramento City Unified School District” dated _____, 2023 (the “Tender Offer”) inviting owners of the Target Bonds to tender such bonds for purchase by the District. The Tender Offer, unless extended or cancelled, is expected to expire on _____, 2023 (the “Expiration Date”). The District will purchase all of the Target Bonds tendered for purchase and accepted by the District pursuant to the Notice of Acceptance of Tendered Bonds, expected to be dated _____, 2023.* Such tender is expected to close concurrently with the issuance of the Bonds, and the District’s ability to fund the purchase of such Target Bonds is contingent on the issuance of the Tender Refunding Bonds. See “PLAN OF FINANCE – The Tender Offer.”

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 within 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 Bonds is payable on either (i) February 1 and August 1 of each year, commencing February 1, 2024 or (ii) January 1 and July 1, commencing January 1, 2024, as described herein. See “THE BONDS – Payment of the Bonds” herein.

The Bonds will be issued in book-entry form only, in denominations of \$5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by the Sacramento County Director of Finance, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry Only System.”

The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Redemption” herein.

The District has applied for a policy municipal bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds when due and will decide prior to the issuance of the Bonds whether to purchase such insurance. No assurance can be given as to whether the District will obtain such a policy, and, if so, whether such policy will cover all or fewer than all of the Bonds.

MATURITY SCHEDULES
 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.

* Preliminary; subject to change.

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.

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, Nixon Peabody, LLP, San Francisco, California. 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 November __, 2023.



The Date of this Official Statement is: _____, 2023.

MATURITY SCHEDULES

\$ _____
Sacramento City Unified School District
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series A

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>(785870)¹</u>
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\$ _____
Sacramento City Unified School District
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series B

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>(785870)¹</u>
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¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter, or their agents or counsel assumes responsibility for the accuracy of such numbers.

\$ _____
Sacramento City Unified School District
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series C

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP¹</u> <u>(785870)</u>
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\$ _____
Sacramento City Unified School District
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series D

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP¹</u> <u>(785870)</u>
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\$ _____
Sacramento City Unified School District
(Sacramento County, California)
2023 General Obligation Refunding Bonds, Series E

<u>Maturity</u> (August 1)	<u>Principal</u> Amount	<u>Interest</u> Rate	<u>Yield</u>	<u>CUSIP¹</u> (785870)
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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento County, State of California

Board of Education

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

District Administrators

Lisa Allen, *Interim Superintendent*
Mary Hardin Young, *Interim Deputy Superintendent*
Yvonne Wright, *Chief Academic Officer*
Janea Marking, *Chief Business and Operations Officer*
Brian Heap, *Chief Communications Officer*
Cancy McArn, Ed.D. *Chief Human Resources Services Officer*
Bob Lyons, *Chief Information Officer*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Dale Scott & Company
San Francisco, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

Escrow Agent

U.S. Bank Trust Company, 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, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2023 GENERAL OBLIGATION REFUNDING BONDS**

Consisting of

\$ _____ [*] 2023 General Obligation Refunding Bonds, Series A	\$ _____ [*] 2023 General Obligation Refunding Bonds, Series B
\$ _____ [*] 2023 General Obligation Refunding Bonds, Series C	
\$ _____ [*] 2023 General Obligation Refunding Bonds, Series D	\$ _____ [*] 2023 General Obligation Refunding Bonds, Series E

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

The District proposes to issue \$ _____^{*} aggregate principal amount of its 2023 General Obligation Refunding Bonds, Series A (the “Series A Bonds”) in order to (i) refund all or a portion of its Outstanding General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the “2013 Series A Bonds”) and (ii) pay all legal, financial and contingent costs in connection with the issuance of the Series A Bonds. See “PLAN OF FINANCE – The Refunding” herein. The 2013 Series A Bonds were issued pursuant to authorizations for the issuance and sale of not to exceed (i) \$346,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on November 6, 2012 (“Measure Q”) and (ii) \$68,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on November 6, 2012 (“Measure R”).

Refunding bonds are not counted against Measure Q or Measure R and therefore, the District may issue the Series A Bonds, as well as additional refunding bonds in the future, to refund outstanding general obligation bonds issued pursuant to Measure Q and Measure R.

The \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series B (the “Series B Bonds”), the \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series C (the “Series C Bonds”), the \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series D (the “Series D Bonds”) and the \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series E (the “Series E Bonds” and together with the Series B Bonds, the Series C Bonds and the Series D Bonds, the “Tender Refunding Bonds”) are being issued by the District to (i) purchase certain maturities of certain outstanding bonds of the District described herein (the “Target Bonds”) pursuant to an invitation to the owners of such Target Bonds and (ii) pay certain costs of

^{*} Preliminary; subject to change.

issuance associated with the Tender Refunding Bonds, as more fully described herein below and under the caption “PLAN OF FINANCE – The Tender Offer.”

The Tender Refunding Bonds and the Series A Bonds are referred to herein collectively as the “Bonds.”

The District, with the assistance of Loop Capital Markets LLC, as dealer manager (the “Dealer Manager”), has released an “Invitation to Tender made by the Sacramento City Unified School District” dated _____, 2023 (the “Tender Offer”) inviting owners of the Target Bonds to tender such bonds for purchase by the District. The Tender Offer, unless extended or cancelled, is expected to expire on _____, 2023 (the “Expiration Date”). The District will purchase all of the Target Bonds tendered for purchase and accepted by the District pursuant to the Notice of Acceptance of Tendered Bonds, expected to be dated _____, 2023*. Such tender is expected to close concurrently with the issuance of the Bonds and the District’s ability to fund the tender of such purchased Targeted Bonds is contingent on the issuance of the Bonds. See “PLAN OF FINANCE – Tender Offer.”

The Bonds have a co-equal lien on the *ad valorem* property taxes levied to pay debt service thereon with each other and with all other 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 York (“DTC”) is the registered owner of the Bonds and DTC’s book entry-method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. See “THE BONDS – Description of the Bonds” herein.

The District

The District is located in Sacramento County, California (the “County”) and spans 70 square miles. The District was established in 1854 and, as of fiscal year 2022-23, is the 12th largest school district in the State of California (the “State”), as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the capital of the State, the City of Sacramento (the “City”). The District operates forty-two elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five dependent charter schools) and forty-two children’s centers/preschools. The average daily attendance (“ADA”) for the District for fiscal year 2023-24 is budgeted to be approximately 33,586 students and the District has a 2023-24 total assessed valuation of \$_____. The audited financial statements for the District for the fiscal year ended June 30, 2022 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

* Preliminary; subject to change.

District operations as well as the supervision of the District's other key personnel. See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT – Board of Education" and " – Key Personnel" herein.

Sources of Payment for the Bonds

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

Continuing Disclosure

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

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. U.S. Bank Trust Company, National Association, San Francisco, California, is acting as escrow agent for the Bonds. Dale Scott & Company, San Francisco, California, is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Nixon Peabody LLP, San Francisco, California, 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 _____, 2023.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on _____, 2023 (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

Purpose of Issue

The net proceeds of the Series A Bonds will be applied to refund all or portion of the outstanding 2013 Series A Bonds. See “PLAN OF FINANCE – The Refunding” herein. The net proceeds of the Tender Refunding Bonds will be applied to purchase all of the Target Bonds tendered and accepted for purchase by the District. See “PLAN OF FINANCE – The Tender Offer” 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 A Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds is payable commencing February 1, 2024, and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date” with respect to the Series A Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds).

Interest on the Series B Bonds is payable commencing January 1, 2024, and semiannually thereafter on January 1 and July 1 of each year (each, an “Interest Payment Date” with respect to the Series B Bonds).

Principal of the Series A Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds is payable on August 1 of each year as shown on the inside front cover pages hereof until maturity or the earlier redemption thereof.

Principal of the Series B Bonds is payable on July 1 of each year as shown on the inside front cover pages hereof until maturity or the earlier redemption thereof.

The Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rate applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the “Record Date”). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Record Date, in which event interest shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date in which event interest shall be payable from its Dated Date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption *

Optional Redemption. The Series __ Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective maturity dates. The Series __ 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 of the Series __ Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

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

* Preliminary; subject to change.

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

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

* Maturity.

In the event that a portion of the Series __ 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 __ Bonds optionally redeemed.

Selection of Bonds for Redemption

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

Notice of Redemption

When redemption is authorized, the Paying Agent, 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 Bonds at least 20 but not more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the 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 Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount, as appropriate, of such Bond to be redeemed, (g) the original issue date, interest rate and stated maturity date of each 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 Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of 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 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 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

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

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

Transfer and Exchange

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

Defeasance

If 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 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 Resolution 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 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”), substantially in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. See “CONTINUING DISCLOSURE” herein and APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

<i>Sources of Funds</i>	Series A Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds	Total
Principal Amount of Bonds						
Original Issue Premium						
Total Sources						
<i>Uses of Funds</i>						
Deposit to Escrow Fund						
Purchase of Target Bonds						
Costs of Issuance ⁽¹⁾						
Total Uses						

⁽¹⁾ Includes Underwriter’s discount, Bond and Disclosure Counsel fees, Dealer-Manager fees, bond insurance premium, if any, municipal advisory fees, paying 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 County by school and community college districts located in the County, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County Treasury. The County invests moneys of school and community colleges over which it has jurisdiction in its pooled investment fund (the “Investment Pool”).

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

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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 (July 1/ August 1) ¹	Series A Bonds		Series B Bonds		Series C Bonds		Series D Bonds		Series E Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
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											
2049											
2050											
2051											
2052											
Total											

¹ The bond year ends August 1 in each year with respect to the Series A Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds and July 1 in each year with respect to the Series B 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 2013 Series A Bonds, the General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series B (Qualified School Construction Bonds) (Taxable) ("2013 Series B Bonds"), the 2014 General Obligation Refunding Bonds ("2014 Refunding Bonds"), the 2015 General Obligation Refunding Bonds ("2015 Refunding Bonds"), the General Obligation Bonds (Measure Q) (Election of 2012), 2015 Series C-1 (Tax-Exempt) ("2015 Series C Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D ("2016 Series D Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E (2017 Series E Bonds"), the General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C ("2017 Series C Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F ("2018 Series F Bonds"), the General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D ("2019 Series D Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G ("2021 Series G Bonds") the 2021 General Obligation Refunding Bonds ("2021 Refunding Bonds"), the General Obligation Bonds, Election of 2020 (Measure H), 2022 Series A ("2022 Series A Bonds") and 2022 General Obligation Refunding Bonds ("2022 Refunding Bonds") and the Bonds.

All or a portion of the outstanding 2013 Series A Bonds are expected to be refunded by the Series A Bonds described herein. See "PLAN OF FINANCE – The Refunding." Certain maturities of the 2015 Refunding Bonds, 2015 Series C Bonds, 2016 Series D Bonds, 2017 Series C Bonds, 2017 Series E Bonds, 2019 Series D Bonds and 2022 Series A Bonds are the Target Bonds being offered to be tendered for purchase pursuant to the Tender Offer and, if tendered and accepted by the District, may be refunded from proceeds of the Tender Refunding Bonds. See "PLAN OF FINANCE – The Tender Offer."

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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⁾	2014 Refunding Bonds ⁽²⁾	2015 Refunding Bonds ⁽²⁾	2015 Series C Bonds ⁽³⁾	2016 Series D Bonds ⁽³⁾	2017 Series E Bonds ⁽³⁾	2017 Series C Bonds ⁽³⁾	2018 Series F Bonds ⁽³⁾	2019 Series D Bonds ⁽³⁾	2021 Series G Bonds	2021 Series Refunding Bonds	2022 Series A Bonds	2022 Series Refunding Bonds	Total
2024	\$5,225,000	\$966,138	\$3,926,667	\$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	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	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	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	-	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	-	6,829,000	4,683,900	809,300	5,653,750	594,800	-	1,238,575					
2030	7,015,000	969,938	3,926,667	-	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	-	-	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⁾																

- (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, 2021-2037 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 is authorized to issue refunding bonds to refund its outstanding general obligation bonds (including general obligation refunding bonds) or to purchase its outstanding general obligation bonds to be refunded 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 Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Under the Resolution, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* property tax which the County levies and receives and all interest earnings thereon (the “Pledged Moneys”). The Pledged Moneys shall be used to pay the principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable.

The Bonds are the general obligations of the District, payable solely from Pledged Moneys and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

PLAN OF FINANCE

The Refunding

The District intends to apply the net proceeds of the sale of the Series A Bonds to (i) refund the 2013 Series A Bonds maturing on August 1, 20__ through August 1, 20__, inclusive (the “Refunded Bonds”), and (ii) pay the costs of issuance of the Series A Bonds.

Upon the issuance of the Series A Bonds, the District will deposit the net proceeds of the Series A 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 Trust Company, National Association, as escrow agent (the “Escrow Agent”) thereunder, in order to redeem the Refunded Bonds on February __, 2024 (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, 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 be discharged. Amounts deposited into the Escrow Fund are not available to pay debt service on the Bonds.

The Tender Offer

Concurrently with the issuance and sale of the Series A Bonds, the District, with the assistance of the Dealer Manager, has released the Tender Offer inviting owners of the Target Bonds listed in the Tender Offer and described in the tables below to tender such bonds for purchase by the District. Such purchase of tendered bonds is intended to be financed with the net proceeds of the Tender Refunding Bonds. The purpose of the Tender Offer is to refund the Target Bonds on the date of issuance of the Tender Refunding Bonds (the “Settlement Date”) in order to produce present value debt service savings.

As set forth in the Tender Offer, the owners of the Target Bonds may tender such Target Bonds for cash and, subject to the conditions set forth therein, the District intends to purchase the Target Bonds that are accepted for purchase pursuant to the terms and at the purchase prices set forth in the Tender Offer, as confirmed in a related Pricing Notice dated ____, 2023 and a related Notice of Acceptance of

Tendered Bonds dated _____, 2023, each as available on EMMA. The Target Bonds purchased pursuant to the Tender Offer (the “Purchased Target Bonds”) are expected to be refunded and cancelled on the Settlement Date and shall no longer be deemed outstanding under their authorizing resolutions. Funds to pay the purchase price of the Purchased Target Bonds, and to pay the costs of the Tender Offer, are expected to be provided from the proceeds of the Tender Refunding Bonds.

This section is not intended to summarize all of the terms of the Tender Offer and reference is made to the Tender Offer for a discussion of the terms of the Tender Offer and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase.

Based on the results of the Tender Offer, the Target Bonds listed in the Tender Offer may be (i) purchased pursuant to the Tender Offer, or (ii) remain outstanding.

The tendered Target Bonds accepted by the District for purchase, as more particularly described in the Tender Offer will be listed in the Official Statement. The Target Bonds are listed in the tables below. Subject to satisfaction of all conditions to the District’s obligation to purchase the Target Bonds tendered for purchase pursuant to the Tender Offer, payment by the District will be made through DTC on the Settlement Date. The District expects that, in accordance with DTC’s standard procedures, DTC will transmit the aggregate Purchase Prices (as described in the Tender Offer) to be paid for the Target Bonds tendered for purchase (plus accrued interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of bondowners for subsequent disbursement to the bondowners. The District, the Dealer Manager and the Information Agent and Tender Agent (as defined in the Tender Offer) have no responsibility or liability for the distribution of the Purchase Prices paid and accrued interest by DTC to DTC participants or by DTC participants to bondowners.

The District will purchase Purchased Target Bonds at their respective Purchase Prices in amounts expected to achieve the District’s financing goals. The District’s ability to fund the tender of such Purchased Target Bonds is based on the issuance of the Tender Refunding Bonds. **The issuance of the Tender Refunding Bonds is dependent on the results of the Tender Offer as described in this Official Statement.** The final decision to purchase any Target Bonds will be based upon market conditions associated with the sale of the Tender Refunding Bonds and other factors outside of the control of the District.

No assurances can be given that any bondholders will tender any portion of the Target Bonds and the District is not obligated to purchase any timely tendered Target Bonds. There can be no assurances that the Tender Offer will result in the tender or purchase of any of the Target Bonds.

The Target Bonds

The following tables show information with respect to the specific maturities of the Target Bonds which may be purchased with a portion of the net proceeds of the Target Refunding Bonds. Only the maturities of Target Bonds that are tendered and accepted for purchase by the District are considered Purchased Target Bonds. Following the Settlement Date, Purchased Target Bonds shall be cancelled and shall no longer be outstanding.

The proceeds of the Series B Bonds are intended to be applied to purchase the following Target Bonds:

**Sacramento City Unified School District
(County of Sacramento, California)
2015 General Obligation Refunding Bonds**

CUSIP ¹ (785870)	Maturity (July 1)	Principal Amount Outstanding
--------------------------------	----------------------	------------------------------------

The proceeds of the Series C Bonds are intended to be applied to purchase the following Target Bonds:

**Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds (Measure Q)
Election of 2012, 2015 Series C-1**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding
--------------------------------	------------------------	------------------------------------

**Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds,
Election of 2012 (Measure Q), 2016 Series D**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding
--------------------------------	------------------------	------------------------------------

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
 (County of Sacramento, California)
 General Obligation Bonds,
 Election of 2012 (Measure Q), 2017 Series E**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding
--------------------------------	------------------------	------------------------------------

The proceeds of the Series D Bonds are intended to be applied to purchase the following Target Bonds:

**Sacramento City Unified School District
 (County of Sacramento, California)
 General Obligation Bonds,
 Election of 2012 (Measure R), 2017 Series C**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding
--------------------------------	------------------------	------------------------------------

**Sacramento City Unified School District
 (County of Sacramento, California)
 General Obligation Bonds,
 Election of 2012 (Measure R), 2019 Series D**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding
--------------------------------	------------------------	------------------------------------

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The proceeds of the Series E Bonds are intended to be applied to purchase the following Target Bonds:

**Sacramento City Unified School District
(Sacramento County, California)
General Obligation Bonds,
Election of 2020 (Measure H), 2022 Series A**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding
--------------------------------	------------------------	------------------------------------

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.

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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.

The following tables presents the historical assessed valuation in the District since fiscal year 2012-13. The District’s total assessed valuation is \$ _____ for fiscal year 2023-24.

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

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

⁽¹⁾ Includes the secured assessed valuation of utility property and excludes the unitary assessed valuation of utility property, both as determined by the State Board of Equalization.

Source: *California Municipal Statistics, Inc.*

Economic and other factors beyond the District’s control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See “SECURITY FOR THE BONDS.”

Natural Disasters Impacting Assessed Valuations

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

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

On March 24, 2023, as a result of rain and snowfall in the State, Governor Newsom rolled back many of the water use restrictions in his previous drought-related executive orders but left in place certain measures aimed at wasteful water uses as well as preserving ground water supplies.

Currently, according to the U.S. Drought Monitor, approximately 93% of the State is experiencing no drought, approximately 6% of the State is experiencing Abnormally Dry conditions, and approximately 1% of the State is experiencing Moderate Drought. The District cannot predict if or when water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. During the summer of 2020, California experienced large-scale wildfires in several portions of the State. The District was not materially impacted by recent wildfires.

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

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

Climate Change. Climate change caused by human activities may have adverse effects on the property within the boundaries of the District. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts and wildfires as well as increased risk of flooding and a rise in sea levels. Projections of the impacts of global climate change are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The occurrence of natural disasters within the boundaries of the District could result in substantial damage to property within the District (including District properties) and, in turn, could substantially reduce assessed valuations of such property.

Change in Economic Conditions. The outbreak of COVID-19 and the corresponding measures to prevent its spread caused widespread unemployment and economic slowdown in the United States, the State and the County. Such economic slowdown created risk for economic recession or depression or a general market decline in real estate values which in turn could have led to a reduction of assessed values in the District.

The District cannot make any representation regarding the effects that COVID-19, drought, flooding, change in economic conditions, caused by pandemic or otherwise, fire conditions, earthquakes, or other natural disasters has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to economic activity, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Re-assessments and Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 (“Proposition 8”), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article 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. However, any reduction in assessed value within the District would simply increase the tax rate necessary to pay the Bonds and any outstanding general obligations bonds of the District. The Board of Supervisors of the County is

obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on outstanding general obligation bonds of the District.

Assessed Valuation by Jurisdiction

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

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

<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>
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Source: *California Municipal Statistics, Inc.*

Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use.

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

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

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2023-24, including the median and average assessed value per single family parcel. According to [source], the median sales price of a single family home in _____, 2023, was \$_____.

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

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

Largest Taxpayers

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

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

⁽¹⁾ 2023-24 local secured assessed valuation: \$_____.
Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for 2023-24 account for ____% of the secured assessed value in the District which is \$_____. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for 2023-24 was _____, accounting for ____% of the total secured assessed value in the District. No other secured taxpayer accounted for more than ____% 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 2018-19 through 2022-23:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Typical Tax Rate per \$100 Assessed Valuation (TRA 3-005)⁽¹⁾
Fiscal Years 2018-19 through 2022-23

Jurisdiction	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	0.0131	0.0232	0.0223	.0249	
Sacramento City USD	<u>0.1164</u>	<u>0.1139</u>	<u>0.1171</u>	<u>.0918</u>	
Total	1.1295	1.1371	1.1394	1.1167%	

⁽¹⁾ 2022-23 assessed valuation of TRA 3-005 is \$ _____ which is _____% of the District's total assessed valuation.

Source: *California Municipal Statistics, Inc.*

The Teeter Plan

The Board of Supervisors of the County in 1993 approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan for the County, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County.

