



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.3

**Meeting Date:** September 5, 2019

**Subject:** **Approve Resolution No. 3100: Authorizing the Issuance and Sale of Not to Exceed \$150 Million Sacramento City Unified School District General Obligation Refunding Bonds and Approving Certain Actions and Documents in Connection Therewith**

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

**Division:** Business Services

**Recommendation:** Approve Resolution No. 3100 authorizing the issuance and sale of refunding bonds and approving forms of documents and actions of officers of the District necessary in connection with the refunding of General Obligation Bonds.

**Background/Rationale:** The District issued General Obligation Bonds in 2011, 2012, 2013 and 2015. Each series of bonds were sold with an optional redemption which allows the District to call the bonds earlier than their stated maturity.

General Obligation bonds are backed by local tax revenues and the obligation of the bond's debt service is separate from the general fund of the District. As authorized by taxpayer, the Sacramento County Director of Finance is obligated to levy ad valorem taxes on a property subject to taxation in the District.

Refunding bonds provide a savings to the taxpayers in the form of debt service relief. The attached documents provide authorization to move forward with the refunding. The cost of issuance will be taken into consideration as part of the financing.

**Financial Considerations:** All savings accrue to taxpayers, no impact to the general fund.

**LCAP Goal(s):** Family and Community Empowerment; Operational Excellence

**Documents Attached:**

1. Executive Summary
2. Authorizing Resolution No. 3100
3. Preliminary Official Statement
4. Paying Agent Agreement
5. Bond Purchase Contract

6. Escrow Agreement
7. Continuing Disclosure Certificate
8. Tax and Continuing Disclosure Guidelines

**Estimated Time of Presentation:** 5 Minutes  
**Submitted by:** Amari Watkins, Director II, Accounting Services  
**Approved by:** Jorge Aguilar, Superintendent

# Board of Education Executive Summary

## Business Services

Resolution No. 3100: Issuance and Sale of Not to Exceed \$150,000,000

General Obligation Refunding Bonds

September 5, 2019



### I. Overview/History:

The District received authorization at an election held on November 6, 2012, by more than 55% of the votes cast by eligible voters, to issue General Obligation bonds in an aggregate principal amount not to exceed \$346 million (Measure Q) and \$68 million (Measure R). On July 16, 2013 the District issued the Election of 2012, Series 2013 Measures Q & R General Obligation Bonds Series A (the "2013 Bonds"). In 2011, 2012 and 2015 the District issued a series of Refunding General Obligation Bonds (the "2011 Bonds", the "2012 Bonds", the "2015 Bonds" or collectively the "Refunding Bonds"). The 2013 Bonds and the Refunding Bonds were sold with optional redemptions, which allows the District to call the bonds earlier than their stated maturities for economic reasons, namely to take advantage of lower interest rate environments.

The current interest rate environment is near or at record lows. This environment allows the District an opportunity to issue refunding bonds by calling the existing bonds and issuing new bonds at a lower interest rate reducing debt service and creating tax savings to the District taxpayers. As of August 14, 2019, a refunding of a portion of the 2011 Bonds, the 2012 Bonds and the 2013 Bonds produce a net present value savings of over \$7 million, which is approximately 6.5% of the par amount of bonds to be refunded. Staff recommends a minimum savings of 5% to proceed with the refunding. Preliminary savings for the 2015 Bonds is estimated at 4.2%. If interest rates on the date of sale produce savings on the 2015 Bonds of over 5% percent, they will be eligible for refunding at this time.

### II. Driving Governance:

- California Government Code sections 53550 and 53552 state that General Obligation bonds may be refunded without a vote of the voters provided that the term is not extended and the debt service costs are not increased.
- California Government Code section 53559 states that the county director of finance will continue to administer the tax levy for debt service for the bonds.

### III. Budget:

General Obligation bonds are voter-approved debt, which are secured by the legal obligation to levy ad valorem property taxes sufficient to pay annual debt services. General Obligation bonds are independent from the District's general fund. As authorized by the taxpayers, the Sacramento County Director of Finance is obligated to levy ad valorem taxes on property subject to taxation in the District.

# Board of Education Executive Summary

## Business Services

Resolution No. 3100: Issuance and Sale of Not to Exceed \$150,000,000  
General Obligation Refunding Bonds  
September 5, 2019



Economic savings generated by a bond issuance refunding would benefit taxpayers. Refunding of bonds will produce a minimum present value basis of approximately 5.0 percent of the par amount of the bonds.

### IV. Goals, Objectives and Measures:

As part of the District's fiduciary responsibility to taxpayers, staff and the District's financial advisor from Capitol PFG will present the refunding opportunity.

### V. Major Initiatives:

- Debt service savings for the taxpayers.
- No financial impact to the general fund.

### VI. Results:

Recognizing its responsibility to taxpayers, the District is developing an overall financial long-term plan for the District that includes regular review of opportunities to reduce General Obligation bond debt service.

### VII. Lessons Learned/Next Steps:

The attached documents are presented to the Board as an action item.

BOARD OF EDUCATION  
OF THE  
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

RESOLUTION NO. 3100

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,000; PRESCRIBING THE TERMS OF SAID REFUNDING BONDS; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE PAYING AGENT AGREEMENTS, BOND PURCHASE AGREEMENTS, CONTINUING DISCLOSURE CERTIFICATES, ESCROW AGREEMENTS, OFFICIAL STATEMENTS FOR SAID REFUNDING BONDS, AND COMPLIANCE GUIDELINES; AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES RELATING TO SAID REFUNDING BONDS

WHEREAS, the Board of Education (the “Board of Education”) of the Sacramento City Unified School District (the “District”) of the County of Sacramento (the “County”), State of California (the “State”), has heretofore caused to be issued \$79,585,000 aggregate principal amount of Sacramento City Unified School District 2011 General Obligation Refunding Bonds (the “2011 Bonds”), \$46,850,000 of which are outstanding; and

WHEREAS, the Board of Education has heretofore caused to be issued \$113,245,000 aggregate principal amount of Sacramento City Unified School District 2012 General Obligation Refunding Bonds (the “2012 Bonds”), \$81,650,000 of which are outstanding; and

WHEREAS, the Board of Education has heretofore caused to be issued \$30,000,000 aggregate principal amount of Sacramento City Unified School District General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the “2013 Bonds”), \$11,635,000 of which are outstanding; and

WHEREAS, the Board of Education has heretofore caused to be issued \$32,740,000 aggregate principal amount of Sacramento City Unified School District 2015 General Obligation Refunding Bonds (the “2015 Bonds” and, together with the 2011 Bonds, the 2012 Bonds and the 2013 Bonds, the “Prior Bonds”), \$27,825,000 of which are outstanding; and

WHEREAS, the Board of Education has determined, and does hereby declare, that it is necessary and desirable and that the prudent management of the fiscal affairs of the District requires that all or a portion of the Prior Bonds now be refunded; and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Government Code”) and other applicable law, and pursuant to the respective documents providing for the issuance of the Prior Bonds, the District

is authorized to issue refunding bonds (the “Refunding Bonds”) to refund the Prior Bonds, and to sell its Refunding Bonds on a negotiated sale basis; and

WHEREAS, the Board of Education intends to authorize the sale of the Refunding Bonds be negotiated sale to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to preserve flexibility and take advantage of changing market conditions; and

WHEREAS, Section 5852.1 of the Government Code requires that the Board of Education obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in compliance with said Section, the Board of Education has obtained from the Underwriter the required good faith estimates for the Refunding Bonds and such estimates are disclosed and set forth in Appendix A attached hereto; and

WHEREAS, the Board of Education recognizes that Senate Bill 222 (Chapter 78, Statutes of 2015), which provides for a statutory lien to secure repayment of general obligation bonds, was passed by the legislature and approved by the Governor of the State (the “Governor”) and became effective January 1, 2016; and

WHEREAS, the pledge included in this Resolution to secure payment of the Refunding Bonds is intended to be a consensual agreement with bondholders; and

WHEREAS, Senate Bill 1029 (“SB1029”) was signed by the Governor on September 12, 2016 and places additional responsibilities on any issuer of public debt, including adopting debt management policies that meet certain criteria; and

WHEREAS, the District represents that it is in compliance with SB1029 pre-issuance requirements, the Refunding Bonds will be issued in compliance with the debt policy of the District and the District will comply with all post-issuance requirements of SB1029; and

WHEREAS, the Superintendent of Schools of the County has jurisdiction over the District; and

WHEREAS, the District has appointed Capitol Public Finance Group as Municipal Advisor to the District (the “Municipal Advisor”) and Orrick, Herrington & Sutcliffe LLP as Bond and Disclosure Counsel to the District (“Bond Counsel”) with respect to the Refunding Bonds; and

WHEREAS, the Director of Finance (the “Director of Finance”) of the County of Sacramento, California (the “County”), serves as the paying agent for the District’s bonds

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is approved to serve as escrow agent (the “Escrow Agent”) for the Prior Bonds; and

WHEREAS, the Board of Education desires that the Director of Finance collect a tax on all taxable property within the District sufficient to provide for payment of the Refunding Bonds, and intends by the adoption of this Resolution to notify the Board of Supervisors of the County (the “Board of Supervisors”), the Director of Finance (who also performs the duties of the treasurer-tax collector of the County), and other officials of the County, that they should take such actions as shall be necessary to provide for the levy and collection of such a tax and payment of the Refunding Bonds and such portion, if any, of the Prior Bonds as shall remain outstanding following the issuance of the Refunding Bonds; and

WHEREAS, the District proposes to execute and deliver one or more escrow agreements to the Escrow Agent directing the creation of an escrow fund for the deposit of proceeds of the sale of the Refunding Bonds for the purpose of paying and redeeming the Prior Bonds; and

WHEREAS, there have been submitted and are on file with the Secretary of the Board of Education proposed forms of Bond Purchase Agreements; the Official Statement describing the Refunding Bonds; Paying Agent Agreements, providing for the terms of issuance and repayment of the Refunding Bonds; Escrow Agreements, providing for the terms of payment and redemption of the Prior Bonds; Continuing Disclosure Certificates setting forth certain ongoing disclosure obligations of the District; and Compliance Guidelines;

NOW, THEREFORE, THE BOARD OF EDUCATION OF SACRAMENTO CITY UNIFIED SCHOOL DISTRICT DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

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

Section 2.     Authority for Issuance. The Refunding Bonds are authorized to be issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and other applicable provisions of law, including applicable provisions of the Education Code of the State.