Tax Levies and Delinquencies

The table below summarizes the annual secured tax levy and delinquencies within the District as of June 30 for fiscal years 2017-18 through 2021-22. The County has adopted the Teeter Plan. As a result, the District's receipt of property taxes is not subject to delinquencies so long as the Teeter Plan remains in effect.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Secured Tax Charges Fiscal Years 2017-18 through 2021-22

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30 ⁽²⁾	% Del. June 30 ⁽²⁾
2017-18	\$38,637,596	\$388,774	1.01%
2018-19	39,103,684	328,227	0.84
2019-20	41,260,741	496,589	1.20
2020-21			
2021-22			

⁽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 _____, 2023:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness
Dated as of _____, 2023

-
- (1) Excludes the Bonds to be sold, but includes the Refunded Bonds and the Target 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 school districts through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant is \$7,643 per unit of ADA, which is \$2,375 more than the average revenue limit. A Base Grant is assigned to each of four grade spans. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

For fiscal year 2023-24, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) \$10,951 per ADA for kindergarten through grade 3; (b) \$10,069 per ADA for grades 4 through 6; (c) \$10,367 per ADA for grades 7 and 8; and (d) \$12,327 per ADA for grades 9 through 12.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2023-24, a 8.22% COLA was included. See "-- State Budget Measures – 2023-24 State Budget" for information regarding the COLA for fiscal year 2023-24. 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 enrollment (California Basic Educational Data System Actual) and ADA (second principal apportionment) for fiscal years 2011-12 through 2022-23.

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

Fiscal Year	Enrollment	ADA
2011-12	43,426	41,131
2012-13	42,623	40,449
2013-14	41,638	39,985
2014-15	41,026	38,891
2015-16	41,027	38,837
2016-17	41,079	38,730
2017-18	40,852	38,578
2018-19	40,660	38,425
2019-20	40,428	38,205
2020-21	39,003	38,220
2021-22	38,045	32,673
2022-23	37,289	33,727

Source: *The District*.

Declining Enrollment. As shown in the table above, the District has been experiencing declining in enrollment for over a decade. The District projects and has budgeted continuing enrollment decline of approximately 0.5% over the next two fiscal years, as reflected in its fiscal year 2023-24 budget and as shown in the following table. The District attributes the decline in enrollment to local demographic shifts including a decline in birth rates and families moving out of State, as well competing charter schools within the District’s territory. See “DISTRICT FINANCIAL INFORMATION – District Budgets” for a discussion of the impact of declining enrollment, among other factors, on the District’s financial condition.

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

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

Fiscal Year	ADA					Enrollment		
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of Unduplicated Count	% of FRPM Enrollment
2022-23					33,727	37,289	70.39%	
2023-24 ¹					33,586	36,506	69.82	
2024-25 ²					33,414	36,320	69.82	
2025-26 ²					33,244	36,135	69.82	

¹ Budgeted.

² Projected.

Source: *The District*.

Due to the COVID-19 pandemic and related State budget-implementing legislation, California school districts, other than certain charter school districts, were held harmless against any loss of ADA for purposes of calculating apportionment in the 2020-21 fiscal year, with ADA for purposes of calculation of state funding based on ADA for fiscal year 2019-20. Additionally, due to State-wide declining enrollment trends, additional hold harmless measures have been instituted to shelter school districts from large annual revenue losses. For fiscal year 2021-22, ADA for funding purposes was based on ADA for fiscal year 2019-20. The fiscal year 2022-23 budget for the State permits schools districts, on an on-going basis, to use the greater of the current year or prior year ADA or an average of the three prior years’ ADA to calculate LCFF funding. Due to the declining enrollment trends, the District calculates funded ADA based on the average of the prior three years’ ADA. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures.”

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants will be multiplied by such district’s P-2 ADA for the current 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 State Legislature to school districts.

Certain schools districts, known as “basic aid” districts, have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as basic aid, and does not expect to in future fiscal years.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school district can use supplemental or concentration funding on a school-wide or district-wide basis.

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

Support and Intervention. AB 97 (2013), as amended by SB 91 (2013), establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district’s LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

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

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

Revenue Sources

The District categorizes its General Fund revenues into four sources. The annual percentage of revenue by each source for the most recent three fiscal years, estimated for fiscal year 2022-23 and budgeted for fiscal year 2023-24 is set forth in the table below.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source**

Revenue Source	2019-20	2020-21	2021-22	2022-23 ⁽¹⁾	2023-24 ⁽²⁾
LCFF sources	74.7%	67.2	62.3%	58.1%	69.8%
Federal revenues	9.4	19.0	19.4	18.0	13.8
Other State revenues	14.1	12.2	16.8	22.6	15.5
Other local revenues	1.8	1.6	1.0	1.3	0.9

⁽¹⁾ Based on the 2022-23 Estimated Actuals.
⁽²⁾ Based on the Adopted Fiscal Year 2023-24 Budget.
Source: *The District*.

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

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

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

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid, School Improvement Program, instructional materials, and various block grants.

The District receives State aid from the California State Lottery (the “Lottery”), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, interagency services and other local sources.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees are \$3.36 per square foot for residential housing and \$0.54 per square foot for commercial or industrial development. The following table sets forth developer fee collections by the District for the last five fiscal years and the projected developer fee collections for the current fiscal year. Developer fees collected by the District are not available to be used to pay principal of or interest on the Bonds.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Developer Fee Collections

Fiscal Year	Developer Fees Collected
2019-20	\$6,208,728.19
2020-21	5,266,712.66
2021-22	8,161,150.00
2022-23 ⁽¹⁾	4,566,925.86
2023-24 ⁽²⁾	3,885,000.00

⁽¹⁾ Estimated.

⁽²⁾ Budgeted.

Source: *The District*.

COVID-19 and its Economic Impact

In late 2019, an outbreak of COVID-19, a respiratory virus, initially occurred in China and subsequently spread globally. The global outbreak, together with measures undertaken to limit the spread of COVID-19 imposed by local and federal governments, caused volatility in financial markets as well as operating restrictions upon many businesses. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and increases in inflation as these restrictions and closures have been lifted.

Federal Response. On March 13, 2020, in response to the COVID-19 outbreak, then President Trump declared a national emergency, making available more than \$50 billion in federal resources to combat the spread of COVID-19. Contemporaneously, Congress enacted and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) to provide relief and stimulus to American businesses and individuals impacted by COVID-19. The CARES Act also designated \$339.8 billion for state and local governments with \$274 billion for COVID-19 response efforts as well as an additional \$13 billion for K-12 schools. In order to provide extensions to certain benefits previously provided under the CARES Act, as well as address ongoing economic impacts of the COVID-19 pandemic, in December, 2020, the federal government enacted the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSA”) which included \$900 billion of coronavirus emergency response and relief including \$54.3 billion for K-12 schools and \$22.7 billion for higher education. In March, 2021, President Biden signed a \$1.9 trillion stimulus package (the “American Rescue 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 January 31, 2023, the Biden Administration announced that the United States would end its COVID-19 emergency declarations on May 11, 2023.

State Response. In response to the outbreak of COVID-19 in the State, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency. On March 19, 2020, Governor Newsom issued

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

As a result of the various regulations imposed in order to slow the spread of COVID-19, economic activity within the State, the County and the community around and within the District suffered episodes of recession and/or depression. Generally, a majority of the State’s General Fund revenue is derived from personal income tax receipts. However, the fiscal year 2021-22 budget for the State and the 2022-23 State Budget (defined below) indicated increases in State revenues during the COVID-19 pandemic. The 2023-24 State Budget (defined below), however, forecasts revenues decreasing from recent years. See “See “ – State Budget Measures – 2023-24 State Budget” for additional information regarding State revenues in fiscal year 2023-24.

Impact of COVID-19 on California School Districts

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

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

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

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

The District cannot predict the extent or duration of another COVID-19 outbreak or what impact it may have on the District's General Fund revenues. However, the Bonds are general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the General Fund of the District. See "SECURITY FOR THE BONDS" herein.

Budget Procedures

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing schools districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations, and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial

obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The table below presents the interim certifications for the District for each reporting period in the last five years.

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

Source: *The District*.

2018-19 Budget Disapproval and Initial County Oversight

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

Implementation of Fiscal Recovery Plans

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

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

The District’s fiscal year 2021-22 budget included a positive ending fund balance and met the statutory 2% unrestricted reserve requirement but included ongoing unrestricted General Fund deficit

spending. SCOE, determining that the 2021-22 budget did not provide adequate assurance that the District was a going concern, conditionally approved the District's 2021-22 budget with the condition that the District approve a Fiscal Recovery Plan by December 15, 2021, noting decreasing enrollment, unsettled collective bargaining agreements and the use of significant one-time funds, all of which could increase deficit spending in future years.

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

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

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

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

Similar to fiscal year 2022-23, the District's fiscal year budget 2023-24 also includes positive unrestricted General Fund ending balances and a generally improved financial position. The Fiscal Advisor remains in place, however, to assist the District in maintaining its balanced budgets and overall financial health. The District continues to appreciate declining enrollment as well as the expenditure of one-time funds and the need to terminate programs thereafter.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the General Fund of the District. See "SECURITY FOR THE BONDS" herein.

FCMAT Fiscal Health Risk Analysis

In furtherance of its work to bring its budget into structural balance, in September 2018, the District entered into an agreement with the Financial Crisis Management Assistance Team ("FCMAT") for FCMAT to conduct a fiscal health risk analysis and determine the risk rating of the District. On December 12, 2018, FCMAT delivered its fiscal health risk analysis (the "Fiscal Health Risk Analysis") which recommended that the District take immediate action to avoid further erosion of the District's reserves. In the Fiscal Health Risk Analysis, FCMAT identified several signs of fiscal distress for the District, including deficit spending, substantial reductions in fund balance, inadequate reserve levels,

approval of a bargaining agreement beyond cost-of-living adjustments, large increases in contributions to restricted programs (especially in special education), lack of a strong position control system, and leadership issues. FCMAT reviewed twenty fiscal indicator sections in its analysis, noting that districts that respond “No” to several fiscal indicator questions across the twenty sections may have cause for concern and could require some level of fiscal intervention. FCMAT noted that in light of the District’s most recent cash flow projections, there was urgency to make \$30 million in reductions to balance the budget for fiscal year 2019-20. FCMAT’s oversight and review of the District ended after the Fiscal Health Risk Analysis was presented to the Board in December, 2018.

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

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

The District undertakes regular updates of the steps it is undertaking to address the weaknesses identified in the Fiscal Health Risk Analysis, including in each of its interim financial reports. As of March, 16, 2023, the most recent update, the District has completed addressing 45 findings with 15 findings remaining underway.

FCMAT Management Assistance

In May, 2020, the District and FCMAT entered into an agreement for FCMAT to review the District’s budget and develop an independent multiyear financial projection and cash flow analysis for fiscal year 2019-20 and the two subsequent fiscal years, to determine whether the District would need an emergency appropriation from the State. FCMAT issued a set of recommendations to the District and found that if internal borrowing and external borrowing options were not available and the District did not receive an exemption from the proposed State apportionment deferrals for fiscal year 2020-21, an emergency appropriation from the State would be likely. FCMAT also found that even if borrowing options were available and a deferral exemption were granted, without substantial corrective action to the District budget, an emergency appropriation from the State would be likely necessary in fiscal year 2021-22. The District was able to implement fiscal recovery measures and did not need an emergency appropriation from the State in fiscal year 2020-21, 2021-22 or 2022-23 and does not project the need for an emergency appropriation in fiscal years 2023-24.

State Audit

The California Joint Legislative Audit Committee directed that a state auditor conduct a performance audit (the “State Audit”) of the District’s finances for the five fiscal years and identify current causes of the District’s fiscal distress. The State Audit was released in December 2019, finding that the District failed to take sufficient action to control its costs in three main areas—teacher salaries, employee benefits, and special education. The State Audit found that the District (i) increased its spending by \$31 million annually when it approved a new labor contract with its teachers union, SCTA, in 2017, despite warnings from SCOE that it could not afford the agreement, (ii) failed to control the costs

of its employee benefits, which increased by 52 percent from fiscal years 2013–14 through 2017–18, and (iii) lacked clear policies to guide staff on appropriate expenditures for special education, limiting its ability to control such costs.

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

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

Comparative Financial Statements

The District’s General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 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 2021-22 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 2018-19 through 2021-22 and the adopted budget and current projections for fiscal year 2022-23, per the estimated actual financial results and the adopted 2023-24 budget.

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

	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	Audited Actuals 2020-21 ¹	Adopted Budget 2021-22 ¹	Audited Actuals 2021-22 ¹	Adopted Budget 2022-23 ²	Estimated Actuals 2022-23 ³	Adopted Budget 2023-24 ³
REVENUES											
LCFF Sources	\$398,504,903	\$398,672,584	\$411,797,231	\$413,709,116	\$412,231,565	\$412,682,736	\$432,750,059	\$391,424,149	\$456,323,702	\$484,070,664	\$502,824,980
Federal	53,970,361	47,850,158	66,583,550	51,917,179	116,834,764 ⁴	106,543,983 ⁴	46,193,654	120,733,568 ⁴	91,620,567	150,306,320 ⁴	99,571,861
Other State	67,215,792	91,644,448	72,319,786	78,372,218	75,048,088	99,545,932	73,939,718	104,713,852	133,686,719	188,266,041	112,240,920
Other Local	6,694,121	11,661,233	9,090,755	9,950,079	9,685,814	7,979,528	6,385,645	5,974,394	8,258,946	10,412,472	6,184,125
Total Revenues	526,385,177	549,828,423	559,791,322	553,948,592	613,800,231	626,752,179	559,269,076	622,845,963	689,889,934	2,185,812,381	720,821,886
EXPENDITURES											
Current											
Certificated Salaries	210,175,812	211,749,238	222,800,621	209,808,827	215,532,888	213,345,658	225,805,852	237,235,646	242,978,512	237,841,029	249,366,493
Classified Salaries	66,138,347	63,096,658	62,778,941	60,163,620	58,460,874	62,484,309	61,720,315	76,904,101	70,677,912	69,463,619	77,482,308
Employee Benefits	172,109,818	186,303,443	177,606,806	175,948,151	181,174,974	177,007,077	189,329,145	185,060,292	215,767,200	202,024,367	221,046,732
Books and Supplies	22,899,370	14,459,073	41,196,691	11,145,790	101,259,537	56,495,308	29,444,199	26,193,255	29,337,531	56,719,881	39,153,365
Services, Other											
Operating Expenses	82,011,585	70,305,279	75,194,802	65,548,240	84,007,765	76,546,897	82,045,873	103,385,895	85,526,262	158,484,439	111,859,298
Other Outgo	--	689,233	471,000	1,150,697	1,100,000	1,265,463	(150,180)	1,473,819	1,540,000	1,540,000	1,510,300
Other Outgo – Transfers of Indirect Costs	--	--	--	--	--	--	--	--	(1,191,588)	(1,471,827)	(1,277,770)
Capital outlay	5,328,453	6,855,740	627,792	8,361,223	484,435	4,423,302	1,781,522	9,148,969	5,429,251	39,740,288	946,177
Debt service- principal	2,626,713	31,643	10,300	2,280	--	--	--	--	--	--	--
Debt service - interest	2,378,333	808	--	--	--	--	--	--	--	--	--
Total Expenditures	563,668,431	553,491,115	580,686,953	532,129,368	642,020,473	591,568,014	589,976,726	639,401,977	650,065,110	764,395,796	700,086,904
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(37,283,254)	(3,662,692)	(20,895,631)	21,819,224	(28,220,242)	35,184,165	(30,707,650)	(16,556,014)	42,167,249	68,659,700	20,734,982
OTHER FINANCING SOURCES (USES)											
Transfers in	4,208,003	3,850,573	4,022,539	3,598,304	3,798,264	3,181,213	2,316,301	3,162,296	2,342,426	2,342,426	2,475,399
Transfers out	(2,875,207)	(1,719,449)	(1,833,785)	(2,698,262)	(1,981,864)	(5,507,272)	(266,000)	(2,660,202)	--	1,125,524	--
Proceeds from sale of land	--	1,360,162	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	1,332,796	3,491,286	2,188,754	1,114,503	1,816,400	(2,326,059)	2,050,301	502,094	2,342,426	1,216,884	2,475,399
NET CHANGE IN FUND BALANCES	(35,950,458)	(171,406)	(18,706,877)	22,719,266	(26,403,842)	32,858,106	(28,657,349)	(16,053,920)	44,509,675	69,876,584	23,210,381
Fund Balance, July 1	70,500,751	70,500,751	70,329,345	70,329,345	93,048,611	93,048,611	125,906,717	125,906,717	67,291,485	109,852,797	181,629,916
Fund Balance, June 30	\$34,550,293	\$70,329,345	\$51,622,468	\$93,048,611	\$66,644,769	\$125,906,717	\$97,249,368	\$109,852,797	\$109,458,734	\$179,729,381	\$204,840,297

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

² From Fiscal Year 2022-23 Adopted Budget of the District.

³ From Fiscal Year 2023-24 Adopted Budget of the District as of the 45-Day Revised Budget.

⁴ Includes one-time COVID relief funds.

Source: *The District*.

General Fund Balance Sheet

The following table reflects the District's audited General Fund balance sheet for fiscal years 2017-18 to 2021-22.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT GENERAL FUND Summary of General Fund Balance Sheet for Fiscal Years 2017-18 through 2021-22

	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22
ASSETS					
Cash and Investments:					
Cash in County Treasury	\$75,050,277	\$74,722,121	\$48,227,154	\$158,261,952 ⁴	\$205,714,672 ⁴
Cash on Hand and in Banks	281,217	67,519	85,883	65,145	42,883
Cash in Revolving Fund	225,000	225,000	225,000	225,000	225,000
Accounts Receivable	8,656,692	8,707,218	64,707,798 ¹	25,914,449	32,178,242
Prepaid Expenditures	12,730	19,306	--	--	16,100
Due from Other Funds	4,117,257	5,970,784	2,814,637	5,121,124	2,946,568
Due from Grantor Governments	16,311,650	23,390,594	24,179,665	37,009,626	33,790,821
Stores Inventory	108,722	104,845	104,537	104,480	105,262
Total Assets	104,763,545	113,207,387	140,344,674	226,701,776	275,019,548
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	26,947,248	30,947,183	40,063,484 ²	80,414,899	81,311,912
Due to Grantor Governments	--	--	--	2,066,651	65,820,039 ³
Unearned Revenue	6,567,313	10,438,729	5,597,401	10,583,206	13,077,997
Due to Other Funds	748,233	1,492,130	1,635,178	7,720,303	4,956,803
Total Liabilities	34,262,794	42,878,042	47,296,063	100,795,059	165,166,751
FUND BALANCES					
Total Fund Balances	70,500,751	70,329,345	93,048,611	125,906,717	109,852,797
Total Liabilities and Fund Balances	\$104,763,545	\$113,207,387	\$140,344,674	\$226,701,776	\$275,019,548

¹ Increased Accounts Receivables in fiscal year 2019-20 was due to the deferral of both LCFF revenue and AB602 Special Education revenue from June 2020 to July 2020 by the State.

² Increased Accounts Payable in fiscal year 2019-20 due to an adjustment to the Education Protection Account ("EPA") revenues by the State which increased the allocation of Principal Apportionment funds and decreased allocation of EPA funds which led to an overpayment of EPA funds and underpayment of Principal Apportionment funds to the District. The District recognized the overpayment within its accounts payable as an amount owed back to the State.

³ Footnote to come.

⁴ Includes one-time COVID relief funds.

Source: *The District*.

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Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information.

2022-23 State Budget. Governor Newsom signed legislation which enacted the budget for the State for fiscal year 2022-23 (the "2022-23 State Budget") on June 30, 2022. The 2022-23 State Budget projected approximately \$219.7 billion in General Fund revenues with a prior year balance of \$22.5 billion for total resources of \$242.2 billion, and \$234.4 billion in expenditures for fiscal year 2022-23. For fiscal year 2021-22, the 2022-23 State Budget estimated \$265.4 billion in resources and \$242.9 billion in expenditures. The 2022-23 State Budget projected \$37.2 billion in reserves including \$23.3 billion in the Budget Stabilization Account (the "BSA") for fiscal emergencies, \$900 million in the Safety Net Reserve, \$9.5 billion in the Public School Stabilization Account (the "PSSSA"), and an estimated \$3.5 billion in the State's operating reserve. For Fiscal Year 2022-23, the BSA was at its constitutional maximum (10% of General Fund revenues) requiring \$465 million to be dedicated for infrastructure investments in fiscal year 2022-23. Over the multi-year forecast period, the 2022-23 State Budget reflected \$8 billion in supplemental deposits split evenly between the BSA and the Safety Net Reserve. As a result of the deposits to the PSSSA, the 10% cap on school district reserves was projected to be applicable in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2022-23 State Budget prioritized one-time spending over ongoing spending, allocating 93% of discretionary funds to one-time spending. The 2022-23 State Budget provided an over \$17 billion broad-based relief package, including a refund of up to \$1,050 to benefit millions of Californians based on income level and the size of household. The relief package also included increased grants for the State's lowest income families and individuals, and additional funding for food banks.

The 2022-23 State Budget also addressed environmental matters facing California. The 2022-23 State Budget included \$1.2 billion to advance wildfire prevention and forest resilience investments and funded an additional 1,265 new positions to expand the State's wildfire response capacity. \$1.2 billion was included for immediate drought support with an additional \$1.5 billion deferred for allocation for long-term water resilience. The 2022-23 State Budget also allocated \$4.3 billion to provide energy reliability insurance through the development of a strategic reserve, protection to ratepayers, and accelerated deployment of clean energy projects, with an additional \$3.8 billion deferred for allocation in the summer of 2022 to further reliability and affordability and accelerate the State's clean energy future.

With respect to K-12 education, the 2022-23 State Budget included total funding of \$128.6 billion (\$78.6 billion General Fund and \$50 billion other funds) for all K-12 education programs. The 2022-23 State Budget estimated Proposition 98 funds of \$96.1 billion in fiscal year 2020-21, \$110.2 billion in fiscal year 2021-22, and \$110.4 billion in fiscal year 2022-23 for K-14 education programs. For K-12

schools, the result was Proposition 98 per pupil spending of \$16,993 in 2022-23, a \$3,017 increase over the fiscal year 2021-22 per pupil spending levels. Additionally, in the same period, per pupil spending from all sources increased to \$22,893 under the 2022-23 State Budget.

The 2022-23 State Budget included an LCFF COLA of 6.56%. Additionally, the 2022-23 State Budget included \$4.32 billion ongoing Proposition 98 funds to increase LCFF base funding by an additional 6.28%. The 2022-23 State Budget also included \$101.2 million ongoing Proposition 98 funds to augment LCFF funding for county offices of education.

To support school districts with a declining student population, the 2022-23 State Budget provided that school districts might use the greater of the current year or prior year ADA or an average of the three prior years' ADA to calculate LCFF funding. Further, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State Budget enabled school districts that can demonstrate they provided independent study offerings during fiscal year 2021-22 to be funded at the greater of their current year ADA or their current year enrollment adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year. The 2022-23 State Budget included \$2.8 billion of ongoing funding under Proposition 98 and \$413 million in one-time funding under Proposition 98 to implement these school fiscal stabilization policies.

Additional significant provisions of the 2022-23 State Budget relating to K-12 education included the following:

- *Learning Recovery Emergency Fund* – \$7.9 billion in one-time Proposition 98 funds to support learning recovery initiatives through the 2027–28 school year.
- *Arts, Music, and Instructional Materials Discretionary Block Grant* – \$3.6 billion one-time Proposition 98 funds for arts and music programs, standards-aligned professional development, instructional materials, developing diverse book collections, operational costs, and expenses related to the COVID-19 Pandemic.
- *Expanded Community School Model* – \$1.1 billion in Proposition 98 funds to expand the community school model and provide grants for high needs schools in communities with high levels of poverty.
- *Educator Workforce* – \$48.1 million for training and retention of well-prepared educators including waiving certain teacher examination fees, grants for integrated teacher preparation programs and operations support for the Commission on Teacher Credentialing.
- *Teacher and School Counselor Residencies* – \$250 million one-time Proposition 98 funds to expand residency slots for teachers and school counselors and eligibility for the Golden State Teacher Grant Program.
- *Educator Support for Science, Technology, Engineering, and Mathematics (STEM) Instruction* – \$85 million one-time Proposition 98 funds for the Next Generation Science Standards, the California Math Framework, the California Computer Science Standards, and the math and science domains of the California Preschool Learning Foundations.
- *State Preschool* – \$312.7 million in Proposition 98 funds and \$172.3 million in other funds to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health, \$250 million one-time Proposition 98 funds to support the Inclusive Early Education Expansion Program, \$300 million one-time Proposition 98 funds for

planning and implementation grants, \$166.2 million Proposition 98 funds to support the full-year costs of State preschool rate increases and \$148.7 million one-time funds to maintain reimbursement rate increases.

- *Transitional Kindergarten* – \$614 million in Proposition 98 funds for the first year of expanded eligibility for transitional kindergarten and \$383 million Proposition 98 funds to add one additional staff person to every transitional kindergarten class.
- *Expanded Learning Opportunities Program* – \$3 billion Proposition 98 funds to accelerate expanded-day, full-year instruction and enrichment focused on school districts with the highest concentrations of low-income students, English language learners, and youth in foster care.
- *Community Engagement Initiative* – \$100 million in Proposition 98 funds to further positive relationship building between school districts and local communities.
- *Special Education* – \$500 million in Proposition 98 funds for the special education funding formula, amending the special education funding formula to calculate special education base funding allocations at the local educational agency level, and consolidating the special education extraordinary cost pools into a single cost pool to simplify the current funding formula.
- *College and Career Pathways* – \$500 million in Proposition 98 funds to support the development of pathway programs focused on technology, health care, education, and climate-related fields and \$200 million in Proposition 98 funds to strengthen and expand student access and participation in dual enrollment opportunities.
- *Home-to-School Transportation* – \$637 million in Proposition 98 funds to reimburse school districts for up to 60% of their transportation costs in the prior year.
- *Zero Emission School Buses* – \$1.5 billion in Proposition 98 funds for greening school bus fleets.
- *Nutrition* – \$596 million in Proposition 98 funds for universal subsidized school meals, \$611.8 million in Proposition 98 funds to augment the state meal reimbursement rate, \$600 million in Proposition 98 funds for school kitchen infrastructure upgrades and equipment, food service employee training, and compensation related to serving fresh, minimally processed California-grown foods, and \$100 million in Proposition 98 funds for procurement practices for plant-based, restricted diet meals, California-grown or California-produced, sustainably grown, or whole or minimally processed foods, or to prepare meals fresh onsite.
- *K-12 School Facilities* – Approximately \$1.4 billion in Proposition 51 funds for school construction projects as well as \$1.3 billion in fiscal year 2021-22, \$2.1 billion in fiscal year 2023-24 and \$875 million in fiscal year 2024-25 for new construction and modernization projects, and \$100 million in fiscal year 2021-22 and \$550 million in fiscal year 2023-24 for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program.

2023-24 State Budget. The fiscal year 2023-24 budget for the State (“2023-24 State Budget”) was passed by the State Legislature on June 15, 2023. On June 28, 2023, the Governor signed Senate Bill 101, the State Budget Act of 2023, and on July 10, 2023, the Governor signed additional trailer bills, including Senate Bill 114 and Senate Bill 115, forming the complete substantive agreement of the 2023-24 State Budget. The 2023-24 State Budget, for the first time in several years, foresees a downturn in revenues and addresses an approximate \$31.7 billion budget shortfall. A balanced budget is

accomplished through spending reductions and pullbacks of previously planned spending, delays in spending, fund shifts, alternative revenues and borrowing and a withdrawal from the Safety Net Reserve.

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

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

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

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

- *Literacy* – \$250 million one-time Proposition 98 funds to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train and hire literacy coaches and reading specialists. Requires screening of students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year and provides \$1 million to convene a panel to create a list of approved screening instruments.
- *State Pre-School* – (1) \$343.1 million Proposition 98 funds and \$20,000 non-Proposition 98 funds from the 2022-23 fiscal year, (2) \$369.3 million Proposition 98 funds and \$126.1 million General Fund from the 2023-24 fiscal year, and (3) \$445.7 million Proposition 98 funds and \$186.5 million General Fund from the 2024-25 fiscal year. Suspends the annual COLA applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25. Revises the family fee schedule for the State Preschool Program beginning October 1, 2023, to: (1) limit family fees to one percent of a family's monthly income, and (2) prohibit the assessment of a fee for families with an adjusted monthly income below 75% of the state median income. Authorizes State Preschool Program family fee debt that accrued but remained uncollected prior to October 1, 2023 to be forgiven.
- *Educator Workforce* – \$10 million one-time Proposition 98 funds for grants to provide culturally relevant support and mentorship for educators to become school administrators.
- *Transitional Kindergarten* – \$357 million ongoing Proposition 98 funds to support the first year of expanded eligibility for TK and \$283 million Proposition 98 funds to support the first year of adding one additional certificated or classified staff person to every TK class, \$597 million

ongoing Proposition 98 funds to support the second year (2023-24 school year) of expanded eligibility for transitional kindergarten and \$165 million Proposition 98 funds to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

- *Arts, Music, and Instructional Materials Discretionary Block Grant* – Decreases one-time Proposition 98 fund for the grant by \$200 million, reducing total one-time program support from approximately \$3.5 billion to approximately \$3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately \$938 million ongoing Proposition 98 General Fund beginning in fiscal year 2023-24.
- *Learning Recovery Emergency Block Grant* – Delays approximately \$1.1 billion one-time Proposition 98 funds for the Learning Recovery Emergency Block Grant to fiscal years 2025-26, 2026-27, and 2027-28.
- *Zero-Emission School Buses* – Delays \$1 billion one-time Proposition 98 funds to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to fiscal years 2024-25 and 2025-26.
- *California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program* – Delays planned fiscal year 2023-24 \$550 million investment to fiscal year 2024-25.
- *School Facility Program* – Approximately \$2 billion one-time General Fund to support the School Facility Program in fiscal year 2023-24.
- *Nutrition* – Additional \$154 million ongoing Proposition 98 funds and an additional \$110 million one-time Proposition 98 funds to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.
- *Bipartisan Safer Communities Act, Stronger Connections Program* – \$119.6 million one-time federal funds to support LEA activities related to improving school climate and safety through the Stronger Connections Program.
- *Charter School Facility Grant Program* – one-time investment of \$30 million Proposition 98 funds to support eligible facilities costs, consistent with the 2022-23 State Budget.
- *Bilingual Teacher Professional Development Program* – \$20 million one-time Proposition 98 funds, to be available through fiscal year 2028-29 fiscal year.
- *Commercial Dishwasher Grants* – \$15 million one-time Proposition 98 funds to support grants to acquire and install commercial dishwashers.
- *Restorative Justice Practices* – \$7 million one-time Proposition 98 funds to provide support for local educational agencies opting to implement certain restorative justice best practices.
- *Golden State Teacher Grant Program* – \$6 million one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.
- *K-12 High Speed Network* – \$3.8 million ongoing Proposition 98 funds to support the K-12 High Speed Network program.

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

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions. See also “DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact” for a discussion of COVID-19 and its impact on the State economy.

The District cannot predict the extent to which the State will encounter budgetary difficulties and what budget actions will be taken to resolve those difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article 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”). Proposition 19: (i) expands special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrows existing special rules for inherited properties; and (iii) broadens the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 has had on assessed valuation of real property in the District. Since fiscal year 2020-21, assessed valuation within the District has increased. See “TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations” herein. Legislation Implementing Article 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.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such

transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

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

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the County by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

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

Article 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, including debt service on the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article 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 26 does not apply to the levy of *ad valorem* taxes to pay general obligations bonds, including the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, however, have been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts, and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article 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 State Legislature or a court might not interpret the Accountability Act to require a different percentage of State General Fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article 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 State Legislature. Second, there are excluded any increases in gasoline taxes above 1990 levels (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. 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 State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase in accordance with Article 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 State Legislature and approval by the Governor.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the "Controller")). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's transportation funds and General Fund and, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in

excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the temporary tax increases were included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98” and “—Proposition 111” herein. From an accounting perspective, the revenues generated from the temporary tax increases were deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA were and will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds are distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 55

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

Proposition 51

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

K-12 School Facilities. Proposition 51 includes \$3 billion for the construction of new K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at \$3 million for a new facility and \$1.5 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 State Legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

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

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state’s minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district’s ending fund balances if a certain amount of funds is available in the State’s Public School System Stabilization Account (“PSSSA”). In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts for that fiscal year (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES— Proposition 98”), a school district’s adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and basic aid school districts.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures –2023-24 State Budget” for information regarding the triggering of the reserve cap in fiscal year 2023-24.

Reserve for Economic Uncertainty. The District is statutorily required to maintain a reserve for economic uncertainties at least equal to 2% of General Fund expenditures and other financing uses (the “Minimum Reserve”). However, on March 4, 2021, the Board revised existing Board policies to establish and maintain a reserve for economic uncertainties equal to no less than 5% of General Fund expenditures to begin in fiscal year 2022-23 or when the current budget deficit is eliminated. For the fiscal year ended June 30, 2022, the District’s reserve was approximately 7.6% of the total expenditures, with available reserves of \$48,796,417, \$12,763,716 of which was designated as available for economic uncertainties. The District’s Adopted 2023-24 Budget includes a reserve for economic uncertainties of \$13,929,776 or approximately 2% of General Fund expenditures.

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

Proposition 28. On November 8, 2022, voters approved The Arts and Music in Schools Funding Guarantee and Accountability Act which provides additional funding for arts and music education in all

K–12 public schools (including charter schools) by annually allocating from the State General Fund an amount equal to 1% of total State and local revenues received by public schools in the preceding fiscal year under Proposition 98. Amounts provided under Proposition 28 are in addition to and not considered a part of the Proposition 98 guarantee. Funds appropriated under Proposition 28 are to be allocated 70% based on a school district’s share of Statewide enrollment and 30% based on such school district’s share of Statewide enrollment of economically disadvantaged students and must be distributed to school sites following such allocation. School districts must expend funds received pursuant to Proposition 28 within three years or such funds revert to CDE for reallocation under Proposition 28.

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

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

The District cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the District cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the District, although Initiative 1935 does not contain any provisions which directly impact the ability of, or the authority for ,the District to issue general obligation bonds.

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, particularly revenues from the State or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Introduction

The District is located in the County and spans 70 square miles. The District was established in 1854 and, as of fiscal year 2022-23, is the 12th largest school district in the State, as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the capital of the State, the City. The District operates forty-two elementary schools for grades K-6,

seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five dependent charter schools) and forty-two children’s centers/preschools. The budgeted ADA for the District for fiscal year 2023-24 is approximately 33,586 students and the District has a 2023-24 total assessed valuation of \$_____. The audited financial statements for the District for the fiscal year ended June 30, 2022 are attached hereto as APPENDIX B.

Board of Education

The District is governed by a Board of Education (“Board”). The Board consists of seven members who are elected by trustee area to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the following table:

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Board of Education**

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

Source: *The District*.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824-6322, Attention: Assistant Superintendent, Business Services. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District and a brief biography of the District Superintendent follows.

Name	Title
Lisa Allen	Interim Superintendent
Mary Hardin-Young	Interim Deputy Superintendent
Yvonne Wright	Chief Academic Officer
Janea Marking	Chief Business and Operations Officer Chief Communications Officer

Cancy McArn

Chief Human Resources Officer
Chief Information Officer

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

Employees and Labor Relations

The District employs approximately 2,270 full-time equivalent (“FTE”) certificated academic professionals, approximately 1,358 FTE classified employees, and approximately 320 FTE management employees.

The certificated employees of the District have assigned the SCTA as their exclusive bargaining agent. The contract between the District and SCTA expired on June 30, 2023. By operation of law, the parties are operating under the expired contract until a new contract is executed and delivered.

Certain classified employees have assigned Teamsters Classified Supervisor (“TCS”), as their exclusive bargaining agent. The contract between the District and TCS 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.

Certain employees, including school site principals, assistant principals and coordinators, have assigned United Professional Educators (“UPE”) as their exclusive bargaining agent. The contract between the District and UPE expired on June 30, 2023. By operation of law, the parties are operating under the expired contracts until a new contract is executed and delivered.

The District’s food process workers, warehouseman and helpers have assigned Teamster Union, Local 150 (“Teamsters”) as their exclusive bargaining agent. The contract between the District and the Teamsters expired on June 30, 2020. By operation of law, the parties are operating under the expired contract until a new contract is executed and delivered.

Certain District service employees have assigned SEIU as their exclusive bargaining agent. The contract between the District and the SEIU expired on June 30, 2023. By operation of law, the parties are operating under the expired contracts until a new contract is executed and delivered.

Labor Strike. On March 23, 2022, both SCTA and SEIU elected to go on strike. On April 3, 2022, the District reached tentative agreements with SCTA and SEIU to end the strike, and District schools opened for instruction the following day. During the pendency of the strike, the District was required to close all of its schools for eight days of instruction. As a result, the District fell short of State-mandated minimums regarding instructional days and minutes and was subject to fiscal penalties of approximately \$47 million (as well as cost savings of approximately \$8.4 million). The District is currently working with its bargaining units to restore as many days and minutes as possible, however no representation can be made that this effort will be successful. In addition, the District has applied for a

waiver from the State from the potential penalties associated with the lost instruction time, however no assurance can be made that such a waiver will be granted. Pursuant to applicable audit guidance, the District has recognized this potential liability in its estimated actuals for fiscal year 2021-22. See also “DISTRICT FINANCIAL INFORMATION – District Budgeting and County Oversight – Recent Financial Trends.”

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

District Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law. For fiscal year 2023-24, the District is currently required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.328% of teacher payroll for fiscal year 2023-24. The State’s contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 (“AB 1469”) which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16 and will continue to increase annually as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay, over the three year period from 2014-15 through 2017-18. The State’s total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 by June 30, 2046, which is premised upon an actuarially assumed earnings rate of 7.00%. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to AB 1469, school districts' employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 16.15% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21.)

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

The District contributed \$35,911,088 to STRS for fiscal year 2018-19, \$36,383,635 for fiscal year 2019-20, \$34,403,690 for fiscal year 2020-21 and \$40,279,774 for fiscal year 2021-22. Such contributions were equal to 100% of the required contributions for the respective years. The District contributed \$69,100,196 (estimated) to STRS for fiscal year 2022-23 and has budgeted a contribution of \$67,824,291 to STRS for fiscal year 2023-24. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Law. The District is currently required to contribute to PERS at an actuarially determined rate, which is 26.68% of eligible salary expenditures for fiscal year 2023-24, while participants enrolled in PERS (prior to January 1, 2013) contribute 7% of their respective salaries, and those enrolled subsequent to January 1, 2013 contribute 8.00%. See –"California Public Employees' Pension Reform Act of 2013" below.

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

On April 18, 2022, the PERS Board set the fiscal year 2022-23 employer contribution rate at 25.37%. The PERS Board also approved an increase in the employee contribution rate for members

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

PERS estimates future employer contribution rates as follows:

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

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

The District contributed \$13,259,325 to PERS for fiscal year 2018-19, \$13,529,537 for fiscal year 2019-20, \$13,762,087 for fiscal year 2020-21 and \$16,163,003 for fiscal year 2021-22, which amounts equaled 100% of required contributions to PERS. The District contributed \$17,006,972 (estimated) to PERS for fiscal year 2022-23 and has budgeted a contribution of \$20,884,189 to PERS for fiscal year 2023-24.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS and STRS as of July 1, 2022.

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

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

(1) Amounts may not add due to rounding.

Source: *PERS State & Schools Actuarial Valuation*; *STRS Defined Benefit Program Actuarial Valuation*.

Unlike PERS, STRS contribution rates for participant employers, employees hired prior to the Implementation Date (defined herein) and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS participants hired after the Implementation Date will vary from year-to-year based on actuarial valuations. See “ – California Public Employees’ Pension Reform Act of 2013” below. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District’s required contributions to PERS will not increase in the future.

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

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

The District’s proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2022, are as shown in the following table.

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>
STRS	\$153,342,000
PERS	<u>93,712,000</u>
Total	\$246,054,000

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, 2022 attached hereto as APPENDIX B.

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

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board (“GASB”) pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement

No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2017-18.

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

The District established an irrevocable trust under the California Employer’s Retiree Benefit Trust Program (“CERBT”) to prefund the costs of its Health & Welfare Benefits. The funds in the CERBT are held in trust and will be administered by PERS as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board. As of the June 30, 2021 valuation, 3,098 retirees and their beneficiaries were receiving Health & Welfare Benefits with 4,089 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 2021-22, the District contributed \$26,713,074 towards Health & Welfare Benefits, estimates a contribution of \$20,768,009 for fiscal year 2022-23 and has budgeted a contribution of \$23,141,488 for fiscal year 2023-24.

The following table shows the changes in the District’s net Health and Welfare Benefits as of June 30, 2022.

	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$415,066,116	\$97,327,847	\$317,738,269
Service Cost	8,647,600	--	8,647,600
Interest	28,912,863	--	28,912,863
Actuarial Experience	--	19,605,182	(19,605,182)
Assumption Changes	10,859,088	--	10,859,088
Employer Contributions	--	31,199,420	(31,199,420)
Interest Income	--	7,156,542	(7,156,542)
Administrative Expense	--	(36,839)	36,839
Benefit payments	<u>(21,345,655)</u>	<u>(21,345,655)</u>	<u>--</u>
Net Change	27,073,896	36,578,650	(9,504,754)
Balance at June 30, 2022	<u>\$442,140,012</u>	<u>\$133,906,497</u>	<u>\$308,233,515</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, 2022 is shown below:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Long-Term Debt

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Debt:					
General obligation bonds	\$436,422,966	\$110,455,000	\$ 77,615,000	\$ 469,262,966	\$ 18,680,000
Accreted interest	22,869,400	2,312,750	--	25,182,150	--
Lease Revenue Bonds	57,855,000	--	2,825,000	55,030,000	2,970,000
Premium on issuance	30,500,244	16,141,944	6,625,463	40,016,725	3,095,555
Other Long-Term Liabilities:					
Net Pension Liability	510,272,000	--	263,218,000	247,054,000	--
Net OPEB liability	317,738,269	--	9,504,754	308,233,515	--
Compensated absences	5,328,863	196,469	--	5,525,332	5,525,332
Total	<u>\$1,380,986,742</u>	<u>\$129,106,163</u>	<u>\$359,788,217</u>	<u>\$1,150,304,688</u>	<u>\$30,270,887</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"). Substantially no general obligation bonds remain for issuance under the 2002 Authorization.