Section 3.     Designation of Refunding Bonds. The Refunding Bonds shall be sold in four or more series, taxable or tax-exempt, to be designated the “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable)” (the “2019A Refunding Bonds”), the “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable)” (the “2019B Refunding Bonds”), the “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable)” (the “2019C Refunding Bonds”), and the “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable)” (the “2019D Refunding Bonds” and, together with the 2019A Refunding Bonds, the 2019B Refunding Bonds and the 2019C Refunding Bonds, the “Refunding Bonds”), with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

Section 4. Terms of Refunding Bonds. The Refunding Bonds shall be issued in an aggregate principal amount not to exceed \$150,000,000 in the form of current interest bonds.

(a) Date of Refunding Bonds. The Refunding Bonds shall be dated as of the date of their delivery, or such other date as shall be set forth in the Bond Purchase Agreement or the Paying Agent Agreement.

(b) Denominations. Any Refunding Bonds issued as current interest bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Refunding Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the respective Paying Agent Agreement. No Refunding Bond shall mature prior to August 1, 2020, and no Refunding Bond shall mature later than the date which is 30 years from the initial date the Refunding Bonds were delivered, nor shall the Refunding Bonds mature later than the date of final maturity of any series of Prior Bonds. No Refunding Bond shall have principal maturing on more than one principal maturity date. Any Refunding Bond may mature in the same year as any other Refunding Bond.

(d) Interest Payment. Any Refunding Bonds issued as current interest bonds shall bear interest at an interest rate not to exceed 5.0% per annum, computed on the basis of a 360-day year of twelve (12) 30-day months, payable semiannually on February 1 and August 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the related Bond Purchase Agreement).

Section 5. Redemption and Defeasance Provisions. The Refunding Bonds may be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the respective Paying Agent Agreement and in the Refunding Bonds. The Refunding Bonds may also be subject to mandatory sinking fund redemption, as specified in the respective Paying Agent Agreement, and in the Refunding Bonds. The Refunding Bonds shall also be subject to defeasance in the manner provided in the respective Paying Agent Agreement.

Section 6. Bond Purchase Agreement; Sale of Refunding Bonds. Each form of instrument entitled “Bond Purchase Agreement” (the “Bond Purchase Agreement”), in substantially the forms on file with the Secretary of the Board of Education, are hereby approved. The Superintendent of the District, the Deputy Superintendent of the District, the Chief Business Officer of the District, or such other officer of the District designated for the purpose (each, an “Authorized District Representative”) is hereby authorized and directed on behalf of the District to execute and approve one or more instruments in substantially said forms providing for the sale by the Board of Education and the purchase by the Underwriter of the Refunding Bonds at a purchase price to be set forth therein; provided, that (i) the total net interest cost to maturity on the Refunding Bonds plus the aggregate principal amount of Refunding Bonds shall be less than the total net interest cost to maturity on the Prior Bonds plus the aggregate principal amount of the Prior Bonds; (ii) the present value of the debt service savings with respect to the Prior Bonds shall be at least 5.0% of the aggregate principal amount of the Prior Bonds; (iii) the Underwriter’s discount shall not exceed 0.5% of the aggregate principal amount of the Refunding Bonds sold thereunder (excluding any costs of issuance the Underwriter agrees to pay pursuant to the Bond



Purchase Agreements); (iv) the true interest cost for the Refunding Bonds shall not be in excess of 4.0%; and (v) the Refunding Bonds shall otherwise conform to the limitations specified herein; and provided further, that such execution and approval shall constitute conclusive evidence of the approval by the Board of Education and the District of any changes or revisions therein from the forms of Bond Purchase Agreements submitted herewith. The Authorized District Representative is hereby authorized and directed to execute and deliver one or more Bond Purchase Agreements, as necessary; provided that, any such Bond Purchase Agreement so executed and delivered shall conform to the limitations provided in this Section 6.

Section 7. Investment of Funds. The proceeds of sale of the Refunding Bonds shall be deposited pursuant to the respective Paying Agent Agreement and the respective Escrow Agreement.

Section 8. Notice of Defeasance and Redemption of Prior Bonds. The Escrow Agent is hereby authorized and directed to give notice of defeasance and redemption of the Prior Bonds to be redeemed on the date and in the manner set forth in each Escrow Agreement, or the District shall cause notice of defeasance and redemption of the Prior Bonds as may otherwise be necessary or desirable, and pursuant to the terms set forth in the documents governing the redemption of the Prior Bonds.

Section 9. Tax-Exempt Government Bonds Tax Compliance and Continuing Disclosure Compliance Guidelines. The form of instrument entitled “Tax-Exempt Governmental Bonds Tax Compliance and Continuing Disclosure Compliance Guidelines” (the “Compliance Guidelines”), in substantially the form on file with the Secretary of the Board of Education, is hereby approved and adopted. The Authorized District Representative is hereby authorized to make any changes therein as the Authorized District Representative may require. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Compliance Guidelines.

Section 10. Tax Covenants. Each series of the Refunding Bonds may be issued as taxable or tax-exempt bonds under Section 103 of the Code.

Section 11. Continuing Disclosure. The forms of instrument entitled “Continuing Disclosure Certificate” (the “Continuing Disclosure Certificate”), in substantially the forms on file with the Secretary of the Board of Education, are hereby approved and authorized. The Authorized District Representative is hereby authorized and directed on behalf of the District to execute and deliver one or more instruments in substantially said forms, with such changes thereto as deemed necessary in order to permit the Underwriter to comply with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). The District hereby covenants and agrees that it will comply with and carry out all of the provisions of each Continuing Disclosure Certificate.

Section 12. Official Statement. The Official Statement relating to the Refunding Bonds, in substantially the form on file with the Secretary of the Board of Education, is hereby approved with such changes, additions and corrections as the Authorized District Representative may hereafter approve, and the Underwriter is hereby authorized to distribute copies of such Official Statement in preliminary form to persons who may be interested in purchasing the

Refunding Bonds. The Authorized District Representative is hereby authorized to certify on behalf of the District that the preliminary form of the Official Statement was deemed final as of its date, within the meaning of the Rule (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The Authorized District Representative is hereby authorized and directed to sign said Official Statement in its final form, including the final pricing information, and the Underwriter is hereby authorized and directed to deliver copies of such Official Statement in final form to subsequent purchasers of the Refunding Bonds.

Section 13. Paying Agent Agreement. The forms of instrument entitled “Paying Agent Agreement” (the “Paying Agent Agreement”), by and between the District and the County, as paying agent/registrars and transfer agent (the “Paying Agent”), in substantially the forms on file with the Secretary of the Board of Education, are hereby approved and authorized. An Authorized District Representative is authorized and directed to execute and deliver one or more instruments in substantially said form with such changes thereto as may be acceptable to such Authorized District Representative, in accordance with this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 14. Escrow Agreement. The forms of instrument entitled “Escrow Agreement” (the “Escrow Agreement”), by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent, in substantially the forms on file with the Secretary of the Board of Education, are hereby approved and authorized. An Authorized District Representative is authorized and directed to execute and deliver one or more instruments in substantially said form with such changes thereto as may be acceptable to such Authorized District Representative, in accordance with this Resolution, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 15. Bond Insurance. The Authorized District Representative is hereby authorized to solicit proposals from municipal bond insurers, and, if such officer determines it is in the best interest of the District, to arrange for the issuance of a policy of municipal bond insurance for one or more maturities of the Refunding Bonds and to execute and deliver an insurance commitment and all other documents necessary in connection therewith.

Section 16. Pledge of Tax Revenues. The District hereby pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Refunding Bonds and the outstanding bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the “District Bonds”) and amounts on deposit in the interest and sinking fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date hereof for the benefit of the owners of the District Bonds and successors thereto. The property taxes and amounts held in the interest and sinking fund of the District shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the interest and sinking fund of the District to secure the payment of the District Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The pledge is an agreement between the District and the bondholders to provide security for the Refunding Bonds in addition to any statutory lien that may exist, and the Refunding Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Section 17. Request for Necessary County Actions. (a) The Board of Supervisors, the Director of Finance (who also performs the duties of the treasurer-tax collector of the County), and other officials of the County, are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property of the District sufficient to provide for payment of all principal of, redemption premium, if any, and interest on the Refunding Bonds, as the same shall become due and payable, and to apply moneys in the District's Interest and Sinking Fund as necessary to the payment of the Refunding Bonds, pursuant to the Paying Agent Agreement as finally executed, and to the payment of any Prior Bonds of the District which are to remain outstanding, pursuant to the documents under which such Prior Bonds were issued. The Board of Education hereby agrees to reimburse the County for any costs associated with the levy and collection of said tax, upon such documentation of said costs as the District shall reasonably request.

Section 18. Appointment of Bond Counsel, Municipal Advisor and Underwriter. The firm of Orrick, Herrington & Sutcliffe LLP is hereby appointed Bond Counsel to the District in connection with the Refunding Bonds. The firm of Capitol Public Finance Group is hereby appointed Municipal Advisor to the District in connection with the Refunding Bonds. The firm of Stifel, Nicolaus & Company, Incorporated is hereby appointed as Underwriter in connection with the Refunding Bonds.

Section 19. Approval of Actions. The President of the Board of Education, the Superintendent of the District, the Deputy Superintendent of the District, the Chief Financial Officer or such other officer of the District designated for the purpose and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Refunding Bonds, are hereby authorized and directed to execute and deliver any and all agreements, certificates, letters, and representations, including paying agent agreements, depository agreements, investment agreements for proceeds of the Refunding Bonds, cost of issuance custodian agreements, fiscal agent agreements, bond insurance policies, signature certificates, no-litigation certificates, certificates concerning the contents of one or more official statements relating to the Refunding Bonds, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates or agreements proposed to be executed and delivered in connection with the sale of the Refunding Bonds, investment of the proceeds or compliance with the Code, as applicable, and to enter into any agreements, which any of them deem necessary or desirable to accomplish the transactions authorized herein.

Section 20. Notice to California Debt and Investment Advisory Commission. Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, on behalf of the Board of Education is hereby authorized and directed to cause notices of the proposed sale and final sale of the Refunding Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to Section 8855(g) of the Government Code and to specify that the issuance of the Refunding Bonds will be made in compliance with the District's adopted debt policy.

Section 21. Filing with Board of Supervisors. The Clerk of the Board of Education is hereby authorized and directed to file a certified copy of this Resolution upon the adoption hereof with the Clerk of the Board of Supervisors.