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

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

In March, 2020, the District received authorization from 55% or more of eligible voters in the District to issue \$750,000,000 aggregate principal amount of general obligation bonds (the “2020 Authorization”). The District issued its \$225,000,000 General Obligation Bond, Election of 2020 (Measure H) 2022 Series A (the “2022 Series A Bonds”) under the 2020 Authorization. \$525,000,000 aggregate principal amount of general obligations bonds remains for issuance under the 2020 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 2002 Bonds and its General Obligation Refunding Bonds, Series 2001; its 2012 General Obligation Refunding Bonds to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds, the Series 2004 Bonds, the General Obligation Refunding Bonds, Series 2001 and the Series 2003 Bonds; its 2014 General Obligation Refunding Bonds to refund a portion of the Series 2005 Bonds; its 2015 General Obligation Refunding Bonds (the “2015 Refunding Bonds”) to refund the remaining outstanding Series 2005 Bonds and a portion of the outstanding Series 2007 Bonds; its 2021 General Obligation Refunding Bonds to refund the 2011 Refunding Bonds and its 2022 General Obligation Refunding Bonds to refund the 2012 General Obligation Refunding Bonds.

The District intends to apply the net proceeds of the Series A Bonds to refund the 2013 Series A Bonds and the net proceeds of the Target Refunding Bonds to purchase and defease certain maturities of the 2015 Refunding Bonds, the 2015 Series C Bonds, the 2016 Series D Bonds, the 2017 Series C Bonds, the 2017 Series E Bonds, the 2019 Series D Bonds and the 2022 Series A Bonds.

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

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bond Authorizations¹**

Authorization	Issued	Outstanding	Remaining for Issuance
October 19, 1999	\$195,000,000.00		\$ 0.00
November 5, 2002	224,997,966.35		2,033.65
November 6, 2012	268,900,000.00		0.00
November 6, 2012	68,000,000.00		0.00
March 3, 2020	225,000,000.00		525,000,000.00

¹ Prior to the issuance of the Bonds.

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

Year ending June 30	Principal	Interest	Total
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	235,000	923,000	1,158,000
2027	--	911,250	911,250
2028-2032	--	4,556,250	4,556,250
2033-2037	9,650,000	3,861,750	13,511,750
2036-2040	8,575,000	871,500	9,446,500
Total	<u>\$27,170,000</u>	<u>\$14,776,500</u>	<u>\$41,946,500</u>

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

Year ending June 30	Principal	Interest	Total
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	3,215,000	1,113,298	4,328,298
2027	3,635,000	981,805	4,616,805
2028-2032	18,185,000	2,553,816	20,738,816
2033	<u>2,185,000</u>	<u>89,367</u>	<u>2,274,367</u>
Total	<u>\$27,860,000</u>	<u>\$8,132,168</u>	<u>\$35,992,168</u>

Short-Term Debt

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

SACRAMENTO COUNTY INVESTMENT POOL

The County Board approved the current County Investment Policy Statement (the “Investment Policy”) on December 6, 2022 (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. As of _____, 2023, 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 _____, 2023, the Investment Pool has a weighted average maturity of ____ days and the year-to-date net yield is ____%.

The following represents the composition of the Pool as of _____, 2023:

Type of Investment	Market Value (In thousands)	Percent of Pool
U.S. Government Agencies		
U.S. Treasuries		
Municipal Debt		
Supranationals		
Commercial Paper		
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 2023-24 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), or any other

repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the last five years, the District failed to timely file notices of ratings changes for certain of the District’s general obligation bonds, the Lease Revenue Bonds and an insurer of certain of the District’s general obligation bonds.] The District also failed to associate the annual report for fiscal year ending 2020-21 with the CUSIP numbers for the Lease Revenue Bonds. 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. Nixon Peabody LLP, San Francisco, California, 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 Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the

County's Investment Pool, as described in APPENDIX E – "SACRAMENTO COUNTY 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, (2) will not be included in computing alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals, and (3) will be taken into account in determining adjusted financial statement income for the alternative minimum tax imposed on certain corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change. The form of Bond Counsel's anticipated opinion respecting the Bonds are included in APPENDIX A.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the "Tax Certificate") of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the

receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the respective Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds

The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred

or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the “Premium Bonds”), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

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

LEGALITY FOR INVESTMENT

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

RATING

Moody’s Investors Service (“Moody’s”) has assigned its underlying municipal bond rating of “___” 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 Bonds.

UNDERWRITING

Loop Capital Markets LLC (the "Underwriter") has agreed to purchase the Series A Bonds at the purchase price of \$____ (reflecting the principal amount of the Series A Bonds plus an original issue premium in the amount of \$____, less an Underwriter's discount of \$____, and less a bond insurance premium of \$____), at the rates and yields shown on the inside cover pages hereof.

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

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

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

The Underwriter has agreed to purchase the Series E Bonds at the purchase price of \$____ (reflecting the principal amount of the Series E Bonds plus an original issue premium in the amount of \$____, less an Underwriter's discount of \$____, and less a bond insurance premium 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.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. A copy of the Resolution is available upon request from the Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

SACRAMENTO CITY UNIFIED SCHOOL
DISTRICT

By: _____
Interim Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

[Closing date]

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

FINAL OPINION: \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series A;
 \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series B;
 \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series C;
 \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series D; and
 \$ _____ Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series E

Members of the Board:

We have acted as bond counsel for the Sacramento City Unified School District (Sacramento County, California) (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of the District’s 2023 General Obligation Refunding Bonds, Series A (the “Series A Bonds”), \$ _____ aggregate principal amount of the District’s 2023 General Obligation Refunding Bonds, Series B (the “Series B Bonds”), \$ _____ aggregate principal amount of the District’s 2023 General Obligation Refunding Bonds, Series C (the “Series C Bonds”), \$ _____ aggregate principal amount of the District’s 2023 General Obligation Refunding Bonds, Series D (the “Series D Bonds”) and \$ _____ aggregate principal amount of the District’s 2023 General Obligation Refunding Bonds, Series E (the “Series E Bonds” and together with the Series A Bonds, the Series B Bonds, the Series C Bonds and the Series D 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 ____, 2023 (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Sacramento as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set

forth in such documents. No opinion is expressed herein as to any effect on the Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding general obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
3. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.
4. Interest on the Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Bonds is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Ownership of tax-exempt obligations such as the Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bonds or such owner's other items of income or deduction. We express no other opinion with respect to the tax status of the Bonds or any federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our

opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX B

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

APPENDIX C

**GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION
FOR THE COUNTY OF SACRAMENTO**

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

General

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

Population

The following table shows historical population statistics for the City and the County since 2018.

**POPULATION
The City and the County
Calendar Years 2018 through 2022**

<u>Year⁽¹⁾</u>	<u>City of Sacramento</u>	<u>County of Sacramento</u>
2018	500,872	1,525,099
2019	507,490	1,538,054
2020	520,264	1,585,055
2021	517,824	1,579,186
2022	516,958	1,573,366

Based on 2010 Census benchmark and Population Estimates for Cities, Counties, and State for fiscal years 2018-2021 and 2020 Census benchmark for fiscal year 2022.

Source: *California State Department of Finance.*

⁽¹⁾ As of January 1 for 2018-2021 and April 1 for 2022.

Employment

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

WAGE AND SALARY EMPLOYMENT County of Sacramento Calendar Years 2018 through 2022⁽¹⁾

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

⁽¹⁾ All figures are based on a March, 2022 benchmark.

⁽²⁾ Includes finance, insurance, and real estate.

⁽³⁾ Figures may not add to total due to independent rounding.

Source: *State of California Employment Development Department, Labor Market Information Division.*

The following table summarizes the labor force, employment and unemployment figures for the County, the State and the United States from 2018 through 2022.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT⁽¹⁾
County of Sacramento, State of California and United States
2018 through 2022

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2018				
Sacramento County	704,200	676,900	27,300	3.9%
California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Sacramento County	711,700	685,300	26,400	3.7%
California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Sacramento County	712,200	644,800	67,400	9.5%
California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Sacramento County	719,700	669,900	49,900	6.9%
California	18,973,400	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Sacramento County	728,300	699,800	28,500	3.9%
California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

⁽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 2018 through 2022.

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

<u>Year</u>	<u>County of Sacramento</u>	<u>California</u>	<u>United States</u>
2018	\$78,819,492	\$2,431,773,900	\$17,671,054,000
2019	83,515,309	2,567,425,600	18,575,467,000
2020	91,987,475	2,790,523,500	19,812,171,000
2021	98,241,828	3,006,183,900	21,288,709,000
2022 ⁽¹⁾		3,018,471,100	21,804,787,500

⁽¹⁾ County level data for personal income is not yet available for 2022.

Source: *U.S. Department of Commerce, Bureau of Economic Analysis*. U.S. Bureau of Economic Analysis, SAINC1 State annual personal income summary: personal income, population, per capita personal income and CAINC1 County and MSA personal income summary: personal income, population, per capita personal income (accessed Thursday, September 7, 2023)

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

<u>Year</u>	<u>County of Sacramento</u>	<u>California</u>	<u>United States</u>
2018	\$50,502	\$61,508	\$53,786
2019	53,005	64,919	56,250
2020	57,991	70,643	59,763
2021	61,829	76,800	64,117
2022 ⁽²⁾		77,339	65,423

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

⁽²⁾ County level data for personal income is not yet available for 2022.

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

Major Employers

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

MAJOR EMPLOYERS County of Sacramento 2023

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

Source: *America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition.*

Commercial Activity

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

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

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

Source: California Department of Tax and Fee Administration, Taxable Sales, Counties by Type of Business, July 28, 2023.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2018 through 2022 are shown in the following tables for the County and the City.

BUILDING PERMIT VALUATIONS
Sacramento County
2018-2022
(Dollars in Thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Valuation (\$000's)					
Residential	\$1,504,930	\$1,666,799	\$1,738,674	\$1,895,685	\$1,969,991
Non-Residential	<u>964,945</u>	<u>1,504,675</u>	<u>891,464</u>	<u>690,504</u>	<u>894,766</u>
Total	\$2,469,876	\$3,171,474	\$2,630,138	\$2,586,190	\$2,864,758
Units					
Single Family	3,589	3,981	3,588	4,205	3,832
Multiple Family	<u>1,272</u>	<u>2,008</u>	<u>2,868</u>	<u>2,265</u>	<u>3,419</u>
Total	4,861	5,989	6,456	6,471	7,251

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

Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
City of Sacramento
2018-2022
(Dollars in Thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Valuation (\$000's)					
Residential	\$ 610,884	\$ 717,752	\$ 894,165	\$ 801,744	\$640,717
Non-Residential	<u>450,174</u>	<u>1,106,990</u>	<u>446,299</u>	<u>367,871</u>	<u>303,352</u>
Total	\$1,061,057	\$1,824,742	\$1,340,464	\$1,169,645	\$944,069
Units					
Single Family	1,608	1,552	956	1,150	952
Multiple Family	<u>813</u>	<u>1,487</u>	<u>2855</u>	<u>1,993</u>	<u>1,619</u>
Total	2,421	3,039	3811	3,143	2,571

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 2023 General Obligation Refunding Bonds, Series A (the “Series A Bonds”), \$_____ aggregate principal amount of the 2023 General Obligation Refunding Bonds, Series B (the “Series B Bonds”), \$_____ aggregate principal amount of the 2023 General Obligation Refunding Bonds, Series C (the “Series C Bonds”), \$_____ aggregate principal amount of the 2023 General Obligation Refunding Bonds, Series D (the “Series D Bonds”), \$_____ aggregate principal amount of the 2023 General Obligation Refunding Bonds, Series E (the “Series E Bonds” and, together with the Series A Bonds the Series B Bonds, the Series C Bonds and the Series D Bonds, the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on _____, 2023 (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Loop Capital Markets LLC (the “Underwriter”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Dissemination Agent” shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The initial Dissemination Agent shall be Dale Scott & Company.

“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 ____, 2023 (“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, 2023, which would be due on April 1, 2024, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District’s Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

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

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

- (ii) Assessed valuations, as shown on the most recent equalized assessment roll;
- (iii) Average Daily Attendance for the District for the last completed fiscal year; and
- (iv) Secured tax charges and delinquencies, but only if the County terminates or discontinues the Teeter Plan within the District.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.
- (iv) Substitution of or failure to perform by any credit provider.
- (v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender Offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications of rights to Bondholders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; or

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

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

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

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

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

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

Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _____, 2023

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT:

DALE SCOTT & COMPANY

By: _____
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Unified School District

Name of Issue: \$ _____ 2023 General Obligation Refunding Bonds, Series A;
\$ _____ 2023 General Obligation Refunding Bonds, Series B;
\$ _____ 2023 General Obligation Refunding Bonds, Series C;
\$ _____ 2023 General Obligation Refunding Bonds, Series D; and
\$ _____ 2023 General Obligation Refunding Bonds, Series E

Date of Issuance: _____, 2023

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 _____, 2023. 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.

ESCROW AND DEPOSIT AGREEMENT

This Escrow and Deposit Agreement, dated _____, 2023 (this "Escrow Agreement") by and between U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as escrow agent hereunder (the "Escrow Agent"), and SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a unified school district duly organized and existing under the laws of the State of California (the "District").

W I T N E S S E T H:

WHEREAS, the District has heretofore caused the issuance and sale of its \$30,000,000 Sacramento City Unified School District (County of Sacramento, State of California) General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the "Refunded Bonds");

WHEREAS, the Refunded Bonds were issued pursuant to a Resolution adopted by the Board of Education of the District on May 16, 2013 (the "2013 Series A Resolution") providing the terms of redemption thereof;

WHEREAS, the Refunded Bonds are subject to optional redemption on any date on or after August 1, 2023 at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the Redemption Date, without premium;

WHEREAS, in order to provide for the redemption of the Refunded Bonds on _____, 2024 (the "Redemption Date"), the District has issued \$_____ aggregate principal amount of its Sacramento City Unified School District (Sacramento County, California) 2023 General Obligation Refunding Bonds, Series A (the "Bonds");

WHEREAS, the Director of Finance of the County of Sacramento is the current Paying Agent for the Refunded Bonds ("Paying Agent");

WHEREAS, the District wishes to provide for the application of the net proceeds of the Bonds to effect the current refunding of the Refunded Bonds; and

NOW, THEREFORE, the District and the Escrow Agent agree as follows:

ARTICLE I

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Each party hereto, as to itself and not as to the other party, hereby represents, warrants and agrees that:

Section 1.1 Authorization. The execution, delivery and performance of this Escrow Agreement by such party are within such party's respective powers and have been duly authorized by all necessary action of such party.

Section 1.2 No Conflict. The District represents, warrants and agrees to its current actual knowledge that the execution, delivery and performance of this Escrow Agreement will not violate or conflict with (i) the 2013 Series A Resolution or any resolution of the District; (ii) the Constitution or laws of the State of California; or (iii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees,

injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the District or its operations.

The Escrow Agent represents and warrants, to its current actual knowledge, that the execution, delivery and performance of this Escrow Agreement will not violate or conflict with (i) the articles of association or bylaws of the Escrow Agent; and (ii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the trust powers and operation of the Escrow Agent.

Section 1.3 Binding Obligation. This Escrow Agreement has been duly executed by, and is a legally valid and binding obligation of each party, enforceable against such party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights, and by general principles of equity.

Section 1.4 Title to Moneys Deposited in Escrow. The District has good, sufficient and legal title to the moneys deposited in the Escrow Fund established hereunder free and clear of all liens other than those created hereby.

ARTICLE II

ESTABLISHMENT OF ESCROW FUND

Section 2.1 Creation of Escrow Fund. The Escrow Agent is hereby directed to establish a special escrow fund to be designated as the "2013 Series A Escrow Fund" (the "Escrow Fund"), into which the Escrow Agent shall deposit proceeds of the Bonds in the amount of \$_____ (the "Escrow Deposit"). Initially, the Escrow Agent agrees to apply \$_____ from the Escrow Deposit to the purchase of those certain securities as described on **Schedule A** hereto and to hold \$___ in cash, uninvested. The Escrow Agent is hereby irrevocably directed by the District to make the deposit and investments as set forth herein.

Section 2.2 Investment of Escrow Deposit. The District hereby instructs that the Escrow Deposit shall be invested by the Escrow Agent in those certain investments, all of which are noncallable 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 in accordance with the 2013 Series A Resolution, as more particularly described on **Schedule A** to this Escrow Agreement, which is incorporated herein by this reference (the "Escrowed Securities"). The proceeds of the Escrowed Securities shall be applied to payment of interest on the Refunded Bonds to, and to redeem the Refunded Bonds on, the Redemption Date.

Section 2.3 Additional Investments. Except as otherwise expressly provided in Section 2.1 and Section 2.2 hereof, the Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Escrowed Securities held hereunder or to sell, transfer or otherwise dispose of the Escrowed Securities acquired hereunder, or to pay interest on any such moneys not required to be invested hereunder.

(a) The Escrow Agent shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(b) Any moneys held by the Escrow Agent for the redemption of the Refunded Bonds, after the transfers are made by the Escrow Agent required hereunder (as set forth in

Schedule B), which remain unclaimed for 18 months after the date when all of the principal of and interest on the Refunded Bonds has become due and payable, shall be paid to the District (without liability for interest) to be used for any of its lawful purposes and the Escrow Agent shall thereupon be released and discharged with respect thereto. Thereafter, the Escrow Fund shall be closed.

(c) If the Escrow Agent learns that the Department of the Treasury or the Bureau of Fiscal Service will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 2.4 Instructions as to Application of Deposit. The moneys deposited in the Escrow Fund pursuant to Section 2.1 shall be applied by the Escrow Agent for the purpose of paying the Redemption Price of the Refunded Bonds on the Redemption Date all as set forth in **Schedule B** attached hereto and by this reference incorporated herein.

Section 2.5 Deposit of Funds. The Escrow Agent hereby acknowledges receipt of the deposit of the moneys into the Escrow Fund as described in Section 2.1 hereof.

Section 2.6 Purpose of Deposit. The deposit by the District of the Escrow Deposit in the Escrow Fund shall constitute an irrevocable deposit thereof for the uses and purposes specified in this Escrow Agreement and in the provisions of the 2013 Series A Resolution expressly referred to herein, and such moneys shall be held and applied solely for such uses and purposes. The Escrow Deposit shall be held by the Escrow Agent separate and apart from all other funds and shall not be commingled with other moneys for any purpose.

Section 2.7 Redemption of Refunded Bonds. Not later than the date on which any payment on any of the Refunded Bonds is required to be made, as set forth on **Schedule B**, or if such date is not a Business Day (which shall mean any day other than a Saturday or Sunday on which the Escrow Agent and banks and trust companies located in New York, New York, or San Francisco, California are not authorized or required to remain closed and on which the New York Stock Exchange is open) then not later than the Business Day next preceding such date, the Escrow Agent shall wire transfer to the Paying Agent, from the funds in the Escrow Fund, the applicable amount as set forth in **Schedule B** attached hereto. The Escrow Agent may conclusively rely upon **Schedule B** with respect to all information set forth therein.

If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make all payments required hereunder, the Escrow Agent shall give notice thereof to the District in accordance with Section 5.4 hereof of the amount of such deficiency and the District agrees to pay the amount of such deficiency into the Escrow Fund from any source of lawfully available moneys. In no event shall the Escrow Agent be responsible or liable for such deficiency of funds.

Section 2.8 Notices to Owners of Refunded Bonds. The District shall provide (or shall cause its dissemination agent to provide) notice of defeasance substantially in the form of **Schedule C**, within 10 business days of funding of the Escrow Fund hereunder, specifying: (a) that the Refunded Bonds have been defeased, (b) the CUSIP numbers, the numbers and dates of the Refunded Bonds and (c) the following information concerning the Refunded Bonds: dates, interest rates and stated maturity dates.

This Escrow Agreement, along with notice of defeasance, shall be posted electronically with the Municipal Securities Rulemaking Board, whose location is <http://emma.msrb.org>. The sole remedy for the failure to post this Escrow Agreement and the notice of defeasance with the Municipal Securities Rulemaking Board shall be an action by the District or the holders of the Refunded Bonds in mandamus for specific performance or similar remedy to compel performance.

At least 20 but not more than 45 days prior to the Redemption Date, the District shall direct the Paying Agent to give notice to the Owners of the Refunded Bonds substantially in the form of **Schedule D** hereto. The District shall also direct the Paying Agent to the terms of this paragraph and the terms of the Escrow Agreement and to provide any notices of redemption required to be provided by the Paying Agent as set forth in the 2013 Series A Resolution.

Section 2.9 Compensation; Indemnification. The District agrees to pay and shall pay to the Escrow Agent as compensation in full for all services to be rendered by the Escrow Agent under this Escrow Agreement the amounts set forth in a separate schedule of fees and expenses, as modified from time to time as agreed upon with the District, and shall reimburse the Escrow Agent as set forth in such separate schedule for its expenses (including legal fees and expenses) incurred hereunder. Any payment to the Escrow Agent pursuant to this paragraph shall be made from any moneys of the District lawfully available therefor, but the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for any such payment.

To the extent authorized by law, the District assumes liability for and agrees to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the District or the Escrow Agent (whether or not also indemnified against by any person under any other contract or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the acceptance and performance of the duties and obligations of the Escrow Agent hereunder, the establishment of the Escrow Fund, the acceptance of the moneys deposited in such fund, the retention of such moneys or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement, provided, that the District shall not be required to indemnify, protect, save and keep harmless the Escrow Agent against its own negligence. In no event shall the District be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this paragraph. The indemnities contained in this paragraph shall survive the termination of this Escrow Agreement, or the earlier removal or resignation of the Escrow Agent.

Section 2.10 Books and Records; Limited Liability. The Escrow Agent agrees to maintain books and records for the Escrow Fund and to account separately for deposits

therein, investments thereof, earnings thereon and losses (if any) with respect thereto. The Escrow Agent shall only act in accordance with the specific provisions set forth herein and shall not assume any implied duties or obligations hereunder.

The Escrow Agent shall have no obligation to make any payment or disbursement of any type or risk or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District shall have deposited sufficient funds therefor with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written or oral instructions of authorized representatives of the District or of their respective agents relating to any matter or action undertaken as Escrow Agent under this Escrow Agreement.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of its duties hereunder. The liability of the Escrow Agent for the payment of moneys as hereinabove set forth respecting the redemption of the Refunded Bonds shall be limited to the amounts deposited in the Escrow Fund established hereunder. The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer,

prepayment, substitution or other disposition made pursuant to this Escrow Agreement in compliance with the provisions hereof or the sufficiency of the moneys held hereunder to accomplish the redemption of the Refunded Bonds. The Escrow Agent shall not have any lien whatsoever upon any of the moneys deposited in accordance with Section 2.1 hereof for the payments of fees and expenses for services by it under this Escrow Agreement until after all payments required pursuant hereto in accordance herewith. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representations as to the sufficiency of the Escrowed Securities to be purchased pursuant hereto and any uninvested moneys to accomplish the refunding of the Refunded Bonds or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be bond counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District. The Escrow Agent undertakes such duties as are expressly set forth herein, and no implied duties or obligations of the Escrow Agent shall be read into this Escrow Agreement. The District hereby agrees to indemnify and hold harmless the Escrow Agent against any and all liability incurred by the Escrow Agent arising from this Escrow Agreement and not resulting from its own negligence or willful misconduct. The obligations of the District hereunder shall survive the termination or discharge of this Escrow Agreement.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon the 2013 Series A Resolution, or any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

ARTICLE III

TERMINATION OF ESCROW AGREEMENT

Section 3.1 Termination of Escrow Agreement. It is the intention of the District that amounts in the Escrow Fund shall be applied to the redemption of the Refunded Bonds on the Redemption Date in accordance with the terms of the 2013 Series A Resolution and the Refunded Bonds. The Escrow Agent agrees to apply the amounts deposited in the Escrow Fund to the payment of interest on the Refunded Bonds to, and redemption of the Refunded Bonds on, the Redemption Date as aforesaid; any moneys remaining in the Escrow Fund following redemption of the Refunded Bonds, shall, after payment of any amounts due the Escrow Agent, be transferred to the District. Upon the completion of such transfer, if any, this Escrow Agreement shall be terminated and of no further force or effect except for those provisions which, by their terms, survive.

ARTICLE IV

FEES OF ESCROW AGENT

Section 4.1 Fees of Escrow Agent. The District shall pay to the Escrow Agent fees and expenses as are mutually agreed upon by the District and the Escrow Agent as and for payment in full for the services of the Escrow Agent as escrow holder hereunder, through the redemption of the Refunded Bonds as set forth herein.

It is also understood that the fee agreed upon for the services of the Escrow Agent hereunder shall be considered compensation for its ordinary services as contemplated by this Escrow Agreement, but in the event that the conditions of this Escrow Agreement are not promptly fulfilled or that the Escrow Agent renders any service hereunder not provided for in the foregoing instructions or that there is an assignment of any interest in the subject matter of this escrow, or modification hereof, or that any controversy arises hereunder or that the Escrow Agent is made a party to, or intervenes in, or, in good faith, interpleads in, any litigation pertaining to this escrow or the subject matter thereof, the Escrow Agent shall be reasonably compensated by the District for such extraordinary services and reimbursed

for all costs and expenses, plus interest charged at the maximum rate permitted by law occasioned by such default, delay, controversy or litigation, including, without limitation, the fees and disbursements of legal counsel to the Escrow Agent.

Under no circumstances shall the Escrow Agent be entitled to assert a lien against the amounts held in the Escrow Fund to provide security for the payment of the fees described in this Section.

ARTICLE V

MISCELLANEOUS

Section 5.1 Severability of Provisions. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the parties hereto to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 5.2 Execution in Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original and shall constitute and be but one and the same instrument.

Section 5.3 Applicable Law. This Escrow Agreement shall be governed by the applicable laws of the State of California, applicable to contracts made and performed in said State.

Section 5.4 Notices. All notices, demands and formal actions under this Escrow Agreement shall be in writing and mailed, telegraphed or delivered to:

The District: Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824
Attention: Assistant Superintendent, Business Services

The Escrow Agent: U.S. Bank Trust Company, National Association
1 California Street, Suite 1000
San Francisco, CA, 94111
Corporate Trust Services

The Paying Agent: Director of Finance of the County of Sacramento
700 H Street, Room 1710
Sacramento, CA 95814

Section 5.5 Amendments. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective with the written consent of the District and the Escrow Agent. Such supplemental agreement shall not materially adversely affect the rights of the holders of the Refunded Bonds (as evidenced by an opinion of counsel delivered to the Escrow Agent) without the written consent of 100% of the holders of the Refunded Bonds.

IN WITNESS WHEREOF, the District and the Escrow Agent have entered into this Escrow Agreement as of the date first above written.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Assistant Superintendent, Business Services

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

By: _____
Authorized Officer

SCHEDULE A

SCHEDULE OF ESCROW SECURITIES

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>	<u>Total Cost</u>
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SCHEDULE B

PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment Amount</u>
_____, 2024			

Wire Transfer Instructions:

Bank Name:

Bank Address:

Beneficiary Location:

ABA Number:

Account Number:

Beneficiary:

Type of Account:

Bank Contact:

SCHEDULE C

NOTICE OF DEFEASANCE

TO THE OWNERS OF

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(COUNTY OF SACRAMENTO, STATE OF CALIFORNIA)
GENERAL OBLIGATION BONDS (MEASURES Q AND R) (ELECTION OF 2012),
2013 SERIES A (TAX-EXEMPT)

NOTICE IS HEREBY GIVEN to the Owners of the Sacramento City Unified School District (County of Sacramento, State of California) General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the "Bonds") issued by the Sacramento City Unified School District (the "District") in accordance with the Resolution of the Board of Education of the District adopted on May 16, 2013, with respect to the above-captioned Bonds, that the Bonds maturing in the years and bearing the CUSIP numbers set forth below have been defeased pursuant to an Escrow and Deposit Agreement, dated _____, 2023 by and between the District and U.S. Bank Trust Company, National Association, as Escrow Agent:

<u>Maturity Date (August 1)</u>	<u>Principal Amount to be Redeemed</u>	<u>CUSIP Number (785870)</u>
2024	\$455,000	TW6
2025	480,000	TX4
2029	2,180,000	TZ9
2033	2,675,000	UB0
2038	4,190,000	UC8

None of the District, U.S. Bank Trust Company, National Association, as Escrow Agent, or the Director of Finance of the County of Sacramento, as Paying Agent, shall be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

_____, 20__

By: **Sacramento City Unified School District**

SCHEDULE D

NOTICE OF REDEMPTION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(COUNTY OF SACRAMENTO, STATE OF CALIFORNIA)
GENERAL OBLIGATION BONDS (MEASURES Q AND R) (ELECTION OF 2012),
2013 SERIES A (TAX-EXEMPT)

NOTICE IS HEREBY GIVEN to the Owners of the Sacramento City Unified School District (County of Sacramento, State of California) General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the "Bonds") that the Bonds maturing in the years and bearing the CUSIP numbers set forth below are subject to optional redemption by the District in accordance with the Resolution of the Board of Education of the District adopted on May 16, 2013, from the proceeds of certain general obligation refunding bonds of the District, which amounts have been determined to be sufficient to redeem the Bonds at a prepayment price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon, on the scheduled redemption date of _____, 2024:

<u>Maturity Date (August 1)</u>	<u>Principal Amount to be Redeemed</u>	<u>CUSIP Number (785870)</u>
2024	\$455,000	TW6
2025	480,000	TX4
2029	2,180,000	TZ9
2033	2,675,000	UB0
2038	4,190,000	UC8

On _____, 2024, all of the Bonds to be redeemed will become due and payable at the redemption price aforesaid, and payment will be made upon presentation and surrender to the Director of Finance of the County of Sacramento, as Paying Agent at:

Director of Finance of the County of Sacramento
700 H Street, Suite 1710
Sacramento, CA 95814

[Interest payable on the Bonds to _____, 2024 will be paid in the usual manner. From and after _____, 2024, interest will cease to accrue on the Bonds called for redemption.]

All owners submitting their Bonds for redemption must also submit a form W-9. Failure to submit a W-9 will result in a 28% backup withholding to the owners of Bonds pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.

None of the District, U.S. Bank Trust Company, National Association, as Escrow Agent, or the Director of Finance of the County of Sacramento, as Paying Agent, shall be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

Dated: _____, 20__

By: **Director of Finance of the County of Sacramento,**
Paying Agent

INVITATION TO TENDER FOR PURCHASE
made by
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

To the Owners of all or any portion of the maturities listed on pages (i) through (iii) herein of
Sacramento City Unified School District (County of Sacramento, State of California)

- 2015 General Obligation Refunding Bonds
General Obligation Bonds, (Measure Q) (Election of 2012), 2015 Series C-1
General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D
General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C
General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E
General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D
General Obligation Bonds, Election of 2020 (Measure H), 2022 Series A

THIS INVITATION TO TENDER FOR PURCHASE WILL EXPIRE
AT 5:00 PM NEW YORK CITY TIME ON OCTOBER ____, 2023
UNLESS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN,
TENDERED BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE

The Sacramento City Unified School District (the "District") invites the beneficial owners (the "Owners") of the bonds listed and maturing on the dates set forth in the tables on page (i) through and including (iii) (the "Target Bonds") to sell their Target Bonds to the District for payment in cash at the applicable tender offer purchase prices for the Target Bonds set forth in this Invitation and the Pricing Notice in the form attached hereto as Appendix A, which is expected to be dated on or about October ____, 2023 (as it may be amended or supplemented) (the "Pricing Notice"), plus, in each case, accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date ("Accrued Interest"), all on the terms and conditions as set forth in more detail below (the "Invitation"). Indicative, i.e. preliminary, purchase prices are set forth in this Invitation on page (i) through and including page (iii), and the final purchase prices will be set forth in the Pricing Notice.

The purchase of any Target Bonds pursuant to this Invitation is contingent on the issuance of the District's (i) 2023 General Obligation Refunding Bonds, Series B, (ii) 2023 General Obligation Refunding Bonds, Series C, (iii) 2023 General Obligation Refunding Bonds, Series D, and (iv) 2023 General Obligation Refunding Bonds, Series E (collectively, the "Refunding Bonds") and is also subject to the terms of this Invitation and certain other conditions as described herein. The Refunding Bonds will be issued in the manner, on the terms and with the security therefor to be described in the Preliminary Official Statement dated ____, 2023, attached hereto as Appendix B (as may be amended and supplemented) (the "Refunding Bonds POS"). If the Refunding Bonds are issued, the source of funds to purchase the Target Bonds validly tendered for purchase and accepted for purchase pursuant to this Invitation as to the principal amount thereof and any accrued interest will be from proceeds of the Refunding Bonds.

This Invitation is part of a plan by the District to refund a portion of the District's outstanding indebtedness, as described in the Refunding Bonds POS. As outlined on pages (i) through and including (iii) of this Invitation, the District intends to purchase up to \$_____ in principal amount of the Target Bonds, pursuant to this Invitation, although if certain conditions are not met the District may purchase, as applicable, a lesser principal amount or none of the Target Bonds. Should the District accept a portion of tendered bonds, such tendered bonds will be accepted on a pro rata basis as described under the caption "Acceptance of Target Bonds for Purchase" of the Invitation. Owners of the Target Bonds who do not accept this Invitation and Owners of the Target Bonds whose tenders are rejected by the District will continue to hold their interest in such Target Bonds. It is anticipated that, subject to market conditions, all of the Target Bonds not purchased pursuant to this Invitation will remain outstanding, as described under the caption "PLAN OF FINANCE – The Tender Offer in the Refunding Bonds POS.

To make an informed decision as to whether, and how, to tender the Target Bonds for purchase, as applicable, pursuant to the Invitation, Owners must read this Invitation carefully, including the Refunding Bonds POS, and the Pricing Notice and consult their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions. This Invitation, the Refunding Bonds POS and the Pricing Notice, collectively, shall constitute an invitation to Owners to tender their Target Bonds for purchase, as applicable.

The terms of the Pricing Notice for the Target Bonds will be available as described in the table below.

Key Date and Times

All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Tender Invitation.

Table with 2 columns: Event Name and Date. Rows include Launch Date and Refunding Bonds POS, Pricing Notice (for the Target Bonds), Expiration Date, Notice of Results, Acceptance Date, and Settlement Date.

The Dealer Manager for the Invitation is:

LOOP CAPITAL MARKETS LLC

The Information Agent and Tender Agent for the Invitation is:

GLOBIC ADVISORS

INVITATION

**TARGET BONDS
SUBJECT TO INVITATION TO TENDER FOR PURCHASE**

**Sacramento City Unified School District
(County of Sacramento, State of California)
2015 General Obligation Refunding Bonds**

<u>CUSIP¹ (785870)</u>	<u>Maturity (July 1)</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Par Call Date</u>	<u>Indicative Purchase Price</u>
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**Sacramento City Unified School District
(County of Sacramento, State of California)
General Obligation Bonds,
(Measure Q) (Election of 2012), 2015 Series C-1**

<u>CUSIP¹ (785870)</u>	<u>Maturity (August 1)</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Par Call Date</u>	<u>Indicative Purchase Price</u>
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**Sacramento City Unified School District
(County of Sacramento, State of California)
General Obligation Bonds,
Election of 2012 (Measure Q), 2016 Series D**

<u>CUSIP¹ (785870)</u>	<u>Maturity (August 1)</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Par Call Date</u>	<u>Indicative Purchase Price</u>
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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 Underwriters take any responsibility for the accuracy of such CUSIP number.

**Sacramento City Unified School District
 (County of Sacramento, State of California)
 General Obligation Bonds,
 Election of 2012 (Measure R), 2017 Series C**

<u>CUSIP¹ (785870)</u>	<u>Maturity (August 1)</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Par Call Date</u>	<u>Indicative Purchase Price</u>
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**Sacramento City Unified School District
 (County of Sacramento, State of California)
 General Obligation Bonds,
 Election of 2012 (Measure Q), 2017 Series E**

<u>CUSIP¹ (785870)</u>	<u>Maturity (August 1)</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Par Call Date</u>	<u>Indicative Purchase Price</u>
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**Sacramento City Unified School District
 (County of Sacramento, State of California)
 General Obligation Bonds,
 Election of 2012 (Measure R), 2019 Series D**

<u>CUSIP¹ (785870)</u>	<u>Maturity (August 1)</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Par Call Date</u>	<u>Indicative Purchase Price</u>
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**Sacramento City Unified School District
(Sacramento County, California)
General Obligation Bonds,
Election of 2020 (Measure H), 2022 Series A**

CUSIP ¹ (785870)	Maturity (August 1)	Principal Amount Outstanding	Interest Rate	Par Call Date	Indicative Purchase Price
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IMPORTANT INFORMATION

This Invitation and other information with respect to the Invitation are available from the Dealer Manager and the Information Agent and Tender Agent at www.globic.com/. Owners wishing to tender their Target Bonds for purchase, as applicable, pursuant to the Invitation should follow the procedures more fully described herein. The District reserves the right to cancel or modify the Invitation at any time on or prior to the Acceptance Date and reserves the right to make a future tender invitation for bonds at prices different than the purchase prices described herein in its sole discretion. The District will have no obligation to purchase, as applicable, the Target Bonds tendered pursuant to the Invitation. The District further reserves the right to waive any irregularities or defects in any tendered bonds received.

The District also reserves the right in the future to refund, repurchase, tender, or exchange on a later date any remaining portion of outstanding Target Bonds through the issuance of bonds or any other means available to the District. The Target Bonds maturing after the respective first optional redemption date are subject to redemption in whole or in part, at the option of the District on any date on or after its respective first optional redemption date indicated in the tables above, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof, to be redeemed plus accrued but unpaid interest to the date fixed for redemption. Further details concerning the District's debt refunding plan will be contained in the Refunding Bonds POS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Invitation is not being made to, and the Target Bonds tendered for purchase in response to this Invitation will not be accepted from or on behalf of, Owners in any jurisdiction in which the Invitation, tendering the Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Invitation to be made through a licensed or registered broker or dealer, the Invitation is being made on behalf of the District by the Dealer Manager.

The District is not recommending to any Owner whether to tender its Target Bonds for purchase, as applicable, in connection with the Invitation. Each Owner must make these decisions and should read this Invitation and the Refunding Bonds POS in their entirety and consult with its broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation and, if given or made, such information or representation may not be relied upon as having been authorized by the District.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein. The Dealer Manager has not independently verified any of the information contained herein, and assumes no responsibility for the accuracy or completeness of any such information.

The delivery of this Invitation shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the District since the date hereof.

This Invitation contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-

looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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INVITATION
made by
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

1. General

The Sacramento Unified School District (the “**District**”) invites the beneficial owners (the “**Owners**”) of the bonds listed and maturing on the dates set forth in the tables on page (i) through and including (iii) of this Invitation (the “**Target Bonds**”) to sell their Target Bonds to the District for payment in cash at the applicable tender offer purchase prices set forth in the Pricing Notice in the form attached hereto as Appendix A (the “**Pricing Notice**”), which is expected to be dated October __, 2023 (as it may be amended or supplemented) as described herein, plus, in each case, accrued interest on the Target Bonds tendered for purchase up to but not including the Settlement Date (“**Accrued Interest**”), all on the terms and conditions as set forth in more detail below (the “**Invitation**”). Purchase prices will be set forth in the Pricing Notice.

Indicative Purchase Prices for the Target Bonds shown herein are preliminary and subject to change. The purchase of any Target Bonds pursuant to the Invitation is contingent on the issuance of the District’s 2023 General Obligation Refunding Bonds, in one or more series (the “**Refunding Bonds**”) and is also subject to the terms of this Invitation (this “**Invitation**”) and certain other conditions as described herein. The Refunding Bonds will be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement dated _____, 2023, attached hereto as Appendix B (as may be amended and supplemented) (the “**Refunding Bonds POS**”).

If the Refunding Bonds are issued, the source of funds to purchase the Target Bonds validly tendered and accepted for purchase pursuant to this Invitation as to the principal amount thereof and accrued interest thereon will be from proceeds of the Refunding Bonds.

2. Authorizing Resolutions

The Target Bonds consisting of the Sacramento City Unified School District 2015 General Obligation Refunding Bonds were issued by the District pursuant to a resolution, adopted by the Board of Education of the District on December 4, 2014 (the “**2015 Resolution**”).

The Target Bonds consisting of the Sacramento City Unified School District General Obligation Bonds, (Measure Q) (Election of 2012), 2015 Series C-1 were issued by the District pursuant to a resolution, adopted by the Board of Education of the District on April 23, 2015 (the “**Series C-1 Resolution**”).

The Target Bonds consisting of the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D were issued by the District pursuant to a resolution, adopted by the Board of Education of the District on May 5, 2016 (the “**2016 Series D Resolution**”).

The Target Bonds consisting of the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C and the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E were issued by the District pursuant to a resolution, adopted by the Board of Education of the District on April 6, 2017 (the “**Series C/E Resolution**”).

The Target Bonds consisting of the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D were issued by the County of Sacramento on behalf

of the District pursuant to a resolution, adopted by the Board of Supervisors of the County of Sacramento strict on October 8, 2019 (the “**2019 Series D Resolution**”).

The Target Bonds consisting of the Sacramento City Unified School District General Obligation Bonds, Election of 2020 (Measure H), 2022 Series A were issued by the County of Sacramento on behalf of the District pursuant to a resolution, adopted by the Board of Supervisors of the County of Sacramento on May 24, 2022 (the “**Series A Resolution**” and together with the 2015 Resolution, the Series C-1 Resolution, the 2016 Series D Resolution, the Series C/E Resolution and the 2019 Series D Resolution, the “**Authorizing Resolutions**”).

This Invitation is part of a plan by the District to refinance some or all of the outstanding Target Bonds, as will be described in the Refunding Bonds POS. The outstanding bonds of the District of any series that are not identified in the tables above on pages (i) through and including (iii) are not subject to this Invitation. For additional information concerning the District, the purpose of the Refunding Bonds, the District’s financing plan, and its outstanding indebtedness, see the Refunding Bonds POS.

Pursuant to the Invitation, each Owner may tender to the District for purchase the Target Bonds, in a denomination of \$5,000 principal amount (the “Minimum Authorized Denomination”) or any integral multiple of \$5,000 in excess thereof, with respect to which the Owner has a beneficial ownership interest.

See below for more information on how an Owner can tender its Target Bonds for purchase, as applicable, and the Purchase Price offered.

The purchase of any of the Target Bonds tendered for purchase pursuant to the Invitation is contingent on the issuance of the Refunding Bonds. The District’s obligations to accept for purchase, and to pay for, the Target Bonds validly tendered (and not withdrawn) pursuant to this Invitation are also subject to the satisfaction or waiver of certain conditions. See Section 17, “Conditions to Purchase or Exchange,” for additional information regarding certain of such conditions.