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

PASSED AND ADOPTED this day, September 5, 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

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Jesse Ryan  
President of the Board of Education of the  
Sacramento City Unified School District

ATTEST:

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Jorge A. Aguilar  
Secretary of the Board of Education of the  
Sacramento City Unified School District

## APPENDIX A-1

### GOOD FAITH ESTIMATES

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**(County of Sacramento, California)**  
**2019 GENERAL OBLIGATION REFUNDING BONDS, SERIES A**  
**(FEDERALLY TAXABLE)**

The following information was obtained from Capitol Public Finance Group, as the Municipal Advisor in connection with the above-captioned bonds (the “2019A Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Section 15146(b)(4) of the Education Code of the State of California and Senate Bill 450 (Chapter 625 of the 2017-18 Session of the California Legislature) with respect to the 2019A Refunding Bonds:

1. *True Interest Cost of the 2019A Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019A Refunding Bonds authorized (i.e., \$39,915,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2019A Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2019A Refunding Bonds, is 2.50%.

2. *Finance Charge of the 2019A Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019A Refunding Bonds authorized (i.e., \$39,915,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the 2019A Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2019A Refunding Bonds), is \$400,000.

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the 2019A Refunding Bonds authorized (i.e., \$39,915,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2019A Refunding Bonds less the finance charge of the 2019A Refunding Bonds described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2019A Refunding Bonds, is \$39,500,000.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the 2019A Refunding Bonds authorized (i.e., \$39,915,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2019A Refunding Bonds plus the finance charge of the 2019A Refunding Bonds described in paragraph 2 above not paid with the proceeds of the 2019A Refunding Bonds, calculated to the final maturity of the 2019A Refunding Bonds, is \$44,750,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment

amount may vary from the estimates above due to variations from these estimates in the timing of bond sales, the amount of 2019A Refunding Bonds sold, the amortization of the 2019A Refunding Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of 2019A Refunding Bonds sold will be determined by the District based on need for project funds and other factors. The actual interest rates at which the 2019A Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2019A Refunding Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the District's control.

## APPENDIX A-2

### SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (County of Sacramento, California) 2019 GENERAL OBLIGATION REFUNDING BONDS, SERIES B (FEDERALLY TAXABLE)

The following information was obtained from Capitol Public Finance Group, as the Municipal Advisor in connection with the above-captioned bonds (the “2019B Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Section 15146(b)(4) of the Education Code of the State of California and Senate Bill 450 (Chapter 625 of the 2017-18 Session of the California Legislature) with respect to the 2019B Refunding Bonds:

1. *True Interest Cost of the 2019B Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019B Refunding Bonds authorized (i.e., \$67,105,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2019B Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2019B Refunding Bonds, is 2.65%.

2. *Finance Charge of the 2019B Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019B Refunding Bonds authorized (i.e., \$67,105,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the 2019B Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2019B Refunding Bonds), is \$670,000.

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the 2019B Refunding Bonds authorized (i.e., \$67,105,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2019B Refunding Bonds less the finance charge of the 2019B Refunding Bonds described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2019B Refunding Bonds, is \$66,435,000.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the 2019B Refunding Bonds authorized (i.e., \$67,105,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2019B Refunding Bonds plus the finance charge of the 2019B Refunding Bonds described in paragraph 2 above not paid with the proceeds of the 2019B Refunding Bonds, calculated to the final maturity of the 2019B Refunding Bonds, is \$80,400,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of bond sales, the amount of 2019B Refunding Bonds sold, the amortization of the 2019B Refunding

Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of 2019B Refunding Bonds sold will be determined by the District based on need for project funds and other factors. The actual interest rates at which the 2019B Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2019B Refunding Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the District's control.



## APPENDIX A-3

### SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (County of Sacramento, California) 2019 GENERAL OBLIGATION REFUNDING BONDS, SERIES C (FEDERALLY TAXABLE)

The following information was obtained from Capitol Public Finance Group, as the Municipal Advisor in connection with the above-captioned bonds (the “2019C Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Section 15146(b)(4) of the Education Code of the State of California and Senate Bill 450 (Chapter 625 of the 2017-18 Session of the California Legislature) with respect to the 2019C Refunding Bonds:

1. *True Interest Cost of the 2019C Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019C Refunding Bonds authorized (i.e., \$11,520,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2019C Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2019C Refunding Bonds, is 3.05%.

2. *Finance Charge of the 2019C Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019C Refunding Bonds authorized (i.e., \$11,520,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the 2019C Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2019C Refunding Bonds), is \$115,000.

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the 2019C Refunding Bonds authorized (i.e., \$11,520,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2019C Refunding Bonds less the finance charge of the 2019C Refunding Bonds described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2019C Refunding Bonds, is \$11,400,000.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the 2019C Refunding Bonds authorized (i.e., \$11,520,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2019C Refunding Bonds plus the finance charge of the 2019C Refunding Bonds described in paragraph 2 above not paid with the proceeds of the 2019C Refunding Bonds, calculated to the final maturity of the 2019C Refunding Bonds, is \$15,500,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of bond sales, the amount of 2019C Refunding Bonds sold, the amortization of the 2019C Refunding

Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of 2019C Refunding Bonds sold will be determined by the District based on need for project funds and other factors. The actual interest rates at which the 2019C Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2019C Refunding Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the District's control.

## APPENDIX A-4

### SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (County of Sacramento, California) 2019 GENERAL OBLIGATION REFUNDING BONDS, SERIES D (FEDERALLY TAXABLE)

The following information was obtained from Capitol Public Finance Group, as the Municipal Advisor in connection with the above-captioned bonds (the “2019D Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Section 15146(b)(4) of the Education Code of the State of California and Senate Bill 450 (Chapter 625 of the 2017-18 Session of the California Legislature) with respect to the 2019D Refunding Bonds:

1. *True Interest Cost of the 2019D Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019D Refunding Bonds authorized (i.e., \$22,010,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the 2019D Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2019D Refunding Bonds, is 2.75%.

2. *Finance Charge of the 2019D Refunding Bonds.* Assuming the maximum aggregate principal amount of the 2019D Refunding Bonds authorized (i.e., \$22,010,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the 2019D Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2019D Refunding Bonds), is \$220,000.

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the 2019D Refunding Bonds authorized (i.e., \$22,010,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2019D Refunding Bonds less the finance charge of the 2019D Refunding Bonds described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the 2019D Refunding Bonds, is \$21,800,000.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the 2019D Refunding Bonds authorized (i.e., \$22,010,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2019D Refunding Bonds plus the finance charge of the 2019D Refunding Bonds described in paragraph 2 above not paid with the proceeds of the 2019D Refunding Bonds, calculated to the final maturity of the 2019D Refunding Bonds, is \$27,000,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of bond sales, the amount of 2019D Refunding Bonds sold, the amortization of the 2019D Refunding

Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of 2019D Refunding Bonds sold will be determined by the District based on need for project funds and other factors. The actual interest rates at which the 2019D Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the 2019D Refunding Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the District's control.

SECRETARY'S CERTIFICATE

I, Jorge A. Aguilar, Secretary of the Board of Education of the Sacramento City Unified School District, County of Sacramento, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of the District duly and regularly held at the regular meeting place thereof on September 5, 2019, and entered in the minutes thereof, of which meeting all of the members of the Board of Education had due notice and at which a quorum thereof was present. The resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before said meeting at Serna Center, 5735 47<sup>th</sup> Avenue, Sacramento, California, a location freely accessible to members of the public, and a brief description of the adopted resolution appeared on the agenda. A copy of the agenda is attached hereto.

I have carefully compared the same with the original minutes of the meeting on file and of record in my office. The resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this \_\_\_\_ day of September, 2019.

---

Jorge A. Aguilar  
Secretary of the Board of Education of the  
Sacramento City Unified School District

**PRELIMINARY OFFICIAL STATEMENT DATED [POS DATE]****NEW ISSUES – BOOK-ENTRY ONLY**

**RATING:** Moody's: "[\_\_]"  
(See "MISCELLANEOUS – Rating.")

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."*



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

**§[2012D Par]\***  
**GENERAL OBLIGATION BONDS,**  
**ELECTION OF 2012 (MEASURE R), 2019 SERIES D**

**§[2019A Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES A (FEDERALLY TAXABLE)**

**§[2019B Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES B (FEDERALLY TAXABLE)**

**§[2019C Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES C (FEDERALLY TAXABLE)**

**§[2019D Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES D (FEDERALLY TAXABLE)**

**Dated: Date of Delivery****Due: As shown on the inside cover**

*This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "**Series 2019 Bonds**") are being issued by the Sacramento City Unified School District (the "**District**") located in the County of Sacramento (the "**County**") and sold by the County on behalf of the District, pursuant to a resolution adopted by the Board of Supervisors of the County on [October 8], 2019, a resolution adopted by the Board of Education of the District on August 15, 2019, and a Paying Agent Agreement, dated as of [October] 1, 2019, by and between the District and the County, as Paying Agent thereunder (the "**Paying Agent**"), for the purpose of providing funds to (i) finance specific construction, acquisition and modernization projects approved by the voters (as described herein), and (ii) pay the costs of issuance of the Series 2019 Bonds. The Board of Supervisors of the County is empowered and is obligated to 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 principal of and interest on the Series 2019 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable) and Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) (collectively, the "**Refunding Bonds**") and, together with the Series 2019 Bonds, the "**Bonds**") are being issued by the District to (i) refund all or a portion of the District's outstanding 2011 General Obligation Refunding Bonds, 2012 General Obligation Refunding Bonds, General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt), and 2015 General Obligation Refunding Bonds (collectively, the "**Prior Bonds**") and (ii) pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued pursuant to the laws of the State, a resolution adopted by the Board of Education of the District on [September 5], 2019, and a Paying Agent Agreement, dated as of [October] 1, 2019, by and between the District and the Paying Agent. The outstanding Prior Bonds to be refunded and defeased are collectively referred to herein as the "**Refunded Bonds**."

The Bonds will be issued as current interest bonds. Interest on the Bonds is payable commencing on [February 1, 2020], each August 1 and February 1 thereafter to maturity or redemption prior thereto. Principal of the Bonds is payable in each of the years and in the amounts set forth in the Maturity Schedules on the inside cover of this Official Statement. Payments of principal of and interest on the Bonds will be made by the Paying Agent to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest" and APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

The Bonds will be issued in denominations of \$5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The Bonds will be issued in book-entry form only, and initially will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Form and Registration."

\* Preliminary, subject to change.

The Bonds are subject to redemption as more fully described herein.\* See “THE BONDS – Redemption.”

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**MATURITY SCHEDULES**

*See Inside Cover*

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*The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and by Lozano Smith, as District Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver Colorado. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2019.*

**[Stifel Logo]**

This Official Statement is dated \_\_\_\_\_, 2019.

**MATURITY SCHEDULES**

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

**[\$[2012D Par]\*  
GENERAL OBLIGATION BONDS,  
ELECTION OF 2012 (MEASURE R), 2019 SERIES D**

Maturity (August 1)	Principal Amount	Interest Rate	Yield <sup>†</sup>	CUSIP <sup>‡</sup> No. (785870)
------------------------	---------------------	------------------	--------------------	------------------------------------

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ Yield<sup>†</sup> \_\_\_\_% CUSIP No.<sup>‡</sup> 785870 \_\_\_\_

**[\$[2019A Par]\*  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES A (FEDERALLY TAXABLE)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield <sup>†</sup>	CUSIP <sup>‡</sup> No. (785870)
------------------------	---------------------	------------------	--------------------	------------------------------------

\* Preliminary, subject to change.

<sup>†</sup> Yields certified by the Underwriter. The District takes no responsibility therefor.

<sup>‡</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 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.



**[\$[2019B Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES B (FEDERALLY TAXABLE)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield <sup>†</sup>	CUSIP <sup>‡</sup> No. (785870)
------------------------	---------------------	------------------	--------------------	------------------------------------

**[\$[2019C Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES C (FEDERALLY TAXABLE)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield <sup>†</sup>	CUSIP <sup>‡</sup> No. (785870)
------------------------	---------------------	------------------	--------------------	------------------------------------

**[\$[2019D Par]\***  
**2019 GENERAL OBLIGATION REFUNDING BONDS,**  
**SERIES D (FEDERALLY TAXABLE)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield <sup>†</sup>	CUSIP <sup>‡</sup> No. (785870)
------------------------	---------------------	------------------	--------------------	------------------------------------

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\* Preliminary, subject to change.

<sup>†</sup> Yields certified by the Underwriter. The District takes no responsibility therefor.

<sup>‡</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 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  
COUNTY OF SACRAMENTO, CALIFORNIA**

**BOARD OF EDUCATION**

Jessie Ryan, *President*  
Darrel Woo, *First Vice President*  
Michael Minnick, *Second Vice President*  
Leticia Garcia, *Member*  
Lisa Murawski, *Member*  
Christina Pritchett, *Member*  
Mai Vang, *Member*  
Olivia Ang-Olson, *Student Member*

**DISTRICT ADMINISTRATION**

Jorge A. Aguilar, *Superintendent*  
Lisa Allen, *Deputy Superintendent*  
Vacant, *Chief Business Officer*  
Cathy Allen, *Chief Operations Officer, Facilities Support Services*  
Iris Taylor, Ed.D., *Chief Academic Officer*  
Alex Barrios, *Chief Communications Officer*  
Elliot Lopez, *Chief Information Officer*  
Cancy McArn, *Chief Human Resource Officer*  
Vincent Harris, *Chief Continuous Improvement & Accountability Officer*

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*San Francisco, California*

**District's General Counsel**

Lozano Smith  
*Sacramento, California*

**Underwriter's Counsel**

Kutak Rock LLP  
*Denver, Colorado*

**Municipal Advisor**

Capitol Public Finance Group, LLC  
*Roseville, California*

**Paying Agent**

Sacramento County Director of Finance  
*Sacramento, California*

**Paying Agent**

The Bank of New York Mellon Trust Company, N.A.  
*Los Angeles, California*

**Verification Agent**

Causey Demgen & Moore, P.C.  
*Denver, Colorado*

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. 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. 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. 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 those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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

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

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 a part of, its responsibility 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.

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

§[2012D Par]\*  
**GENERAL OBLIGATION BONDS,  
ELECTION OF 2012 (MEASURE R), 2019 SERIES D**

§[2019B Par]\*  
**2019 GENERAL OBLIGATION REFUNDING  
BONDS, SERIES B (FEDERALLY TAXABLE)**

§[2019A Par]\*  
**2019 GENERAL OBLIGATION REFUNDING  
BONDS, SERIES A (FEDERALLY TAXABLE)**

§[2019C Par]\*  
**2019 GENERAL OBLIGATION REFUNDING  
BONDS, SERIES C (FEDERALLY TAXABLE)**

§[2019D Par]\*  
**2019 GENERAL OBLIGATION REFUNDING  
BONDS, SERIES D (FEDERALLY TAXABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside cover and appendices hereto (the “**Official Statement**”), is provided to furnish information in connection with the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the “**Series 2019 Bonds**”), the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable) (the “**2019A Refunding Bonds**”), the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “**2019B Refunding Bonds**”), the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable) (the “**2019C Refunding Bonds**”) and the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) (the “**2019D Refunding Bonds**” and, together with the 2019A Refunding Bonds, the 2019B Refunding Bonds and the 2019C Refunding Bonds, the “**Refunding Bonds**”), as described more fully herein. The Series 2019 Bonds and the Refunding Bonds are collectively referred to herein as the “**Bonds**.”

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the Sacramento City Unified School District (the “**District**”), the District has no obligation to update the information in this Official Statement. See “OTHER LEGAL MATTERS – Continuing Disclosure.”

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 to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

Quotations from and summaries and explanations of the Bonds, paying agent agreements for the Bonds, each dated as of [October] 1, 2019 (collectively, the “**Paying Agent Agreement**”), each by and between the District and the County of Sacramento (the “**Paying Agent**”), providing for the issuance of the Bonds, and the California Constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, California Constitutional provisions and statutes for the complete provisions thereof.

Copies of documents referred to herein and information concerning the Bonds are available from the Sacramento City Unified School District, 5735 47<sup>th</sup> Avenue, Sacramento, CA 95824. The District may impose a charge for copying, handling and mailing such requested documents.

**The District**

The District, located in Sacramento County, California (the “**County**”), is the 13th largest school district in the State of California (the “**State**”) as measured by student enrollment. The District provides educational services to the residents in and around the City of Sacramento (the “**City**”), the State capital. The District operates under the

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\* Preliminary, subject to change.

jurisdiction of the Superintendent of Schools of the County. See “THE BONDS – Authority for Issuance; Purpose” herein. The District’s average daily attendance for fiscal year 2019-20 is budgeted at 38,417 students and the District’s 2019-20 general fund expenditures are projected at approximately \$533.0 million.

[The District operates 41 elementary schools for grades K-6, eight K-8 schools, six middle schools for grades 7-8, one 7-11 school, one 7-12 school, seven comprehensive high schools for grades 9-12, five alternative education centers, two special education centers, two adult education centers, 14 charter schools (including five dependent charter schools) and 44 children’s centers/preschools serving infants through age 12.] The District’s estimated enrollment for fiscal year 2019-20, including charter schools in the District, is approximately 40,235 students. For fiscal year 2019-20, the District budgets to employ approximately 3,671.9 full time equivalent employees, which includes 2,187.7 certificated (credentialed teaching) employees, 1,219.9 FTE classified (noninstructional) employees, and 264.3 supervisory/other personnel.

The District is governed by a Board of Education (the “**Board**”) consisting of seven members and one student member, who has an advisory vote. The regular members are elected to staggered four-year terms every two years, alternating between three and four available positions. Beginning in 2008, Board member elections are held among voters who reside in each of seven trustee areas. See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET.”

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

For additional information about the District’s operations and finances, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET.”

## THE BONDS

### Authority for Issuance; Purpose

**Series 2019 Bonds.** The Series 2019 Bonds are being issued by the District and sold by the County on behalf of the District pursuant to the Constitution and laws of the State, including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “**Government Code**”) and Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State (the “**Education Code**”) and other applicable provisions of law. The Series 2019 Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on [October 8], 2019 (the “**County Resolution**”), at the request of the District by its resolution, adopted by the Board of Education of the District on August 15, 2019 (the “**Series 2019 District Resolution**”). The Series 2019 Bonds are issued pursuant to that certain paying agent agreement, dated as of [October] 1, 2019, by and between the District and the County (the “**Series 2019 Paying Agent Agreement**”).

The Series 2019 Bonds were authorized to be issued at an election held on November 6, 2012, by 55% or more of the votes cast by eligible voters within the District for a bond measure known locally as “Measure R.” Measure R authorizes the District to issue bonds in an aggregate principal amount not to exceed \$68,000,000 to improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, improve irrigation systems and water drainage to reduce water consumption, remove asbestos, lead paint and other unsafe conditions and to upgrade kitchen facilities to improve nutrition and nutritional education for children. The Series 2019 Bonds are the fourth series to be issued pursuant to the Measure R authorization. After the issuance of the Series 2019 Bonds, none\* will remain to be issued by the District pursuant to the Measure R authorization.

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\* Preliminary, subject to change.

As required by the Education Code of the State and the Measure R authorization, the District established a Citizens' Oversight Committee to review the District's expenditure of bond proceeds and its progress in completing the projects specified in the measure, and to make periodic reports to the public in order to ensure that bond funds are spent only for authorized purposes.

The Series 2019 Bonds are being issued to (i) finance specific construction, acquisition and modernization projects approved by the voters in the Measure R election held on November 6, 2012, and (ii) pay costs of issuance of the Series 2019 Bonds. See “– Application and Investment of Series 2019 Bond Proceeds.”

**Refunding Bonds.** The Refunding Bonds are issued pursuant to the Constitution and laws of the State of California, Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and other applicable provisions of law. The Refunding Bonds are authorized by a resolution adopted by the Board of Education of the District on [September 5], 2019, and issued pursuant to that certain paying agent agreement, dated as of [October] 1, 2019, by and between the District and the County (the “**Refunding Paying Agent Agreement**” and, together with the Series 2019 Paying Agent Agreement, the “**Paying Agent Agreement**”).

The 2019A Refunding Bonds will (i) refund all or a portion of the District's outstanding 2011 General Obligation Refunding Bonds (the “**2011 Bonds**”) and (ii) pay costs of issuance of the 2019A Refunding Bonds. The 2019B Refunding Bonds will (i) refund all or a portion of the District's outstanding 2012 General Obligation Refunding Bonds (the “**2012 Bonds**”) and (ii) pay costs of issuance of the 2019B Refunding Bonds. The 2019C Refunding Bonds will (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) (the “**2013 Bonds**”) and (ii) pay costs of issuance of the 2019C Refunding Bonds. The 2019D Refunding Bonds will (i) refund all or a portion of the District's outstanding 2015 General Obligation Refunding Bonds (the “**2015 Bonds**”) and (ii) pay costs of issuance of the 2019D Refunding Bonds. The outstanding 2011 Bonds, 2012 Bonds, 2013 Bonds and 2015 Bonds to be refunded and defeased are collectively referred to herein as the “**Refunded Bonds**.” See “– Plan of Refunding.”