Subject to the terms of this Invitation and the satisfaction of all conditions to the District’s obligation to purchase tendered Target Bonds as described herein, and provided that (i) the Target Bonds tendered by an Owner for purchase, as applicable, have been validly tendered by 5:00 p.m., New York City time, on October __, 2023 (as extended from time to time in accordance with this Invitation, the “Expiration Date”), and (ii) the tendered Target Bonds have been accepted by the District on or before 5:00 p.m., New York City time, on October __, 2023 (as extended from time to time in accordance with this Invitation, the “Acceptance Date”), the District will purchase at the applicable Purchase Prices on _____, 2023 or such later date as the District shall determine (such date, the “Settlement Date”). Accrued Interest on the Target Bonds purchased will also be paid on the Settlement Date.

All times in this Invitation are local time in New York City.

No assurances can be given that the Refunding Bonds will be issued or that any Target Bonds tendered for purchase, as applicable, by an Owner will be purchased. See section 12 “Acceptance of Target Bonds for Purchase” herein for more information on the selection of tendered Target Bonds to be purchased, if any. Subject to the terms and conditions set forth in this Invitation, the District reserves the right to amend or waive the terms of this Invitation as to any or all of the Target Bonds in any respect and at any time prior to the Acceptance Date or from time to time. The District also has the right to terminate this Invitation at any time up to and including the Acceptance Date. See Section 18 “Extension, Termination and Amendment of Invitation” herein below.

The District is under no obligation to accept any of the Target Bonds that are tendered for purchase, as applicable, pursuant to the Invitation, and, if any Target Bonds are accepted, will accept such Target Bonds as described herein in Section 12 “Acceptance of Target Bonds for Purchase.” Any Target Bonds tendered by Owners pursuant to this Invitation but not accepted by the District will be returned to the Owners and will continue to be payable and secured under the terms of the respective Authorizing Resolution under which such Target Bonds were issued until maturity or prior redemption. If all conditions to this Invitation are not satisfied or waived by the District on or prior to the Settlement Date, any Target Bonds tendered by Owners pursuant to this Invitation will be returned to the Owners and will continue to be payable and secured under the terms of the respective Authorizing Resolution under which such Target Bonds were issued until maturity or prior redemption.

It is anticipated that, subject to market conditions, all of the Target Bonds not tendered for purchase pursuant to this Invitation will remain outstanding.

If less than all of the Target Bonds of a given CUSIP number for which sinking fund installments have been established are purchased by the District, the District, in accordance with the applicable Authorizing Resolution, may have the ability to select which sinking fund installments may be reduced and the average life of the remaining Target Bonds may change.

Further details concerning the District’s debt refunding plan will be contained in the Refunding Bonds POS. See also “Additional Considerations,” herein below. To make an informed decision as to whether, and how, to tender the Target Bonds for purchase pursuant to the Invitation, an Owner must read this Invitation carefully, including the Refunding Bonds POS.

None of the District, the Dealer Manager (as defined below) or the Information Agent and Tender Agent (as defined below) make any recommendation that any Owner tender or refrain from tendering all or any portion of such Owner’s Target Bonds for purchase. Owners must make these decisions and should consult with their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

3. Dealer Manager, Information Agent and Tender Agent

The Dealer Manager for this Invitation is Loop Capital Markets LLC (the “Dealer Manager”). Globic Advisors is serving as Information Agent and Tender Agent (the “Information Agent and Tender Agent”) in connection with this Invitation. Owners with questions about the substance of this Invitation should contact the Dealer Manager. Owners with questions about the mechanics of this Invitation should contact the Information Agent and Tender Agent. Contact information for the Dealer Manager and the Information Agent and Tender Agent is as follows:

Dealer Manager:

Loop Capital Markets LLC
Phone number: 415-635-3776
Attention: Robert Larkins
Email address: robert.larkins@loopcapital.com

Information Agent and Tender Agent:

Globic Advisors

Phone number: (212) 227-9622

Attention: _____

Email address: _____

In addition to serving as Dealer Manager for the Target Bonds, Loop Capital Markets LLC is also serving as Underwriter for the District's 2023 General Obligation Refunding Bonds, Series A and the Refunding Bonds described in Appendix A hereto.

4. Plan of Finance

This Invitation is being issued as part of a plan of finance to use proceeds from the sale of the Refunding Bonds. Further, as described above, the District's purchase of Target Bonds pursuant to this Invitation is contingent upon the receipt of sufficient proceeds for such purpose from the issuance of the Refunding Bonds. There can be no assurance that the Refunding Bonds will be issued or when they will be issued or that the proceeds thereof will be sufficient to enable the District to purchase any or all of the Target Bonds tendered for purchase.

The purpose of the issuance of the Refunding Bonds is to produce present value debt service savings. Thus, the final decision to purchase Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by the District will be based upon market conditions associated with the sale of the Refunding Bonds and other factors outside of the control of the District.

5. Information to Owners

General. The District will provide additional information about this Invitation, if any, to the market and Owners, including, without limitation, the Refunding Bonds POS and any supplement thereto, by delivery of such information in the following ways: (i) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> (the "EMMA Website"), using the CUSIP numbers for the Target Bonds listed on pages (i) through and including (iii) of the Invitation; (ii) to DTC (defined below) and to the DTC participants holding the Target Bonds; and (iii) by posting electronically on the website of the Information Agent and Tender Agent at [www.globic.com/_____](http://www.globic.com/). Delivery by the District of information in this manner will be deemed to constitute delivery of the information to each Owner. The Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that an Owner actually receives any information provided by the District in this manner. An Owner who would like to receive information furnished by or on behalf of the District as described above must make appropriate arrangements with its broker, account executive or other financial advisor or representative. The final Official Statement with respect to the Refunding Bonds will be posted to the EMMA Website.

6. Expiration Date; Offers Only Through Financial Institutions; Brokerage Commission

This Invitation will expire at 5:00 p.m., New York City time, on October __, 2023, the Expiration Date, unless earlier terminated or extended as described in this Invitation. Tenders of the Target Bonds received after 5:00 p.m., New York City time, on the Expiration Date (as it may be extended) will not be considered. See section 18 "Extension, Termination and Amendment of Invitation" herein for a discussion of the ability of the District to extend the Expiration Date and to terminate or amend this Invitation.

All of the Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company of New York (“DTC”). The Information Agent and Tender Agent and DTC have confirmed that the Invitation is eligible for submission of tenders for purchase through DTC’s Automated Tender Offer Program (known as the “ATOP” system). Owners of the Target Bonds who want to accept this Invitation to sell, as applicable, the Target Bonds must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The District will not accept any tenders of the Target Bonds for purchase, as applicable, that are not made through the ATOP system. Owners who are not DTC participants can only tender the Target Bonds for purchase, as applicable, pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which they hold their Target Bonds (sometimes referred to herein as a “custodial intermediary”) to tender the Owner’s Target Bonds on their behalf through the ATOP system. To ensure an Owner’s Target Bonds are tendered through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date, Owners must provide instructions to the bank or brokerage firm through which their Target Bonds are held in sufficient time for such custodial intermediary to tender the Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Owners should contact their bank or brokerage firm through which they hold their Target Bonds for information on when such custodial intermediary needs the Owner’s instructions in order to tender the Owner’s Target Bonds through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date. See also section 9 “Transmission of Offers by Financial Institutions; DTC ATOP Procedures,” herein below. The District, the Dealer Manager, and the Information Agent and Tender Agent are not responsible for making or transmitting any tender of the Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors or omissions in the making or transmission of any tender or transfer.

Owners will not be obligated to pay any brokerage commissions or solicitation fees to the District, the Dealer Manager or the Information Agent and Tender Agent in connection with this Invitation. However, Owners should check with their broker, account executive or other financial institution which maintains the account in which their Target Bonds are held to determine if it will charge any commission or fees.

7. Minimum Denominations and Consideration for Offers; Changes to the Terms of the Invitation

Authorized Denominations for Offers. An Owner may tender all or a portion of the Target Bonds of a particular CUSIP that it owns in an amount of its choosing, but only in principal amounts equal to the Minimum Authorized Denomination or any integral multiple of \$5,000 in excess thereof.

The Pricing Notice will be made available: (1) at the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, currently located at <http://emma.msrb.org> (the “EMMA Website”), using the CUSIP numbers for the Target Bonds listed in pages (i) through and including (iii) of this Invitation, as applicable; (2) to The Depository Trust Company (“DTC”) and to the DTC participants holding the Bonds (as shown in a securities position report obtained by the Information Agent and Tender Agent); and (iii) by posting electronically on the website of the Information Agent and Tender Agent at _____.

In addition to the Purchase Price of the Target Bonds accepted for purchase by the District, Accrued Interest on such Target Bonds will be paid by, or on behalf of, the District to the tendering Owners on the Settlement Date. The Purchase Prices (and the Accrued Interest) will constitute the sole consideration payable by the District for the Target Bonds purchased by the District pursuant to the Invitation.

Changes to Terms of the Invitation. As described in section 18 “Extension, Termination and Amendment of Invitation” herein, the District may revise the terms of this Invitation prior to the Acceptance Date. If the District determines to revise the terms of the Invitation, it shall provide notice thereof in the manner described in section 5 “Information to Owners” of this Invitation no later than 11:00 a.m., New York City time, on the Business Day prior to the Acceptance Date. If subsequent to the publication of the Pricing Notice the District changes the Purchase Price for any of the Target Bonds pursuant to the Invitation, or makes any other material change to the terms of the Refunding Bonds (as determined by the District) pursuant to the Invitation, the District shall provide notice thereof (as described herein under “Information to Owners”) no less than five (5) business days prior to the Expiration Date, as extended. In such event, any tenders submitted with respect to the affected Target Bonds prior to such change in the Purchase Price for such Target Bonds pursuant to the Invitation, or any other material change to the terms of the Refunding Bonds (as determined by the District) pursuant to the Invitation, will remain in full force and effect and any Owner of such affected Target Bonds wishing to revoke their tender of such Target Bonds must affirmatively withdraw such tender for purchase, as applicable, prior to the Expiration Date as described herein under section 11 “Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date” herein.

8. Provisions Applicable to all Offers

An Owner should consult with its broker-dealer, financial, legal, accounting, tax and other advisors in determining whether to tender the Target Bonds for purchase, as applicable, and the principal amount of the Target Bonds to be tendered. An Owner should also inquire as to whether its financial institution will charge a fee for submitting tenders. The District, the Dealer Manager, and the Information Agent and Tender Agent will not charge fees to any Owner making an offer or completing the purchase, as applicable, of the Target Bonds.

A tender of the Target Bonds cannot exceed the par amount of the Target Bonds owned by the Owner. The Target Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof.

“All or none” tenders are not permitted. No alternative, conditional or contingent tenders will be accepted. All tenders shall survive the death or incapacity of the tendering Owner.

By tendering the Target Bonds pursuant to this Invitation, each Owner will be deemed to have represented and warranted to and agreed with the District and the Dealer Manager that:

- a) the Owner has received, and has had the opportunity to review, this Invitation (including the Refunding Bonds POS) prior to making the decision as to whether or not it should tender its Target Bonds for purchase, as applicable;
- (b) the Owner has full authority to tender, sell, assign and transfer such Target Bonds, and that, on the Settlement Date, the District, as transferee, will acquire good title to the tendered Target Bonds, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Owner of the Purchase Price, plus in each case, payment of the Accrued Interest;
- (c) the Owner has made its own independent decision to tender the Target Bonds, the appropriateness of the terms thereof, and whether it is appropriate for the Owner;
- (d) such decisions are based upon the Owner's own judgment and upon advice from such advisors as the Owner has consulted;

(e) the Owner is not relying on any communication from the District or the Dealer Manager as investment advice or as a recommendation to tender bonds, it being understood that the information from the District or the Dealer Manager related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to tender bonds; and

(f) the Owner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept, the terms and conditions of the Invitation.

9. Transmission of Offers by Financial Institutions; DTC ATOP Procedures

Tenders of the Target Bonds for purchase, as applicable, pursuant to this Invitation may only be made to the District through DTC's ATOP system. Owners that are not DTC participants must tender their Target Bonds through their custodial intermediary. A DTC participant must tender the Target Bonds offered by the Owner pursuant to the Invitation on behalf of the Owner for whom it is acting, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Owner on whose behalf the custodial intermediary is acting agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tendered Target Bonds and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of the book-entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering the Target Bonds for purchase, as applicable, that are the subject of such book-entry confirmation, stating: (i) the par amount of the Target Bonds that have been tendered by such DTC participant on behalf of the Owner pursuant to the Invitation, and (ii) that the Owner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth in section 8 "Provisions Applicable to all Offers" herein above.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed as provided in this Invitation). The Target Bonds will not be deemed to have been tendered for cash purchase, as applicable, pursuant to the Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

10. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), eligibility, and acceptance of any tenders of the Target Bonds for purchase, as applicable, will be determined by the District in its sole discretion and will be final, conclusive and binding.

The District reserves the right to waive any irregularities or defects in any tender. The District, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in tenders, and they will have no liability for failing to give such notice.

11. Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date

An Owner may withdraw the Target Bonds tendered for purchase, as applicable, pursuant to this Invitation by causing a withdrawal notice to be transmitted via DTC's ATOP system to, and received by, the Information Agent and Tender Agent at or before 5:00 p.m., New York City time, on the Expiration Date (as the date and time may have been changed as provided in this Invitation).

Owners who are not DTC participants can only withdraw their tendered Target Bonds by making arrangements with and instructing the custodial intermediary through which they hold their Target Bonds to submit the Owner's notice of withdrawal through the DTC ATOP system.

All tenders of the Target Bonds for purchase, as applicable, will become irrevocable as of 5:00 p.m., New York City Time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

12. Acceptance of Target Bonds for Purchase

On or before 5:00 p.m., New York City Time, on the Acceptance Date (i.e., October __, 2023, unless extended), upon the terms and subject to the conditions of the Invitation, the District will announce its acceptance of the Target Bonds for purchase, as applicable, if any, validly tendered by Owners pursuant to this Invitation by giving notice in the manner described in section 5 "Information to Owners" herein, with acceptance subject to the satisfaction or waiver by the District of the conditions to the purchase, as applicable, of tendered Target Bonds. See section 14 "Acceptance of Offers Constitutes Irrevocable Agreement" and section 17 "Conditions to Purchase" herein

The District intends to purchase, as applicable, up to \$ _____ in principal amount of the Target Bonds pursuant to this Invitation, though if certain conditions are not met the District may purchase, as applicable, none or a lesser principal amount of the Target Bonds. The District shall be under no obligation to accept any Target Bonds tendered for purchase, as applicable, pursuant to this Invitation.

The Target Bonds that will be purchased, as applicable, will be indicated by CUSIP. The District may choose to purchase, as applicable, some but not all of the tendered Target Bonds of a particular CUSIP. Should the District decide to only purchase, as applicable, a portion of the Target Bonds being tendered for purchase, as applicable, of a certain CUSIP, the District will accept such Target Bonds tendered for purchase, as applicable, on a pro rata basis except for certain Target Bonds which are term bonds subject to mandatory sinking fund payments. Except for certain Target Bonds which are term bonds subject to mandatory sinking fund payments, the principal amount of each individual tender will be accepted, pro rata, based upon the ratio of principal amount of such Target Bonds of a certain CUSIP accepted for purchase by the District divided by the aggregate principal amount of such Target Bonds tendered for purchase, as applicable. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of \$5,000, the principal amount of such tender will be rounded up to the nearest multiple of \$5,000. If as a result of such adjustment, the principal amount of a holder's unaccepted Target Bonds is less than the minimum authorized denomination of \$5,000, the District will reject such holder's tendered Target Bonds in whole.

13. Sinking Fund Installment Schedule Modification

Certain of the Target Bonds are term bonds subject to mandatory sinking fund payments. If less than all of the Target Bonds of a given CUSIP number that are subject to mandatory sinking fund payments are purchased by the District, the manner in which the sinking fund payments will be reduced for the remaining Target Bonds of that CUSIP number which are not purchased will be determined by the

District. The District has the right to select which sinking fund payments for Target Bonds subject to sinking fund payments which are not purchased will be reduced. The reduction in sinking fund payments resulting from the purchase by the District of less than all of the Target Bonds of a given CUSIP number may cause the average life of the remaining bonds of that CUSIP number to change.

The District will determine the amount to accept for each CUSIP in its sole discretion, and reserves the right to accept significantly more or significantly less (or none) of any CUSIP as compared to any other CUSIP.

The acceptance notification will state: (i) the principal amount of the Target Bonds of each CUSIP number that the District has accepted for purchase, as applicable, in accordance with the Invitation, which may be zero for a particular CUSIP number, or (ii) that the District has decided not to purchase, as applicable, any Target Bonds.

Shortly following the giving of notice of its acceptance of tendered Target Bonds for purchase, as applicable, the District will instruct DTC to release from the controls of the ATOP system all the Target Bonds that were tendered but were not accepted for purchase, as applicable. The release of such Target Bonds will take place in accordance with DTC's ATOP procedures. The District, the Dealer Manager, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Owner.

Notwithstanding any other provision of this Invitation, the obligation of the District to accept for purchase, and to pay for, as applicable, the Target Bonds validly tendered (and not validly withdrawn) by Owners pursuant to the Invitation is subject to the satisfaction or waiver of the conditions set forth under Section 17, "Conditions to Purchase" below. The District reserves the right to amend or waive any of the terms of or conditions to this Invitation, in whole or in part, at any time prior to the Acceptance Date in its sole discretion. This Invitation may be withdrawn by the District at any time prior to the Acceptance Date.

14. Acceptance of Offers Constitutes Irrevocable Agreement

Acceptance by the District of the Target Bonds tendered for purchase, as applicable, by Owners will constitute an irrevocable agreement between the tendering Owner and the District to sell and purchase, as applicable, such Target Bonds, subject to the conditions and terms of this Invitation, including the Conditions to Purchase set forth in Section 17, "Conditions to Purchase."

The acceptance of the Target Bonds tendered for purchase, as applicable, is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the Acceptance Date. This notification will state the principal amount of the Target Bonds of each CUSIP number that the District has agreed to accept for purchase, as applicable, in accordance with this Invitation, which may be zero for a particular CUSIP number.

15. Settlement Date; Purchase of Target Bond

Subject to satisfaction of all conditions to the District's obligation to purchase, as applicable, tendered Target Bonds, as described herein, the Settlement Date is the day on which the Target Bonds accepted for purchase, as applicable, will be purchased and paid for at the applicable Purchase Prices for the required principal amount of the Refunding Bonds and the Accrued Interest on the Target Bonds to be purchased, as applicable, will also be paid. Such purchase and payment are expected to occur by 3:00

p.m., New York City time, on the Settlement Date. The Settlement Date has initially been set as [November 2], 2023, unless extended by the District, assuming all conditions to the Invitation have been satisfied or waived by the District.

The District may, in its sole discretion, change the Settlement Date by giving notice thereof in the manner described in Section 5 of this Invitation prior to the change.

Subject to satisfaction of all conditions to the District's obligation to purchase the Target Bonds tendered for purchase pursuant to the Invitation, as described herein, payment by the District will be made through DTC on the Settlement Date. The District expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Prices to be paid for the Target Bonds tendered for purchase (plus Accrued Interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of Owners for subsequent disbursement to the Owners. **The District, the Dealer Manager and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Prices paid and Accrued Interest by DTC to DTC participants or by DTC participants to Owners.**

Promptly following such deliveries and payments, the District will instruct the Paying Agent for the Target Bonds purchased, as applicable, to cause such Target Bonds to be cancelled and retired.

16. Sources of Funds to Pay Purchase Prices and Accrued Interest

The source of funds to purchase the Target Bonds validly tendered and accepted for purchase pursuant to the Invitation and accepted by the District is anticipated to be proceeds received by the District from the sale of its Refunding Bonds, expected to be issued on the Settlement Date. The District's ability to settle the cash purchase of the Target Bonds tendered for purchase is contingent upon the successful delivery of its Refunding Bonds and the other conditions set forth herein.

17. Conditions to Purchase

As described above, this Invitation is being issued as part of a plan of finance to use proceeds from the sale of the Refunding Bonds. The purpose of the issuance of the Refunding Bonds is to produce present value debt service savings. Thus, the consummation of the purchase of the Target Bonds pursuant to the Invitation is conditioned upon the District obtaining satisfactory and sufficient economic benefit therefrom when taken together with the proposed issuance of the Refunding Bonds, all on the terms and conditions that are in the District's best interest as determined by the District. Payment on the Settlement Date is conditioned upon the issuance of the Refunding Bonds. The District will not be required to purchase any Target Bonds, and will incur no liability as a result, if, before payment for, as applicable, the Target Bonds on the Settlement Date:

(i) The District does not, for any reason, have sufficient funds on the Settlement Date from the proceeds of the Refunding Bonds to pay the Purchase Prices of tendered Target Bonds accepted for purchase pursuant to the Invitation and pay all fees and expenses associated with the Refunding Bonds and this Invitation, including the Accrued Interest on all the Target Bonds accepted for purchase, as applicable;

(ii) Litigation or another proceeding is pending or threatened which the District believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the District or the Owners;

(iii) there shall have occurred any outbreak or escalation of war, public health or other national or international emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the District believes this fact makes it inadvisable to proceed with the purchase of the Target Bonds;

(iv) A material change in the business or affairs of the District has occurred which the District believes makes it inadvisable to proceed with the purchase of the Target Bonds;

(v) A material change in the net benefits of the transaction contemplated by this Invitation and the Refunding Bonds POS has occurred due to a material change in market conditions which the District reasonably believes makes it inadvisable to proceed with the purchase of the Target Bonds; or

(vi) There shall have occurred a material disruption in securities settlement, payment or clearance services.

These conditions are for the sole benefit of the District. They may be asserted by the District at any time prior to the time of payment for, as applicable, the Target Bonds on the Settlement Date. The conditions may be waived by the District in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Target Bonds. The failure by the District at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the District which may be asserted at any time and from time to time through the Settlement Date. Any determination by the District concerning the events described in this Section 17 will be final and binding upon all parties. If, prior to the time of payment for, as applicable, any Target Bonds any of the events described happens, the District will have the absolute right to cancel its obligations to purchase, as applicable, the Target Bonds without any liability to any Owner or any other person.

18. Extension, Termination and Amendment of Invitation

Through and including the Acceptance Date, the District has the right to extend this Invitation, to any date in its sole discretion. Notice of an extension of the Expiration Date will be given in the manner described in Section 5 of this Invitation, on or about 11:00 a.m., New York City time, on the first business day after the then current Expiration Date.

The District also has the right, prior to the Acceptance Date to terminate this Invitation at any time by giving notice of such termination in the manner described in Section 5 of this Invitation.

The District also has the right, prior to the Acceptance Date, to amend or waive the terms of this Invitation in any respect and at any time by giving notice of the amendment or waiver in the manner described in Section 5 of this Invitation. The amendment or waiver will be effective at the time specified in such notice.

If the District amends the terms of this Invitation, including a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than five (5) Business Days prior to the Expiration Date, as extended, to provide reasonable time for dissemination of such amendment or waiver to Owners and for Owners to respond. If the District changes the Purchase Price for any of the Target Bonds pursuant to the Invitation, or makes any other material change to the terms of the

Refunding Bonds (as determined by the District) pursuant to the Invitation, any tenders submitted with respect to the affected Target Bonds prior to such change in the Purchase Price for such Target Bonds pursuant to the Invitation will remain in full force and effect, and any Owner of such affected Target Bonds wishing to revoke its tender of such Target Bonds for purchase, as applicable, must affirmatively withdraw such tender prior to the Expiration Date as described in Section 11 hereof.

No extension, termination or amendment of this Invitation (or waiver of any terms of this Invitation) will: (i) change the District's right to decline to purchase, as applicable, any Target Bonds without liability; or (ii) give rise to any liability of the District, the Dealer Manager, or the Information Agent and Tender Agent to any Owner or nominee.

19. Certain Federal Income Tax Consequences

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Target Bonds that tender their Target Bonds for cash. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective tendering investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Target Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Internal Revenue Code of 1986 (the "Code"), or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Target Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors who will hold their Target Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Target Bonds other than investors that are U.S. Holders.

As used herein, "U.S. Holder" means a beneficial owner of a Target Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds the Target Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding the Target Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Target Bonds (including their status as U.S. Holders).

PROSPECTIVE TENDERING INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, OR NON-U.S. TAX

CONSEQUENCES TO THEM FROM THE TENDER OF THE TARGET BONDS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Tendering U.S. Holders. The tender of a Target Bond for cash will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Target Bond will recognize a gain or loss equal to the difference between (i) the amount of cash received (except to the extent attributable to accrued but unpaid interest and original issue discount (the “OID”) accrued since the most recent compounding date on the Target Bond, which will be treated for federal income tax purposes as a coupon payment on the Target Bond) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Target Bond (generally, the purchase price paid by the U.S. Holder for the Target Bond, decreased by any amortized premium, and increased by the amount of any OID previously accrued by such U.S. Holder with respect to such Target Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Target Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Target Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

20. Additional Considerations

In deciding whether to participate in the Invitation, each Owner should consider carefully, in addition to the other information contained in this Invitation, the following:

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Owners may be able to effect a sale of the Target Bonds at a price higher than the Purchase Price established pursuant to the Invitation.

Target Bonds Not Tendered for Purchase. Owners of the Target Bonds who do not accept this Invitation will continue to hold their interest in such Target Bonds. If the Target Bonds are purchased, as applicable, pursuant to this Invitation, the principal amount of the Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding.

The terms of the Target Bonds that remain outstanding will continue to be governed by the terms of the respective Authorizing Resolution under which such Target Bonds were issued. The Target Bonds maturing after the respective first optional redemption date are subject to redemption in whole or in part, at the option of the District on any date on or after its respective first optional redemption date indicated in the tables above, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof, to be redeemed plus accrued but unpaid interest to the date fixed for redemption, without premium. Further details concerning the District’s debt refunding plan will be contained in the Refunding Bonds POS.

If less than all of the Target Bonds of a given CUSIP number for which sinking fund installments have been established are purchased by the District, the District, in accordance with the governing documents, has the ability to select which sinking fund installments may be reduced and the average life of the remaining Target Bonds may change.

To the extent the Target Bonds are not purchased, as applicable, pursuant to this Invitation the District reserves the right to, and may in the future decide to, acquire some or all of the Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less

than the consideration offered pursuant to this Invitation, which could be cash or other consideration. Any future acquisition of the Target Bonds may be on the same terms or on terms that are more or less favorable to Owners than the terms of the Invitation described in this Invitation. The District also reserves the right in the future to refund, or cause the refunding of (on an advance or current basis), any remaining portion of outstanding Target Bonds through the issuance of publicly offered or privately placed bonds. The decision to undertake any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the District may ultimately choose to pursue in the future.

[21. Soliciting Dealer Fees; Eligible Institutions Are Not Agents

The District agrees to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (an “Eligible Institution”), a solicitation fee of \$1.25 per \$1,000 on the principal amount of the Target Bonds purchased from each of its Retail Customers by the District pursuant to the Invitation. A “Retail Customer” is an individual who owns less than \$250,000 principal amount of the Target Bonds and manages its own investments or an individual who owns less than \$250,000 principal amount of the Target Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

The Solicitation Fee Payment Request Form, attached hereto as Appendix C, must be returned to the Information Agent and Tender Agent no later than 5:00 p.m., New York City time, on or before the next business day following the Expiration Date, unless earlier terminated or extended. No payment of a solicitation fee will be made on requests received after this time. No solicitation fee will be paid on requests improperly submitted or for the Target Bonds not purchased by the District.

Eligible Institutions are not agents of the District for the Invitation.]

22. The Dealer Manager

References in this Invitation to the Dealer Manager is to Loop Capital Markets LLC only in its capacity as the Dealer Manager.

The Dealer Manager may contact Owners regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The District will pay to the Dealer Manager customary fees for its services in connection with this Invitation. In addition, the District will pay the Dealer Manager its reasonable out-of-pocket costs and expenses relating to this Invitation.

The Dealer Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Dealer Manager and its affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the District, for which they received and or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and

for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities of the Dealer Manager and/or its affiliates may involve securities and instruments of the District, including but not limited to the Target Bonds which may be tendered for purchased, as applicable, pursuant to the Invitation.

In addition to its role as Dealer Manager in connection with this Invitation, the Dealer Manager is currently expected to act as an underwriter of the Refunding Bonds and other bonds anticipated to be issued by the District as will be described in the Refunding Bonds POS and, as such, it will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

23. Information Agent and Tender Agent

On behalf of the District, the Dealer Manager, has retained Globic Advisors to serve as Information Agent and Tender Agent in connection with this Invitation. The District has agreed to reimburse the Dealer Manager for the Information Agent’s and the Tender Agent’s customary fees for its services and to reimburse the Dealer Manager for Information Agent’s and Tender Agent’s reasonable out-of-pocket costs and expenses relating to this Invitation.

24. Miscellaneous

The Invitation is not being made to, and tenders will not be accepted from or on behalf of, Owners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Invitation to be made through a licensed or registered broker or dealer, the Invitation is being made on behalf of the District by the Dealer Manager.

No one has been authorized by the District, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Owners whether to tender the Target Bonds for purchase, as applicable, pursuant to this Invitation. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the District, the Dealer Manager or the Information Agent and Tender Agent.

None of the District, the Dealer Manager or the Information Agent and Tender Agent makes any recommendation that any Owner tender or refrain from tendering all or any portion of such Owner’s Target Bonds for purchase, as applicable. Owners must make these decisions and should consult with their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

SACRAMENTO CITY UNIFIED SCHOOL
DISTRICT

By: _____
[Interim] Superintendent

APPENDIX A
PRICING NOTICE

APPENDIX B

PRELIMINARY OFFICIAL STATEMENT

APPENDIX C

SOLICITATION FEE PAYMENT REQUEST

DEALER MANAGER AGREEMENT

_____, 2023

Board of Education
Sacramento City Unified School District
5734 47th Avenue
Sacramento, California 95824

Ladies and Gentlemen:

This Dealer Manager Agreement (the "Agreement") is entered into by and between the Sacramento City Unified School District (the "District"), and Loop Capital Markets LLC ("Loop"), as Dealer Manager (the "Dealer Manager"). The District plans to commence an Invitation to Tender Bonds, dated _____, 2023 (the "Invitation"), with respect to a portion of the outstanding general obligation bonds described in the table below (the "Target Bonds"):

TARGET BONDS

<u>Series</u>	<u>CUSIP (_____)†</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>
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As described in the Invitation, the District will offer to beneficial owners (the "holders") of the Target Bonds to purchase the Target Bonds for cash (the "Tender Offer"), such purchase for cash to be funded with proceeds of the District's(i) 2023 General Obligation Refunding Bonds,

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company and are included solely for the convenience of the holders of the Target Bonds. None of the City, the Dealer Manager, the Information Agent and Tender Agent or their agents or counsel assume responsibility for the accuracy of such numbers.

Series B (ii) 2023 General Obligation Refunding Bonds, Series C; (iii) 2023 General Obligation Refunding Bonds, Series D and (iv) 2023 General Obligation Refunding Bonds, Series E (collectively, the "2023 Refunding Bonds"), upon the terms and subject to the conditions set forth in the Invitation.

The date upon which the Invitation is commenced by the District is herein referred to as the "Launch Date." This Agreement will confirm the understanding between the District and Loop pursuant to which the District has retained Loop to act as the Dealer Manager, on the terms; and subject to the conditions set forth herein, in connection with the proposed Tender Offer.

On or prior to the Launch Date, the District shall furnish to the Dealer Manager the Preliminary Official Statement of the District dated _____, 2023, and incorporated by reference into the Invitation (the "Preliminary Official Statement") relating to the 2023 Refunding Bonds for use in connection with the Invitation. Any other offering materials and information relating to the Invitation furnished to holders of the Target Bonds (including, any advertisements, press releases or summaries relating to the Invitation and any forms of letters to brokers, securities dealers, commercial banks, trust companies and other nominees relating to the Invitation), that the District may prepare or cause to be prepared or approved, including any amendments or supplements thereto, as of the Launch Date, together with the Preliminary Official Statement and the Invitation, are collectively referred to herein as the "Tender Documents"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Preliminary Official Statement.

The District has caused complete and correct copies of the Tender Documents to be prepared and furnished to the Dealer Manager on or prior to the Launch Date. The Tender Documents have been prepared and approved by the District, and the Dealer Manager is authorized to use the Tender Documents delivered on or prior to the date hereof in connection with the Tender Offer in the manner contemplated by the Tender Documents along with such other offering materials and information that the District may approve for use subsequent to the date hereof in connection with the Tender Offer (together with any and all information and documents incorporated by reference therein, collectively, the "Additional Material").

In connection with the Invitation, and subject to the terms thereof, the District will purchase Target Bonds tendered for purchase with a portion of the proceeds of the 2023 Refunding Bonds. The purchase of any Target Bonds tendered for purchase pursuant to the Tender Offer is contingent upon the issuance of the 2023 Refunding Bonds and the other conditions set forth in the Invitation.

The 2023 Refunding Bonds shall be issued under and secured by a Resolution of the Board of Education of the District (the "Board") adopted on [October 19], 2023 (the "Resolution"), authorizing the issuance of the 2023 Refunding Bonds and the Tender Offer, and pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act").

The date on which Target Bonds tendered for purchase pursuant to the Tender Offer are purchased is referred to herein as the "Settlement Date."

SECTION 1. Engagement. Subject to the terms and conditions set forth herein:

(a) The District hereby retains the Dealer Manager, and subject to the terms and conditions hereof, the Dealer Manager agrees to act, as the exclusive dealer manager to the

District in connection with the Invitation until the Settlement Date or earlier termination of this Agreement pursuant to Section 3 hereof.

(b) The District acknowledges and agrees that the Dealer Manager has been retained solely to provide the services set forth in this Agreement. The District also acknowledges and agrees that the Dealer Manager shall act as an independent contractor, on an arms-length basis under this Agreement with duties solely to the District, and not as a financial advisor (including a municipal advisor as defined in Section 975(c) of the Dodd Frank Wall Street Reform and Consumer Protection Act), and that nothing contained herein or the nature of the Dealer Manager's services hereunder is intended to create or shall be construed as creating an agency or fiduciary relationship between the Dealer Manager (or any of its affiliates) and the District (or its security holders, directors, officers, employees or creditors) or any other person. The District further acknowledges that: (i) Loop shall not be deemed to act as a partner, joint venturer or agent of, or a member of a syndicate with, the District (except that in any jurisdiction in which the Invitation is required to be made by a registered licensed broker or dealer, it shall be deemed made by the Dealer Manager on behalf of the District), and the District shall not be deemed to act as the agent of Loop; and (ii) no securities broker, dealer, bank, trust company or nominee shall be deemed to act as the agent of Loop or as the agent of the District, and Loop shall not be deemed to act as the agent of any securities broker, dealer, bank, trust company or nominee. In connection with the transactions contemplated hereby and the process leading to such transactions, Loop is and has been acting solely as a principal and not the agent or fiduciary of the District or its security holders, directors, officers, employees, creditors or any other person. The District acknowledges and agrees that none of Loop, its affiliates and officers, directors, employees, agents and controlling persons shall have any liability in tort, contract or otherwise to the District for any act or omission on the part of any securities broker, dealer, bank, trust company or nominee or any other person other than Loop.

(c) Accordingly, the District expressly disclaims any agency or fiduciary relationship with Loop hereunder. The District understands that Loop and its affiliates are not providing (nor is the District relying on Loop or its affiliates for) tax, regulatory, legal or accounting advice. The rights and obligations the District may have to Loop or its affiliates under any credit or other agreement are separate from the District's rights and obligations under this Agreement and will not be affected in any way by this Agreement. Loop may, to the extent it deems appropriate, retain the services of any of its affiliates to assist Loop in providing its services hereunder and share with any such affiliates any information made available by or on behalf of the District. In connection with the Invitation, the District has consulted its own municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

(d) The District acknowledges that Loop and its affiliates are engaged in a broad range of securities activities and financial services. In the ordinary course of Loop's business, Loop or its affiliates: (i) may at any time hold long or short positions, and may trade or otherwise effect transactions, for Loop's own account or the accounts of their customers, in debt securities of the District (including the Target Bonds); and (ii) may at any time be providing or arranging financing and other financial services to companies or entities that may be involved in a competing transaction. In the event that Loop owns any Target Bonds, the District acknowledges that Loop may participate in the tender of such Target Bonds pursuant to the Tender Offer.

(e) The Dealer Manager agrees and covenants for the benefit of the District, in accordance with its customary practice and consistent with industry practice and in accordance with the terms of the Invitation, to perform those services in connection with the

Invitation as are customarily performed by dealer managers in connection with similar transactions of a like nature, including, without limitation, using all reasonable commercial efforts to solicit tenders of Target Bonds in the United States pursuant to the Invitation, communicating generally regarding the Invitation with securities brokers, dealers, banks, trust companies and nominees and other holders of the Target Bonds and participating in meetings with, furnishing information to, and assisting the District in negotiating with holders of the Target Bonds. In soliciting tenders of Target Bonds for purchase, no securities broker or dealer (other than the Dealer Manager), commercial bank or trust company shall be deemed to act as the agent of the Dealer Manager or the agent of the District; and the Dealer Manager shall not be deemed the agent of any other securities broker or dealer or of any commercial bank or trust company. The District shall have sole authority for the acceptance or rejection of any and all tenders of Target Bonds for purchase.

(f) On behalf of the District, the Dealer Manager has selected Globic Advisors to act as an information agent (the "Information Agent") in connection with the Invitation and as such to advise the Dealer Manager as to such matters relating to the Invitation as the Dealer Manager may reasonably request. The District agrees to furnish or cause to be furnished to the Dealer Manager, to the extent the same is available to the District, lists showing the names and addresses of, and principal amount of the Target Bonds held by, the Registered or Beneficial Owners of the Target Bonds as of a recent date, and shall use its best efforts to advise the Dealer Manager from day to day during the period of the Tender Offer as to any changes in identity of the Registered or Beneficial Owners of the Target Bonds. In addition, the District hereby authorizes the Dealer Manager to communicate with the Information Agent with respect to matters relating to the Invitation. The District has instructed or will instruct the Information Agent to advise the Dealer Manager at least daily in writing as to the principal amount of the Target Bonds tendered and not validly withdrawn pursuant to the Invitation prior to the Expiration Date(s) (as defined in the Invitation) set forth in the Invitation and such other matters in connection with the Invitation as the Dealer Manager may reasonably request.

(g) The District, with the assistance of the Information Agent, shall cause to be delivered to the holders of the Target Bonds and to each participant in the Depository Trust Company ("DTC") appearing in the most recent available DTC securities listing as a holder of the Target Bonds, as soon as practicable, by electronic means or by another means of expedited delivery, copies of the Tender Documents. Thereafter, to the extent practicable, until the Expiration Date(s) of the Invitation, the District shall use its reasonable best efforts to cause copies of such materials to be made available to each person who becomes a holder or beneficial owner of the Target Bonds. In addition, the District shall update such information from time to time during the term of this Agreement as reasonably requested by the Dealer Manager and to the extent such information is reasonably available to the District within the time constraints specified.

(h) The District authorizes the Dealer Manager to use the Tender Documents and any Additional Material in connection with the Tender Offer and for such period of time as any materials are required by law to be delivered in connection therewith. The Dealer Manager shall not have any obligation to cause any Tender Documents or Additional Material to be transmitted generally to the holders of the Target Bonds.

(i) The District agrees to cause the Preliminary Official Statement and the other Tender Documents to be filed with the Electronic Municipal Market Access system ("EMMA") maintained by the Municipal Securities Rulemaking Board on or prior to the Launch Date and to cause any Additional Materials to be filed with EMMA when issued and delivered by the District. The District will deliver to the Dealer Manager the final official statement relating to

the 2023 Refunding Bonds (the "Official Statement") and cause the Official Statement to be filed on EMMA.

(j) The District agrees to advise the Dealer Manager promptly of the occurrence of any (i) event which could cause or require the District to withdraw, rescind or modify the Tender Documents or any Additional Material (ii) any proposal by the District or requirement to make, amend or supplement any Tender Documents or Additional Material, (iii) any material developments in connection with the Tender Offer, including, without limitation, the commencement of any lawsuit concerning or related to the Tender Offer, (iv) the issuance by any agency of any comment or order or the taking of any other action concerning the Tender Offer, and (v) any other information relating to the Tender Offer, the Tender Documents or any Additional Material or this Agreement that the Dealer Manager may from time to time reasonably request. In addition, if any event occurs as a result of which it shall be necessary to amend or supplement any Tender Documents or any Additional Material in order to correct any untrue statement of a material fact contained therein or omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall, promptly upon becoming aware of any such event, advise the Dealer Manager of such event and, as promptly as practicable under the circumstances, prepare and furnish copies of such amendments or supplements of any such Tender Documents or any Additional Material to the Dealer Manager, so that the statements in such Tender Documents or Additional Material, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District agrees to file or cause to be filed with EMMA any amendments or supplements of any Tender Documents or any Additional Material.

(k) Except as otherwise required by law or regulation, the District will not use or publish any material in connection with the Invitation, other than: (i) the Tender Documents; (ii) any material related to the offering of the 2023 Refunding Bonds pursuant to the Preliminary Official Statement and the Official Statement or the purchase and sale of such 2023 Refunding Bonds; and (iii) any Additional Material approved in writing by the Dealer Manager (which approval may be in the form of an electronic transmission), or refer to the Dealer Manager in any such material, without the prior written approval of the Dealer Manager (which approval may be in the form of an electronic transmission), which in either instance shall not be unreasonably withheld. The District, upon receiving such written approval, will promptly furnish the Dealer Manager with as many copies of such approved materials as the Dealer Manager may reasonably request. The District will promptly inform the Dealer Manager of any litigation or administrative or similar proceeding of which it becomes aware which is initiated or threatened with respect to the Invitation. The Dealer Manager agrees that it will not make any statements in connection with the Invitation other than the statements that are set forth in, or derived from, the Tender Documents or Additional Material without the prior written consent of the District.

(l) The District agrees to pay promptly, in accordance with the terms of and subject to the satisfaction of the conditions set forth in the Tender Documents, the applicable purchase price for the Target Bonds accepted for purchase by the District to the holders entitled thereto; provided, however, that the purchase of Target Bonds is contingent upon issuance of the 2023 Refunding Bonds and the source of payment therefor is solely from the proceeds of the 2023 Refunding Bonds. The District agrees not to purchase any Target Bonds during the term of this Agreement except pursuant to and in accordance with the Invitation or as otherwise agreed in writing by the parties hereto and permitted under applicable laws and regulations.