### **Form and Registration**

The Bonds will be issued in fully registered book-entry form only, as current interest bonds without coupons, in denominations of \$5,000 principal amount each or any integral multiple thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as securities depository for the Bonds. Registered ownership of the Bonds may not be transferred except as described in APPENDIX G. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

### **Payment of Principal and Interest**

The Bonds will be dated the date of their delivery and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on [February 1, 2020] (each, an “**Interest Payment Date**”), until payment of the principal amount thereof, computed using a year of 360 days consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on [January 15, 2020], will bear interest from the date of their delivery. Bonds authenticated during the period between the 15<sup>th</sup> day of the calendar month immediately preceding an Interest Payment Date (the “**Record Date**”) and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check



or draft mailed to such owner at such owner’s address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of \$1,000,000 or more of Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable at maturity, as set forth on the inside cover page, or upon redemption prior to maturity, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent will designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the “**Interest and Sinking Fund**”) within the County Treasury, consisting of *ad valorem* property taxes collected and held by the Director of Finance of the County (the “**Director of Finance**”), together with any net premium and accrued interest received upon issuance of the Bonds.

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

**Redemption\***

**Optional Redemption of Bonds.** The Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 20\_\_. The Bonds will be redeemed at a price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

**Mandatory Sinking Fund Redemption.** The \$\_\_\_\_\_ Term Series 2019 Bond maturing on August 1, 20\_\_, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
	\$

\_\_\_\_\_  
\*Maturity.

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, at the option of the District, in integral multiples of \$5,000, by the amount of such Term Series 2019 Bond optionally redeemed prior to the mandatory sinking fund redemption date.

**Selection of Bonds for Redemption.** If less than all of the Bonds are called for redemption, such bonds shall be redeemed as directed by the District, and if not so directed, in inverse order of maturities, and if less than all of the

\_\_\_\_\_  
\* Preliminary, subject to change.

Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be redeemed as directed by the District, and if not so directed, shall be determined by lot.

Notwithstanding anything herein to the contrary, so long as Cede & Co., as the nominee of DTC, or any substitute depository for the Bonds is the registered owner to the Bonds, the selection of Bonds held by beneficial owners in book-entry form for redemption will be made by DTC or such substitute depository for the Bonds pursuant to the procedures of DTC or the substitute depository for the Bonds. The procedures of DTC or the substitute Depository for the Bonds may not be consistent with the procedures outlined above. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

***Notice of Redemption.*** Notice of redemption of any Bond is required to be given by the Paying Agent, upon written request of the District, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.”

Each notice of redemption is required to contain the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price (if available); (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be called for redemption, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the owners at such office of the Paying Agent designated by the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the redemption date. A certificate of the Paying Agent or the District that notice of call and redemption has been given to owners and to the appropriate securities depositories as provided in the Paying Agent Agreement will be conclusive against all parties. The actual receipt by the owner of any Bond or by any securities depository of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

***Effect of Notice of Redemption.*** When notice of redemption has been given substantially as provided for in the Paying Agent Agreement, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in the Paying Agent Agreement, the Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The owners of such Bonds called for redemption after such redemption date will look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit for such purpose in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

***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 will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will 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 will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

***Conditional Notice.*** Any notice of optional redemption may be conditioned on any fact or circumstance stated therein, and if such condition will not have been satisfied on or prior to the redemption date stated in such notice, said notice will be of no force and effect on and as of the stated redemption date, the redemption will be cancelled, and the District will not be required to redeem the Bonds that were the subject of the notice. The Paying Agent will give notice of such cancellation and the reason therefor 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 cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

### **Defeasance of Bonds**

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest accrued thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by Bonds when due, or as described above, or as otherwise provided by law, then such Owners will cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds and such obligation and all agreements and covenants of the District to such Owners under the Paying Agent Agreement will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided that the unclaimed moneys provisions described below will apply in all events.

### **Unclaimed Moneys**

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

### **Application and Investment of Series 2019 Bond Proceeds**

The proceeds from the sale of the Series 2019 Bonds, exclusive of any premium and accrued interest received, if any, will be deposited in the County treasury to the credit of the building fund of the District (the “**Building Fund**”). Any premium or accrued interest received will be deposited in the Interest and Sinking Fund in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Series 2019 Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District.

All funds held by the Director of Finance under the District Resolution, the County Resolution and the Paying Agent Agreement will be invested in the Director of Finance’s investment pool, the State Treasurer’s Local Agency Investment Fund, or any investment authorized pursuant to Sections 53601 and 53635 of the Government Code, all pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of Section 148 of the Internal Revenue Code of 1986 (the “**Code**”) and the requirements of each rating agency then rating the Series 2019 Bonds (if any) necessary to maintain the then-current rating on the Series 2019 Bonds. For information on the County’s investment policy, see APPENDIX F – “COUNTY OF SACRAMENTO INVESTMENT POLICY AND INVESTMENT REPORT.”

### **Plan of Refunding**

The 2019A Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all or a portion of the outstanding 2011 Bonds on July 1, 2021 (the “**2011 Bonds Redemption Date**”), and (ii) pay costs of issuance of

the 2019A Refunding Bonds. The 2019B Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all or a portion of the outstanding 2012 Bonds on July 1, 2022 (the “**2012 Bonds Redemption Date**”), and (ii) pay costs of issuance of the 2019B Refunding Bonds. The 2019C Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all or a portion of the outstanding 2013 Bonds on August 1, 2023 (the “**2013 Bonds Redemption Date**”), and (ii) pay costs of issuance of the 2019C Refunding Bonds. The 2019D Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all or a portion of the outstanding 2015 Bonds on July 1, 2025 (the “**2015 Bonds Redemption Date**”), and (ii) pay costs of issuance of the 2019D Refunding Bonds. A portion of the proceeds from the Refunding Bonds will be deposited into separate escrow accounts within the Escrow Fund (the “**Escrow Fund**”) to be established and maintained by The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the “**Escrow Agent**”) under that certain escrow agreement, dated as of [October] 1, 2019 (the “**Escrow Agreement**”), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the Refunded Bonds to the Redemption Date at the redemption price. See “**ESCROW VERIFICATION.**”

A portion of the proceeds of each series of Refunding Bonds will be retained by the Paying Agent in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Refunding Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Refunding Bonds not needed to fund the Escrow Fund or to pay costs of issuance of the Refunding Bonds will be transferred to the Director of Finance for deposit in the District’s Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Refunding Bonds, will be invested at the sole discretion of the Director of Finance pursuant to law and the investment policy of the County. See APPENDIX F – “**COUNTY OF SACRAMENTO INVESTMENT POLICY AND INVESTMENT REPORT.**”

Causey Demgen & Moore, P.C., a Certified Public Accountant licensed to practice in the State, acting as verification agent (the “**Verification Agent**”) with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Refunding Bonds to the Redemption Date.

The Refunded Bonds to be refunded are as follows\*:

**Sacramento City Unified School District  
2011 General Obligation Refunding Bonds**

**Redemption Date: July 1, 2021  
Redemption Price: 100%**

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP <sup>†</sup> No. (785870)
2022	\$ 5,375,000	5.000%	SD9
2023	5,645,000	5.000	SE7
2024	5,930,000	5.000	SF4
2025	6,225,000	5.000	SG2
2026	3,615,000	5.000	SH0
2029*	10,025,000	5.500	SK3

\* Term Bond

\* Preliminary, subject to change.

† 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  
2012 General Obligation Refunding Bonds**

**Redemption Date: July 1, 2022  
Redemption Price: 100%**

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP* No. (785870)
2023	\$ 3,850,000	5.250%	TA4
2024	4,295,000	5.250	TB2
2025	4,305,000	5.000	TC0
2026	4,620,000	5.000	TD8
2029*	26,940,000	4.000	TG1
2031*	16,730,000	5.500	TJ5

\* Term Bonds

**Sacramento City Unified School District  
General Obligation Bonds (Measures Q and R)  
(Election of 2012), 2013 Series A (Tax-Exempt)**

**Redemption Date: August 1, 2023  
Redemption Price: 100%**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP* No. (785870)
2024	\$ 455,000	5.000%	TW6
2025	480,000	5.000	TX4
2029*	2,180,000	5.250	TZ9
2033*	2,675,000	5.250	UB0
2038*	4,190,000	5.500	UC8

\* Term Bonds

**Sacramento City Unified School District  
2015 General Obligation Refunding Bonds**

**Redemption Date: July 1, 2025  
Redemption Price: 100%**

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP* No. (785870)
2028	\$5,700,000	5.000%	VB9
2029	6,185,000	5.000	VC7
2030	6,695,000	5.000	VD5

\* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their agents or counsel assumes responsibility for the accuracy of such numbers.

**ESTIMATED SOURCES AND USES OF FUNDS**

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

	<b>Series 2019 Bonds</b>	<b>2019A Refunding Bonds</b>	<b>2019B Refunding Bonds</b>	<b>2019C Refunding Bonds</b>	<b>2019D Refunding Bonds</b>	<b>Total</b>
<b>Sources of Funds</b>						
Principal Amount of Bonds						
[Net] Original Issue [Premium/Discount]						
Total Sources:						
<b>Uses of Funds</b>						
Deposit to Building Fund						
Deposit to 2011 Escrow Account						
Deposit to 2012 Escrow Account						
Deposit to 2013 Escrow Account						
Deposit to 2015 Escrow Account						
Deposit to Interest and Sinking Fund						
Underwriter's Discount						
Costs of Issuance <sup>(1)</sup>						
Total Uses:						

<sup>(1)</sup> Includes fees of bond counsel, disclosure counsel, the rating agency, the paying agent, the escrow agent, the verification agent, the Municipal Advisor, the costs of issuance custodian, printer and other miscellaneous expenses.

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## SCHEDULED DEBT SERVICE

### Semi-Annual Debt Service of the Bonds

The District's semi-annual debt service payments for the Bonds (without regard to optional redemption) are summarized in the table below.

Period Ending	Series 2019 Bonds		2019A Refunding Bonds		2019B Refunding Bonds		2019C Refunding Bonds		2019D Refunding Bonds		Total Semi- Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2/1/2020											
8/1/2020											
2/1/2021											
8/1/2021											
2/1/2022											
8/1/2022											
2/1/2023											
8/1/2023											
2/1/2024											
8/1/2024											
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8/1/2036											
2/1/2037											
8/1/2037											
2/1/2038											
8/1/2038											
2/1/2039											
8/1/2039											
2/1/2040											
8/1/2040											
Total											

## **Combined Debt Service**

The District has previously issued its General Obligation Bonds, Election of 2002, Series 2007; its General Obligation Bonds (Measures Q and R), (Election of 2012), 2013 Series A; its General Obligation Bonds (Measures Q and R), (Election of 2012), 2013 Series B (Qualified School Construction Bonds) (Taxable); its General Obligation Bonds (Measure Q), (Election of 2012), 2015 Series C-1 (Tax-Exempt); its General Obligation Bonds (Measure Q), (Election of 2012), 2015 Series C-2 (Taxable); its General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D; its General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E; its General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C; and its General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F (Bank Qualified). In addition, refunding bonds were issued in 2011, 2012, 2014 and 2015 which were used to refinance or redeem certain prior outstanding bonds. See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – THE DISTRICT – District Debt Structure.” Annual debt service obligations for all outstanding bonds of the District (without regard to optional redemption prior to maturity) will be as follows:



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

<b>Period Ending<sup>(1)</sup></b>	<b>General Obligation Bonds Election of 2002, Series 2007<sup>(2)</sup></b>	<b>General Obligation Bonds (Measures Q and R) Election of 2012, 2013 Series A<sup>(3)(4)</sup></b>	<b>General Obligation Bonds (Measures Q and R) Election of 2012, 2013 Series B<sup>(3)(5)</sup></b>	<b>2011 General Obligation Refunding Bonds<sup>(2)</sup></b>	<b>2012 General Obligation Refunding Bonds<sup>(2)</sup></b>	<b>2014 General Obligation Refunding Bonds<sup>(2)</sup></b>	<b>2015 General Obligation Refunding Bonds<sup>(2)</sup></b>	<b>General Obligation Bonds (Measure Q) Election of 2012, 2015 Series C<sup>(3)</sup></b>	<b>General Obligation Bonds Election of 2012 (Measure Q), 2016 Series D<sup>(3)</sup></b>
2020									
2021									
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2039									
2040									
2041									
2042									
2043									
2044									
2045									
2046									
2047									
Totals <sup>(6)</sup>									

<sup>(1)</sup> July 1, except as otherwise noted.

<sup>(2)</sup> January 1 and July 1 payments.

<sup>(3)</sup> February 1 and August 1 payments.

<sup>(4)</sup> Debt service shown for periods ending August 1, 2020-2037, and July 1, 2038.

<sup>(5)</sup> Debt service not net of Qualified School Construction Bonds (QSCB) subsidy payments.

<sup>(6)</sup> Columns may not sum to totals due to rounding.

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

<b>Period Ending<sup>(1)</sup></b>	<b>General Obligation Bonds Election of 2012 (Measure Q), 2017 Series E</b>	<b>General Obligation Bonds Election of 2012 (Measure R), 2017 Series C</b>	<b>General Obligation Bonds Election of 2012 (Measure Q), 2018 Series F</b>	<b>Series 2019 Bonds</b>	<b>2019A Refunding Bonds</b>	<b>2019B Refunding Bonds</b>	<b>2019C Refunding Bonds</b>	<b>2019D Refunding Bonds</b>	<b>Total Annual Debt Service<sup>(3)</sup></b>
2020									
2021									
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
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2040									
2041									
2042									
2043									
2044									
2045									
2046									
2047									
Totals <sup>(2)</sup>									

<sup>(1)</sup> July 1, except as otherwise noted.

<sup>(2)</sup> Columns may not sum to totals due to rounding.

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County (the “**Board of Supervisors**”) is empowered and is obligated by law to 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). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District’s Interest and Sinking Fund, which is required by law to be maintained by the County and to be used solely for the payment of bonds of the District.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Bonds.

### Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of Bonds and the outstanding bonds of the District issued pursuant to voter-approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the “**District Bonds**”) and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the District Resolution for the benefit of the owners of the District Bonds and successors thereto. The District Resolution provides that property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The District Resolution provides that this pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

### Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the Bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

### 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 use property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various county officers. 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 board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due.

As mandated by law, the Director of Finance has sole responsibility for the levy and collection of the tax imposed to pay the principal of and interest on the District's bonds. Pursuant to State law, the proceeds of the tax levy are never in the custody of the District or available for any other purpose, and are at all times segregated from the operating revenues of the District. The District has no role in the process of taxation and payment of the District's bonds. Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the Interest and Sinking Fund administered by the Director of Finance, there is no statutory obligation that the District uses its operating revenues to pay its bonds in this way. It should not be inferred that the principal of or interest on the Bonds is payable from the District's general fund or from State revenues.

### **Assessed Valuation of Property Within the District**

All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization (the "**Board of Equalization**").

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the State Constitution, the Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately-owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed 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 State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

The following table shows the recent history of taxable assessed valuation of the various classes of property in the District.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**Summary of Assessed Valuation**  
**Fiscal Years 2010-11 through 2019-20**

Fiscal Year	Local Secured <sup>(1)(2)</sup>	Unsecured <sup>(1)</sup>	Total Valuation	Annual % Change
2010-11	\$25,005,170,720	\$1,379,440,206	\$26,384,610,926	-
2011-12	24,367,435,850	1,381,399,468	25,748,835,318	(2.41)%
2012-13	24,088,535,893	1,312,707,722	25,401,243,615	(1.35)
2013-14	25,070,853,698	1,240,891,839	26,311,745,537	3.58
2014-15	26,215,882,626	1,279,564,924	27,495,447,550	4.50
2015-16	27,627,053,568	1,188,321,120	28,815,374,688	4.80
2016-17	29,448,310,116	1,271,280,326	30,719,590,442	6.61
2017-18	31,630,780,391	1,332,650,184	32,963,430,575	7.30
2018-19	33,920,993,517	1,444,875,017	35,371,504,566	7.31
2019-20				

<sup>(1)</sup> Net taxable assessed valuation including the valuation of homeowners’ exemptions.

<sup>(2)</sup> 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.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also “– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

***Appeals of Assessed Valuation; Blanket Reductions of Assessed Values.*** There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in November 1978), can result if factors occur causing a decline in the market value of the property to a level below the property’s then-current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one year must submit an application to the county assessment appeals board (the “**Appeals Board**”). Following a review of the application by the county assessor’s office, the county assessor

may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single-family residential properties when the value of the property has declined below the current assessed value as calculated by County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

**Drought.** In recent years California has been experiencing severe drought conditions. In January 2014, Governor Brown declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "**State Water Board**") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. As a result of continuing dry conditions and low water content in the State's snow pack water sources, in April 2015, the Governor issued an executive order mandating specific conservation measures. The executive order included a requirement that the State Water Board impose restrictions to achieve a reduction of 25% in the State's urban water usage through February 28, 2016. On May 5, 2015, the State Water Board adopted an emergency conservation regulation in accordance with Governor Brown's directive, the provisions of which went into effect on May 18, 2015. On November 13, 2015, Governor Brown issued another executive order calling for an extension of the restrictions to urban potable water usage until October 31, 2016, should drought conditions persist through January 2016. Given the severity of the water deficits over the past four years, the rain and snowfall that California experienced through January 2016 did not eliminate the need for serious water use restrictions. On February 2, 2016, the State Water Board adopted new regulations to extend water conservation mandates through the end of October 2016 and lowered the overall conservation requirements from 25% to 23%, with exceptions for cities with particular hot weather or high levels of population growth in recent years. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which these drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

**Wildfire.** In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a decrease in the assessed value of property in the District.

**Bonding Capacity.** As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2019-20 assessment roll, the District's gross bonding capacity is approximately \$[Gross Bonding Capacity], and its net bonding capacity is \$[Net

Bonding Capacity] (taking into account current outstanding debt before issuance of the Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District’s bonding capacity.

**Assessed Valuation by Jurisdiction.** The following table provides a distribution of taxable property located in the District by jurisdiction.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019-20 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	Assessed Valuation <u>in District</u>	% of <u>District</u>	Assessed Valuation <u>of Jurisdiction</u>	% of Jurisdiction <u>in District</u>
City of Elk Grove				
City of Rancho Cordova				
City of Sacramento				
Unincorporated Sacramento County				
Total District				
Sacramento County				

*Source:* California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The following table provides a distribution of taxable property located in the District by principal purpose for which the land is used, showing the assessed valuation and number of parcels for each use. Single family residential properties comprise [\_\_.\_]% of the assessed value of property located in the District.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019-20 Taxable Assessed Valuation and Parcels by Land Use**

<u>Non-Residential:</u>	2019-20 <u>Assessed Valuation</u> <sup>(1)</sup>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Agricultural				
Commercial				
Vacant Commercial				
Industrial				
Vacant Industrial				
Recreational				
Government/Social/Institutional				
Miscellaneous				
Subtotal Non-Residential				
<u>Residential:</u>				
Single Family Residence				
Condominium/Townhouse				
Mobile Home				
Mobile Home Park				
2-4 Residential Units				
5+ Residential Units/Apartments				
Hotel/Motel				
Miscellaneous Residential				
Vacant Residential				
Subtotal Residential				
Total				

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.

*Source:* California Municipal Statistics, Inc.

**Assessed Valuation of Single Family Homes.** The following table provides a distribution of the per-parcel secured assessed value of single family homes. For fiscal year 2019-20, the average assessed value of single family homes is \$[Average AV] and the median assessed value of single family homes is \$[Median AV].

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
Per Parcel 2019-20 Assessed Valuation of Single Family Homes**

Single Family Residential	2019-20		Average		Median	
	<u>No. of</u> <u>Parcels</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
	<u>No. of</u>	<u>% of</u>	<u>Cumulative</u>	<u>Total</u>	<u>% of</u>	<u>Cumulative</u>
<u>2019-20</u> <u>Assessed Valuation</u>	<u>Parcels<sup>(1)</sup></u>	<u>Total</u>	<u>% of Total</u>	<u>Valuation</u>	<u>Total</u>	<u>% of Total</u>
\$0 - \$24,999						
\$25,000 - \$49,999						
\$50,000 - \$74,999						
\$75,000 - \$99,999						
\$100,000 - \$124,999						
\$125,000 - \$149,999						
\$150,000 - \$174,999						
\$175,000 - \$199,999						
\$200,000 - \$224,999						
\$225,000 - \$249,999						
\$250,000 - \$274,999						
\$275,000 - \$299,999						
\$300,000 - \$324,999						
\$325,000 - \$349,999						
\$350,000 - \$374,999						
\$375,000 - \$399,999						
\$400,000 - \$424,999						
\$425,000 - \$449,999						
\$450,000 - \$474,999						
\$475,000 - \$499,999						
\$500,000 and greater						
Total						

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

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## Largest Taxpayers

The 20 largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2019-20.