(m) The District acknowledges that in providing advice to the District in connection with the Tender Offer as contemplated hereby, the Dealer Manager is relying on the independent registered municipal advisor exemption to the Securities and Exchange Commission's Municipal Advisor Rule. The District is represented by Dale Scott & Company, Inc. as its independent registered municipal advisor and has relied on the advice of Dale Scott & Company, Inc. with respect to the Tender Offer.

SECTION 2. Compensation and Expenses.

(a) The District shall pay to Dealer Manager, as compensation for services as Dealer Manager: (i) a fee of \$2.50 for each \$1,000 principal amount of Target Bonds tendered and purchased pursuant to the Invitation. The Dealer Manager's fee and reasonable out-of-pocket expenses will be paid from the proceeds of the 2023 Refunding Bonds issued by the District to fund the Invitation or other available moneys of the District. Loop, on behalf of the District, has retained Globic Advisor ("Globic") as Information Agent and Tender Agent. The District has agreed to reimburse Loop from proceeds of the 2023 Refunding Bonds issued by the District for Globic's fees and out-of-pocket expenses regardless of the number of bonds actually tendered.

(b) The District shall pay all reasonable expenses incurred in connection with the Invitation, whether or not any Target Bonds are tendered pursuant to the Tender Offer, including, without limitation, all fees and expenses relating to preparation, printing, mailing, and publishing of the Tender Documents and any Additional Materials, [and all amounts payable to securities dealers (including the Dealer Manager), brokers, banks, trust companies, and nominees as reimbursements of their customary mailing and handling expenses incurred in forwarding the Tender Documents and any Additional Materials to their customers, and of any forwarding agent,] all advertising charges and all other expenses of the District in connection with the Invitation and shall reimburse the Dealer Manager for all reasonable out-of-pocket expenses incurred by the Dealer Manager in connection with its services as Dealer Manager under this Agreement. This Section 2(b) shall survive the termination of this Agreement (other than pursuant to Section 3(b)(ii)).

SECTION 3. Termination; Withdrawal.

(a) Subject to Section 7 hereof, this Agreement shall terminate upon the earliest to occur of: (i) the termination, withdrawal or cancellation of the Invitation; (ii) the close of business on the Settlement Date; (iii) the withdrawal by Loop as the Dealer Manager pursuant to Section 3(c) hereof; and (iv) the date that is six months from the date hereof.

(b) Subject to Section 7 hereof, this Agreement may be terminated by the District at any time upon notice to the Dealer Manager, if: (i) at any time prior to the Settlement Date, the Invitation is terminated or withdrawn by the District for any reason; or (ii) the Dealer Manager does not, in the reasonable opinion of the District, comply in any material respect with any covenant in Section 1.

(c) Subject to Section 7 hereof, this Agreement shall be subject to termination in the absolute discretion of the Dealer Manager without any liability or penalty to the Dealer Manager or any of its affiliates and their respective officers, directors, employees, agents and controlling persons (each, a "Dealer Manager-Related Person"), at any time upon notice to the District, if: (i) at any time prior to the Settlement Date, the Invitation is terminated or withdrawn by the District for any reason other than as provided in Section 3(b)(ii) above, or any stop order, restraining order, injunction or denial of an application for approval has been issued and not thereafter stayed or vacated, or any proceeding, litigation or

investigation has been initiated, with respect to or otherwise affecting the Invitation or any other action or transaction contemplated by the Tender Documents or this Agreement, which the Dealer Manager believes renders it inadvisable for the Dealer Manager to continue to act hereunder, then in any such case the Dealer Manager shall be entitled to withdraw as Dealer Manager without any liability or penalty to it or any other Dealer Manager-Related Person and without loss of any right to reimbursement for its expenses, fees and costs pursuant to Section 2 hereof; (ii) the District shall have breached in any material respect, any representation, warranty or covenant contained herein (including, but not limited to, the conditions set forth in Section 4 hereof); or (iii) the District shall publish, send or otherwise distribute any amendment or supplement to the Tender Documents or any Additional Material to which the Dealer Manager shall reasonably object in writing to the District.

SECTION 4. Representations and Warranties by the District. The District represents and warrants to the Dealer Manager, as of the date hereof, as of each date that any Tender Documents are published, sent, given or otherwise distributed, throughout the continuance of the Invitation, and as of the Settlement Date, that:

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

(b) The District has full legal right, power and authority to execute and deliver this Agreement, to observe and perform the covenants and agreements provided for in this Agreement, and to consummate the Invitation and the transactions to which it is or is to be a party as contemplated hereby and by the Invitation, including but not limited to the issuance of the 2023 Refunding Bonds. The execution, delivery and performance of this Agreement and the consummation by the District of the Invitation and the transactions to which it is or is to be a party as contemplated hereby and by the Invitation, have been duly authorized by all necessary action on the part of the District (including authorizing any provisions for the payment from proceeds of the 2023 Refunding Bonds by the District for Target Bonds tendered for purchase).

(c) This Agreement and the Tender Documents and the District's performance hereunder and under the Resolution have been duly authorized and approved by the District. This Agreement has been duly executed and delivered by the District and constitutes the legal, valid and binding obligation of the District, enforceable in accordance with its terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and remedies generally and to the application of equitable principles where equitable remedies are sought, to the exercise of judicial discretion in appropriate cases, and to the limitations on the exercise of legal remedies against public agencies in the State of California. On the Settlement Date, the Resolution shall be in full force and effect, shall not have been amended, modified or rescinded and shall be valid and binding on the District and enforceable against the District in accordance with its terms. When issued, the 2023 Refunding Bonds shall be valid and binding obligations of the District secured by the pledge and lien upon which they purport to be secured.

(d) The Tender Documents comply and (as amended or supplemented, if amended or supplemented) will comply in all material respects with all applicable requirements of the federal securities laws; and the Tender Documents and the Additional Material are true and correct in all material respects and do not and (as amended or supplemented, if amended or supplemented) will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which

they were made, not misleading.

(e) Except as otherwise disclosed in the Tender Documents (exclusive of any amendment or supplement thereto), subsequent to the respective dates of which information is given in the Tender Documents (exclusive of any amendment or supplement thereto):, there is no event, circumstance or development which would have, or would be reasonably expected to have, a material adverse effect on the power or ability of the District to perform its obligations hereunder or with respect to the 2023 Refunding Bonds, to make or consummate the Invitation or to consummate the transactions to which it is or is to be a party as contemplated hereby and by the Tender Documents.

(f) Except as disclosed in the Tender Documents, the District has not incurred any material liability or obligation, indirect, direct or contingent, nor entered into any financially material transaction or agreement other than the issuance of the 2023 Bonds.

(g) The execution and delivery of this Agreement and compliance with the provisions on the District's part contained herein and the making and consummation of the Invitation (including any provisions for the payment by the District from proceeds of the applicable series of 2023 Refunding Bonds for Target Bonds tendered for purchase) and the consummation of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which any of its property or assets are otherwise subject; (ii) result in any violation of the laws of the State of California, including but not limited to, the Act, as amended; or (iii) contravene any federal, state or local law, rule or regulation applicable to the District, or any order applicable to the District of any court or of any other governmental agency or instrumentality having jurisdiction over it or any of its property.

(h) Except as disclosed in the Tender Documents, no litigation or other action, suit, proceeding, inquiry or investigation before or by any court or agency or other administrative body (either of the State of California or the United States Government) is pending or, to the best of the District's knowledge, after due investigation, threatened, in any way restraining or enjoining, or threatening or seeking to restrain or enjoin the making or consummation of the Invitation, the acquisition or cancellation of Target Bonds or the other transactions contemplated by this Agreement or the Tender Documents or: (i) in any way contesting, questioning or affecting the validity or enforceability of any provision of this Agreement, the 2023 Refunding Bonds, the Resolution or the pledge and lien of property tax revenues securing the 2023 Refunding Bonds; (ii) in any way contesting, questioning or affecting the accuracy, completeness or fairness of the Tender Documents; (iii) in any way contesting, questioning or affecting the legal existence of the District, the title of its officers and the Board to their respective offices, or its ability to perform its obligations hereunder, with respect to the making or consummation of the Invitation, the acquisition or cancellation of Target Bonds or the other transactions contemplated by this Agreement or the Tender Documents; (iv) in any way contesting, questioning or affecting the ability of the District to consummate, or substantially comply with, the making or consummation of the Invitation, the acquisition or cancellation of Target Bonds or the other transactions contemplated by this Agreement or the Tender Documents; or (v) which, if adversely determined, could have a material adverse effect on the financial condition of the District or on the making or consummation of the Invitation, the acquisition or cancellation of Target Bonds or the other transactions contemplated by this Agreement, the 2023 Refunding Bonds, the Resolution or the Tender Documents. The District shall advise the Dealer Manager promptly of the institution of any proceedings known to it by any governmental agency prohibiting or

otherwise affecting the use of the Tender Documents in connection with the transactions contemplated hereby and by the Invitation.

(i) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required to be obtained by the District for: (i) the due authorization of, or which would constitute a condition precedent to or the absence of which would materially adversely affect the making and consummation of, the Invitation (including any provisions for the payment by the District for Target Bonds tendered for purchase); (ii) the execution, delivery and performance of this Agreement by the District; or (iii) the consummation of the transactions contemplated hereby by the District have been duly obtained, except for such approvals, consents and orders as are not required until, and will be obtained prior to the Settlement Date, or as may be required under the blue sky or securities laws of any state in connection with the offering and sale of the 2023 Refunding Bonds.

(j) Subject to the successful sale and closing of the 2023 Refunding Bonds, the District has or will have available funds, is authorized to apply, and will apply, or cause to be applied, such funds to pay the full purchase price of the Target Bonds tendered for purchase that the District becomes committed to purchase pursuant to the Invitation, and all related fees and expenses, and will have available for delivery, and is authorized to issue and deliver the 2023 Refunding Bonds, and the 2023 Refunding Bonds when issued, authenticated and delivered to fund the purchase of the Target Bonds will be valid and legally enforceable obligations of the District in accordance with their terms, all as provided in and subject to all of the terms and provisions of the Resolution and the Tender Documents.

(k) The representations and warranties of the District with respect to the 2023 Refunding Bonds set forth in any purchase contract executed by the District with the underwriter of 2023 Refunding Bonds to be sold in a public offering thereof (the "Purchase Contract") are hereby incorporated into this Agreement and made to the Dealer Manager with respect to the 2023 Refunding Bonds.

(l) The District is not in material breach of, or in default under: (i) any applicable constitutional provision, law or administrative regulation of the State of California or the United States of America or any agency or instrumentality of either or any applicable judgment or decree; or (ii) any other loan agreement, note, bond, resolution, indenture, agreement or other instrument to which the District is subject, or by which it or any of its properties is bound or affected, and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would constitute a default or event of default under any such instrument.

(m) Prior to the Settlement Date the District will not take any action within or under its control that will cause any material adverse change in the District's ability to perform its obligations under or consummate the transactions contemplated by this Agreement and the Tender Documents.

(n) The District has deemed the Preliminary Official Statement final as of its date, except for the omission of certain information as permitted by Rule 15c-12 promulgated by the Securities and Exchange Commission.

(o) The District has made or caused to be made appropriate arrangements with DTC to allow for the book-entry movement of tendered Target Bonds between depository participants and DTC.

(p) The representations and warranties set forth in this Section 4 shall remain operative and in full force and effect regardless of any termination, expiration or cancellation of this Agreement.

SECTION 5. Conditions and Obligations. The obligation of the Dealer Manager to act as a Dealer Manager hereunder shall at all times be subject, in its discretion, to the conditions that:

(a) All representations and warranties of the District contained herein or in any certificate or writing delivered hereunder at all times during the Invitation and at all times at or prior to the Settlement Date, shall be true and correct.

(b) The District at all times during the Invitation and at all times at or prior to the Settlement Date shall have performed all of its obligations hereunder required as of such time to have been performed by it.

(c) As of the Launch Date, and as of the Settlement Date, the Dealer Manager shall have received the opinions of Nixon Peabody LLP, counsel to the Dealer Manager, and Dannis Woliver Kelley, Disclosure Counsel to the District, to the effect that (i) the Invitation, and the actions of the District in connection with the Invitation as specifically set forth in the Tender Documents, are exempt from the provisions of Section 14(d) of the Securities Exchange Act of 1934 ("Exchange Act"), Regulation 14D and 14E of the Securities and Exchange Commission and the related rules promulgated thereunder, and (ii) negative assurance as to the Tender Documents.

(d) The District shall furnish to the Dealer Manager the following opinions of Dannis Woliver Kelley, Bond Counsel to the District: (i) an opinion dated the Launch Date substantially in the form attached hereto as Exhibit A-1, (ii) an opinion dated the Settlement Date, substantially in the form attached hereto as Exhibit A-2, and (iii) with respect to the 2023 Refunding Bonds delivered by the District, (a) the approving opinion, dated the Settlement Date and addressed to the District (with a reliance letter to Loop), of Bond and Disclosure Counsel, in substantially the form included as Appendix A to the Preliminary Official Statement; and (b) the legal opinions, certificates, instruments and other documents delivered under the Purchase Contract to the underwriters for the publicly offered 2023 Refunding Bonds.

(e) At the Settlement Date, there shall have been delivered to the Dealer Manager, on behalf of the District, a certificate of the Assistant Superintendent, Business Services of the District or by his authorized designee, dated the Settlement Date, and stating that the representations and warranties set forth in Section 4 hereof are true and accurate as if made on the Settlement Date.

(f) The District shall have advised the Dealer Manager promptly of: (i) the occurrence of any event (other than one expressly contemplated by the terms of the Invitation), which could cause the District to withdraw, rescind or terminate the Invitation or would permit the District to exercise any right not to purchase Target Bonds tendered under the Invitation; (ii) the occurrence of any event, or the discovery of any fact, the occurrence or existence of which the District believes would make it necessary or advisable to make any change in the Tender Documents or any Additional Materials being used or would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect; (iii) any proposal by the District or requirement to make, amend or supplement any Tender Document or any Additional Material pursuant to any applicable law, rule or regulation; (iv) its awareness of the issuance by any regulatory

authority of any comment or order or the taking of any other action concerning the Invitation (and, if in writing, will have furnished the Dealer Manager with a copy thereof); (v) its awareness of any material developments in connection with the Invitation or the financing thereof, including, without limitation, the commencement of any lawsuit relating to the Invitation; and (vi) any other information relating to the Invitation, the Tender Documents, any Additional Material or this Agreement which the Dealer Manager may from time to time reasonably request.

SECTION 6. Indemnification and Contribution. (a) To the extent permitted by law, the District agrees to indemnify and hold harmless the Dealer Manager, and each person, if any, who controls (within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Exchange Act) the Dealer Manager, and their directors, officers, agents and employees (each, an "Indemnified Person"), from and against any and all losses, claims, damages, liabilities and expenses (each, a "Loss" and, collectively, the "Losses") (or actions in respect thereof), joint or several, to which the Dealer Manager may become subject, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the Official Statement or any other Tender Documents or Additional Material, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the District shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made: (i) in written information the Dealer Manager furnished to the District expressly for use in the Preliminary Official Statement or the Official Statement (or any supplement or amendment thereto) or under any Tender Document or Additional Material (the "Dealer Manager Information"), it being understood that the Dealer Manager Information shall include only the name and the contact information of the Dealer Manager in the Preliminary Official Statement, the Official Statement and the Invitation and the information contained under "UNDERWRITING" in the Preliminary Official Statement and the Official Statement or information contained in Section [_____] of the Invitation; or (ii) relating to DTC or DTC's book-entry system, the yields on the 2023 Refunding Bonds stated on the inside front cover of the Official Statement and CUSIP numbers.

(b) Promptly after the receipt by an Indemnified Person under subparagraph (a) above of notice of the commencement of any claim, litigation, investigation (including any governmental or regulatory investigation) or proceedings relating to the Tender Documents, this Agreement or the Tender Offer (the "Proceedings"), such Indemnified Person will, if a claim in respect thereof is to be made hereunder against the District under such subparagraph in respect thereof, notify the District in writing of the commencement thereof; provided that: (i) the failure to so notify the District will not relieve the District from any liability which it may have hereunder except to the extent it has been materially prejudiced (through forfeiture of substantive rights or defenses) by such failure; and (ii) the failure to so notify the District will not relieve the District from any liability which it may have to an Indemnified Person otherwise than on account of this indemnity agreement. In case any such Proceedings are brought against any Indemnified Person and it notifies the District of the commencement thereof, the District shall be entitled to participate therein and to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person (who shall not, except with the consent of the Indemnified Person, be counsel to the District), and, after notice from the District to such Indemnified Person of its election so to assume the defense thereof, the District shall not be liable to such Indemnified Person under such subparagraph for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Person, in connection with the defense thereof

other than reasonable costs of investigation. The Indemnified Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Person, unless: (I) the employment of such counsel has been specifically authorized by the District in writing prior to the employment of such counsel; or (II) the named parties to any such action (including any impleaded parties) included both the Indemnified Person and the District, and the Indemnified Person shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the District and that joint representation may be inappropriate under professional standards, in which case the District shall not have the right to assume the defense of such action on behalf of the Indemnified Person. The District shall not, without the written consent of the Indemnified Person, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Person is an actual or potential party to such action or claim) unless such settlement, compromise or judgment:

- (1) includes an unconditional release of the Indemnified Person from all liability arising out of such action or claim; and
- (2) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any Indemnified Person.

(c) If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless, then the District shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim, damage, liability or expense: (i) in such proportion as is appropriate to reflect the relative benefits received by the District, on the one hand, and by the Dealer Manager, on the other hand, from the Tender Offer and the transactions contemplated thereby; or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law or if the Indemnified Person failed to give the notice required under subparagraph (b) above, then the District shall contribute to such amount paid or payable by such Indemnified Person, in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing clause (i), but also the relative fault of the District, on the one hand, and of the Dealer Manager, on the other hand, in connection with the statements, actions, or omissions which resulted in such loss, claim, damage, liability or expense, as well as any other relevant equitable considerations. The relative benefits received by the District, on the one hand, and by the Dealer Manager, on the other hand, shall be deemed to be in the same proportion as: (I) the sum of the aggregate principal amount of the Target Bonds validly tendered for purchase and not withdrawn bears to (II) the aggregate fee paid to the Dealer Manager pursuant to Section 2(a) of this Agreement. The relative fault of the District, on the one hand, and of the Dealer Manager, on the other hand, in the case of an untrue or alleged untrue statement of a material fact or an omission or alleged omission to state a material fact, shall be determined by reference to, among other things, whether such statement or omission relates to information supplied by the District or by the Dealer Manager and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. The District and the Dealer Manager agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages, liabilities or expenses referred to in this paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person in connection

with investigating or defending any such action or claim.

(d) The indemnity, reimbursement and contribution obligations of the District under this Section 6 shall be in addition to any liability which the District may otherwise have to an Indemnified Person.

SECTION 7. Survival. This Section 7 and Sections 2, 6, 8 and 10 hereof, and the representations and warranties of the District set forth in Section 4 hereof shall survive any failure by the District to commence, or termination, expiration or cancellation of this Agreement, any completion of the engagement provided for by this Agreement or any investigation made on behalf of the District, the Dealer Manager or any Dealer Manager-Related Person and shall survive the termination of the Invitation.

SECTION 8. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California without reference to choice of law doctrine.

SECTION 9. Notices. Except as otherwise expressly provided in this Agreement, whenever notice or other communication is required by the provisions of this Agreement to be given, such notice or other communication shall be in writing addressed as follows and effective when received:

If to the District:

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

If to the Dealer Manager:

Loop Capital Markets LLC
580 California Street, 16th Floor
San Francisco, California 94101
Attention: Robert Larkins, Managing Director

SECTION 10. Advertisements. The District agrees that the Dealer Manager shall have the right to place advertisements in financial and other newspapers and journals at their own expense describing their services to the District hereunder, subject to the District's prior approval, which approval shall not be unreasonably withheld or delayed.

SECTION 11. Miscellaneous.

(a) This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. This Agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this Agreement.

(b) This Agreement is solely for the benefit of the District, the Dealer Manager and the Dealer Manager-Related Persons, and their respective successors, heirs and assigns, and no other person shall acquire or have any rights under or by virtue of this

Agreement.

(c) The Dealer Manager may share any information or matters relating to the District, the Invitation and the transactions contemplated hereby with their respective affiliates and such affiliates may likewise share information relating to the District with the Dealer Manager.

(d) If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants, and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The District and the Dealer Manager shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, void or unenforceable provisions.

(e) This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which, taken together, will constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance of the terms hereof by signing in the appropriate space below and returning to the Dealer Manager the enclosed duplicate originals hereof, whereupon this letter shall become a binding agreement between us.

Very truly yours,

LOOP CAPITAL MARKETS LLC

By: _____
Authorized Officer

Accepted and agreed to as
of the date first written above:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Jesse Castillo
Assistant Superintendent, Business Services

[Signature Page to Dealer Manager Agreement]

EXHIBIT A-1

OPINION OF BOND COUNSEL

[TO COME FROM BOND COUNSEL]

EXHIBIT A-2

OPINION OF BOND COUNSEL

[TO COME FROM BOND COUNSEL]

EXHIBIT B

INVITATION TO TENDER BONDS