### SACRAMENTO CITY UNIFIED SCHOOL DISTRICT Largest Local Secured Taxpayers 2019-20

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>Total<sup>(1)</sup></u>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			

<sup>(1)</sup> 2019-20 local secured assessed valuation: \$[2019-20 AV].

Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

## Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

**Typical Tax Rate Area.** The following table shows a recent history of *ad valorem* property tax rates in a typical Tax Rate Area of the District (TRA 3-005).

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
Summary of Ad Valorem Tax Rates  
\$1 Per \$100 of Assessed Valuation  
TRA 3-005**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20<sup>(1)</sup></u>
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	
Los Rios Community College Dist. Bonds	.0091	.0141	.0130	.0131	
Sacramento City Unified School Dist. Bonds	<u>.1335</u>	<u>.1277</u>	<u>.1235</u>	<u>.1164</u>	
Total	\$1.1426	\$1.1418	\$1.1365	\$1.1295	

<sup>(1)</sup> The 2019-20 assessed valuation of TRA 3-005 is \$[2019-20 TRA] which is [\_\_.]% of the total assessed valuation of the District.

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Bonds to be approved by a 55% affirmative vote, bonds approved by the District’s voters at the November 6, 2012 Measure R election may not be issued unless the District projects that repayment of all outstanding bonds approved at such election will require a tax rate no greater than \$60.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay all outstanding bonds approved at the Measure R election will be within the legal limit. The tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Bonds in each year.

**Tax Charges and Delinquencies**

A school district’s share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

**Teeter Plan**

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election by a vote of the board of supervisors, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll.

Once adopted, a county’s Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency in which the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. The District is not aware of any plan by the County to discontinue the Teeter Plan.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

The Teeter Plan was effective for the fiscal year commencing July 1, 1993, and pursuant to the Teeter Plan the County purchased all delinquent receivables (comprised of delinquent secured taxes, penalties, and interest) which had accrued as of June 30, 1993, from local taxing entities and selected special assessment districts and community facilities districts. Under the Teeter Plan, the County distributes secured tax collections on a cash-basis to taxing entities, such as the District, during the fiscal year and at year-end distributes 100% of any taxes delinquent as of June 30<sup>th</sup> to the respective taxing entities and those special assessment districts and community facilities districts which the County determines are eligible to participate in the Teeter Plan.

The County reserves the right to exclude from the Teeter Plan any special tax levying agency or assessment levying agency if such agency has provided for accelerated foreclosure proceedings in the event of non-payment of such special taxes or assessments except that, if such agency has a delinquency rate in the collection of such special tax or assessment as of June 30 of any fiscal year that is equal to or less than the County’s delinquency rate on the collection of current year *ad valorem* taxes on the countywide secured assessment roll, such agency’s special taxes or assessments may, at the County’s option, be included in the Teeter Plan.

The *ad valorem* property tax levied to pay the interest on and principal of the Bonds of the District is subject to the Teeter Plan. So long as the Teeter Plan is in effect, the District will receive 100% of the *ad valorem* property tax levied on the secured roll to pay its bonds irrespective of actual delinquencies in the collection of the tax by the County.

The following table shows a recent history of real property tax collections and delinquencies for the tax levied to repay the District’s general obligation bonds, without regard to the Teeter Plan.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**Secured Tax Charges and Delinquencies**  
**Fiscal Year 2005-06 through Fiscal Year 2018-19**

Fiscal Year	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent as of June 30	Percent Delinquent as of June 30
2009-10	\$22,583,246.00	\$572,615.00	2.54%
2010-11	24,021,726.00	601,074.00	2.50
2011-12	24,460,162.00	412,252.00	1.76
2012-13	23,564,394.00	342,084.00	1.45
2013-14	30,387,687.00	425,488.00	1.40
2014-15	31,237,744.00	335,227.00	1.07
2015-16	36,197,451.00	311,422.00	0.86
2016-17	36,846,021.00	307,015.00	0.83
2017-18	38,637,596.00	388,774.00	1.01
2018-19			

<sup>(1)</sup> District's debt service levy only.

Source: California Municipal Statistics, Inc.

**Direct and Overlapping Debt**

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of [September] 1, 2019, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public capital markets by the public agencies listed. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
Direct and Overlapping Bonded Debt**

[To come]

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*Source:* California Municipal Statistics, Inc.

## RISK FACTORS

### District Financial Risks

[Discussion of budget and audit to come.]

## TAX MATTERS

### Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“**Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the

date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the Internal Revenue Service ("IRS"). Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

## **Taxable Bonds**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. 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 investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences 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 Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of 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 Taxable 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 that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable 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). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable 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 Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective 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 purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

## **U.S. Holders**

**Interest.** Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

**Sale or Other Taxable Disposition of the Taxable Bonds.** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable 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 Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

***Defeasance of the Taxable Bonds.*** If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired and reissued for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

***Information Reporting and Backup Withholding.*** Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

#### **Non-U.S. Holders**

***Interest.*** Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

***Disposition of the Taxable Bonds.*** Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

***U.S. Federal Estate Tax.*** A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

***Information Reporting and Backup Withholding.*** Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not

have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

### **Foreign Account Tax Compliance Act (“FATCA”) – U.S. Holders and Non-U.S. Holders**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

## **OTHER LEGAL MATTERS**

### **Possible Limitations on Remedies; Bankruptcy**

**General.** Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the “**State Superintendent**”), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “**Bankruptcy Code**”) on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court’s permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any

specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

**Limitations on Plans of Adjustments.** Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state, in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

**Statutory Lien.** Pursuant to State law, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed.

**Special Revenues.** If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or the County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds.

Bondholders may experience delays or reductions in payments on the Series, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

**Possession of Tax Revenues; Remedies.** If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

**Risk of Investment Losses.** Pending delivery of *ad valorem* tax revenues to the Paying Agent, the County Treasurer may invest the *ad valorem* tax revenues in the County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Bonds.

**Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights.** The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

## **Legal Opinion**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX D – “PROPOSED FORM OF OPINION OF BOND COUNSEL.” Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **Legality for Investment in California**

Under provisions of the Financial Code of the State, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of its depositors, and, under provisions of the Government Code, the Bonds are eligible securities for deposits of public moneys in the State.

## **Continuing Disclosure**

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “**Annual Report**”) by not later than nine months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for fiscal year 2018-19 (which is due no later than April 1, 2020) and to provide notice of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”).

[During the five-year period preceding the date of this Official Statement, the District failed to timely file certain listed or enumerated event notices and financial operating information required by the terms of its previous undertakings, including but not limited to certain annual reports and notices of rating changes, or insurer-related rating changes or rating withdrawals with respect to numerous series of obligations. Additionally, certain of the annual reports timely filed did not disclose certain information required by the terms of the District’s previous undertakings, including appropriations limit and appropriations subject to the limit, and lottery revenue. The District also failed to timely file certain operating data with respect to the Community Facilities District No. 1. In December 2013, the District put procedures in place to prevent future noncompliance, including having Capitol Public Finance Group, LLC, the District’s current dissemination agent (“**Dissemination Agent**”), assist the District with compliance with its

continuing disclosure obligations. The Dissemination Agent has assisted the District in filing all necessary information to make the District current in its continuing disclosure obligations under the Rule and continues to work with the District in establishing and maintaining the necessary safeguards to assist in the timely filing of required information going forward.] [To be updated with five-year compliance lookback]

### **No Litigation**

[No litigation is pending or, to the best knowledge of the District, threatened, concerning the validity of the Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds, the political existence of the District, the title to their offices of District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the original purchasers at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.] [Confirm]

### **ESCROW VERIFICATION**

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments of principal and interest on the government obligations, and the projected payments of principal, redemption premium, if any, and interest to redeem and defease the Refunded Bonds will be verified by Causey Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any effort to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

### **MISCELLANEOUS**

#### **Ratings**

The Bonds have received the rating of “[\_\_\_\_]” by Moody's Investors Service (“**Moody's**”). Rating agencies generally base their ratings on their own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). The rating reflects only the views of the rating agency and any explanation of the significance of such rating may be obtained only from such rating agency at [www.moody's.com](http://www.moody's.com). A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agencies, if, in the judgment of a rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

#### **Professionals Involved in the Offering**

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Kutak Rock LLP is acting as Underwriter's Counsel to the Underwriter with respect to the Bonds, and will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds. Capitol Public Finance Group, LLC, is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Lozano Smith is acting as District General Counsel with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

## **Underwriting**

The Series 2019 Bonds are to be purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter has agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated \_\_\_\_\_, 2019 by and among the Underwriter, the County and the District, to purchase the Series 2019 Bonds at a purchase price of \$\_\_\_\_\_ (which represents the aggregate initial principal amount of the Series 2019 Bonds, plus a [net] original issue premium of \$\_\_\_\_\_ and less \$\_\_\_\_\_ of Underwriter’s discount). The Underwriter will purchase all the Series 2019 Bonds if any are purchased. The Series 2019 Bonds may be offered and sold to certain dealers (including dealers depositing said Series 2019 Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

The Refunding Bonds are to be purchased by the Underwriter. The Underwriter has agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated \_\_\_\_\_, 2019 by and between the Underwriter and the District, to purchase the Refunding Bonds at a purchase price of \$\_\_\_\_\_ (which represents the aggregate initial principal amount of the Refunding Bonds, plus a [net] original issue [premium/discount] of \$\_\_\_\_\_ and less \$\_\_\_\_\_ of Underwriter’s discount). The Underwriter will purchase all the Refunding Bonds if any are purchased. The Refunding Bonds may be offered and sold to certain dealers (including dealers depositing said Refunding Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

**Additional Information**

Quotations from and summaries and explanations of the Bonds, the Paying Agent Agreement and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

\* \* \*

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. This Official Statement and its distribution have been duly authorized and approved by the District.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent

## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this Appendix concerning the operations of the District, the District's finances, and State funding of education, 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 of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."*

### THE DISTRICT

#### Introduction

The District, located in Sacramento County, California (the "**County**"), is the 13th largest school district in the State of California (the "**State**") as measured by student enrollment. The District provides educational services to the residents in and around the City of Sacramento (the "**City**"), the State capital. The District operates under the jurisdiction of the Superintendent of Schools of the County. See "THE BONDS – Authority for Issuance; Purpose" herein. The District's average daily attendance for fiscal year 2019-20 is budgeted at 38,417 students and the District's 2019-20 general fund expenditures are projected at approximately \$533.0 million.

[The District operates 41 elementary schools for grades K-6, eight K-8 schools, six middle schools for grades 7-8, one 7-11 school, one 7-12 school, seven comprehensive high schools for grades 9-12, five alternative education centers, two special education centers, two adult education centers, 14 charter schools (including five dependent charter schools) and 44 children's centers/preschools serving infants through age 12.] The District's estimated enrollment for fiscal year 2019-20, including charter schools in the District, is approximately 40,235 students. For fiscal year 2019-20, the District budgets to employ approximately 3,671.9 FTE employees, which includes 2,187.7 certificated (credentialed teaching) employees, 1,219.9 FTE classified (noninstructional) employees, and 264.3 supervisory/other personnel.

The District is governed by a Board of Education (the "**Board**") consisting of seven members and one student member, who has an advisory vote. The regular members are elected to staggered four-year terms every two years, alternating between three and four available positions. Beginning in 2008, Board member elections are held among voters who reside in each of seven trustee areas.

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

### DISTRICT FINANCIAL MATTERS

#### State Funding of Education; State Budget Process

**General.** As is true for most school districts in California, the District's operating income consists primarily of three components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "**Local Control Funding Formula**" or "**LCFF**") (see " – Allocation of State Funding to School Districts; Local Control Funding Formula" herein), a State portion funded from the Education Protection Account,



and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District projects to receive approximately 72.9% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately \$388.8 million for fiscal year 2019-20. Such State funds include both the State funding provided under LCFF as well as other State revenues (see “ – Allocation of State Funding to School District; Local Control Funding Formula – *Attendance and LCFF*” and “ – Other District Revenues – *Other State Revenues*” below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies (“LEA”) therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the “**Local Control Funding Formula**” or “**LCFF**”). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See “ – Allocation of State Funding to School Districts; Local Control Funding Formula” below for more information.

**State Budget Process.** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature “as related to the budget in the budget bill.” The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

**Aggregate State Education Funding.** The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property

tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent of Public Instruction (the "**State Superintendent**") and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

**Rainy Day Fund; SB 858.** In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("**Proposition 2**") to the rainy day fund (the "**Rainy Day Fund**") for the November 2014 Statewide election. Senate Bill 858 (2014) ("**SB 858**") amends the Education Code to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. Senate Bill 751 (2017) ("**SB 751**") altered the reserve requirements imposed by SB 858. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

**AB 1469.** As part of the 2014-15 State Budget, the Governor signed Assembly Bill (“**AB 1469**”) which implements a new funding strategy for the California State Teachers’ Retirement System (“**CalSTRS**”), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See “– Retirement Benefits – *CalSTRS*” below for more information about CalSTRS and AB 1469.

**2019-20 State Budget.** The Governor signed the fiscal year 2019-20 State Budget (the “**2019-20 State Budget**”) on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately \$143.8 billion in revenues, and \$91.9 billion in non-Proposition 98 expenditures and \$55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment to the California State Teachers’ Retirement System (“**CalSTRS**”) and the California Public Employees’ Retirement System (“**CalPERS**”) Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides \$1.9 billion in new Proposition 98 funding for the LCFE, reflecting a 3.26% cost of living adjustment.

Certain budgeted adjustments for K-12 education set forth in the 2019-20 State Budget include the following:

- **Special Education.** The 2019-20 State Budget includes \$645.3 million ongoing Proposition 98 General Fund resources for special education, including \$152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and \$492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.
- **After School Education and Safety Program.** The 2019-20 State Budget includes \$50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.
- **Longitudinal Data System.** The 2019-20 State Budget includes \$10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of State investments on achieving educational goals.
- **Retaining and Supporting Well-Prepared Educators.** The 2019-20 State Budget includes \$89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes \$43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes \$13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.
- **Broadband Infrastructure.** The 2019-20 State Budget includes \$7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.
- **School Facilities Bond Funds.** The 2019-20 State Budget assumes \$1.5 billion Proposition 51 bond funds, an increase of \$906 million over the prior year, to support school construction projects.

- Full-Day Kindergarten. The 2019-20 State Budget includes \$300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.
- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.
- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of \$36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.
- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of \$2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of \$727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 2019-20 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

***Future Budgets and Budgetary Actions.*** The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

***Prohibitions on Diverting Local Revenues for State Purposes.*** Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “– *Dissolution of Redevelopment Agencies*” below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

***Dissolution of Redevelopment Agencies.*** The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) (“**AB1X 26**”) and Assembly Bill No. 27 (First Extraordinary Session) (“**AB1X 27**”), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the “**Court**”) challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its “enforceable obligations.” For this purpose, AB1X 26 defines “enforceable obligations” to include “bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency” and “any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.” AB1X 26 specifies that only payments included on an “enforceable obligation payment schedule” adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a “recognized obligation payment schedule” the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller’s administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

The District received \$[.] million in pass-through payments in fiscal year 2018-19 and projects it will receive \$[.] million in pass-through payments in fiscal year 2019-20. The District does not anticipate the dissolution of redevelopment agencies to have any significant effect on its total general revenues.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

### **Allocation of State Funding to School Districts; Local Control Funding Formula**

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 *et seq.* of the State Education Code, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant ("**Base Grant**") per unit of average daily attendance ("**A.D.A.**") with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$7,459 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$7,796 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to \$9,034 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State.
- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local educational agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.
- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

***Local Control Accountability Plan.*** A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("LCAP"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "**Collaborative**"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent would have authority to make changes to a local educational agency's LCAP.

**Attendance.** The following table sets forth the District’s actual A.D.A., and enrollment for fiscal years 2010-11 through 2019-20 for grades K-12. The A.D.A. and enrollment numbers reflected in the following table include special education.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
Average Daily Attendance and Student Enrollment  
Fiscal 2010-11 through 2019-20**

Year	Average Daily Attendance <sup>(1)</sup>	Enrollment <sup>(2)</sup>
2010-11	41,347	43,754
2011-12	41,131	43,426
2012-13	40,449	42,623
2013-14	39,985	41,638
2014-15	38,891	41,026
2015-16	38,837	41,028
2016-17	38,686	41,079
2017-18	38,588	[40,852]
2018-19	[38,542]	[40,624]
2019-20 <sup>(3)</sup>	[38,417]	[40,235]

- <sup>(1)</sup> Average daily attendance for the second period of attendance, typically in mid-April of each school year.  
<sup>(2)</sup> Enrollment figures include dependent charter schools in the District and exclude independent charter schools.  
<sup>(3)</sup> Budgeted.  
*Source:* The District.

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**Attendance and LCFF.** The following table sets forth the District’s actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “**EL/LI Students**”), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2019-20. The State has reached full funding of the Base Grant in fiscal year 2018-19. The A.D.A. and enrollment numbers reflected in the following table include special education and exclude enrollment at any independent charter schools.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
Average Daily Attendance/Base Grant and Enrollment  
Fiscal Years 2013-14 through 2019-20**

Fiscal Year		A.D.A./Base Grant				Enrollment <sup>(10)</sup>		
		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated % of EL/LI Students
2013-14	A.D.A. <sup>(2)</sup> :	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]%
	Targeted Base Grant <sup>(3)</sup> :	[\$ ]	[\$ ]	[\$ ]	[\$ ]	-	-	-
2014-15	A.D.A. <sup>(2)</sup> :	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]%
	Targeted Base Grant <sup>(3)(4)</sup> :	[\$ ]	[\$ ]	[\$ ]	[\$ ]	-	-	-
2015-16	A.D.A. <sup>(2)</sup> :	12,382	9,731	6,350	10,374	38,837	41,028	71.88%
	Targeted Base Grant <sup>(3)(5)</sup> :	\$7,820	\$7,189	\$7,403	\$8,801	-	-	-
2016-17	A.D.A. <sup>(2)</sup> :	12,306	9,715	6,336	10,329	38,686	41,076	70.66%
	Targeted Base Grant <sup>(3)(6)</sup> :	\$7,820	\$7,189	\$7,403	\$8,801	-	-	-
2017-18	A.D.A. <sup>(2)</sup> :	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]%
	Targeted Base Grant <sup>(3)(7)</sup> :	[\$ ]	[\$ ]	[\$ ]	[\$ ]	-	-	-
2018-19	A.D.A. <sup>(2)</sup> :	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]%
	Targeted Base Grant <sup>(3)(8)</sup> :	[\$ ]	[\$ ]	[\$ ]	[\$ ]	-	-	-
2019-20 <sup>(1)</sup>	A.D.A. <sup>(2)</sup> :	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]%
	Targeted Base Grant <sup>(3)(9)</sup> :	[\$ ]	[\$ ]	[\$ ]	[\$ ]	-	-	-

<sup>(1)</sup> Figures are projections.

<sup>(2)</sup> A.D.A. for the second period of attendance, typically in mid-April of each school year.

<sup>(3)</sup> Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded until fiscal year 2018-19.

<sup>(4)</sup> Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.

<sup>(5)</sup> Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.

<sup>(6)</sup> Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

<sup>(7)</sup> Targeted fiscal year 2017-18 Base Grant amounts reflect a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.

<sup>(8)</sup> Targeted fiscal year 2018-19 Base Grant amounts reflect a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.

<sup>(9)</sup> Targeted fiscal year 2019-20 Base Grant amounts reflect a [ ]% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

<sup>(10)</sup> Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating supplemental and concentration grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: The District.

The District received approximately \$398.7 million in aggregate revenues allocated under the LCFF in fiscal year 2018-19, and projects to receive approximately \$411.7 million in aggregate revenues under the LCFF in fiscal

year 2019-20 (or approximately 77.3% of its general fund revenues in fiscal year 2019-20). Such amount includes an estimated \$[\_\_\_\_\_] million in supplemental grants and \$[\_\_\_\_\_] million in concentration grants in fiscal year 2019-20.

***Effect of Changes in Enrollment.*** Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently. In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the \$120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

### **Local Sources of Education Funding**

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 *et seq.* and Sections 95 *et seq.* of the California Revenue and Taxation Code. Section 42238(h) of the California Education Code itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the California Constitution. Such districts were known as "basic aid districts" and, under the LCFF, are known as "community funded districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district. Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "*Allocation of State Funding to School Districts; Local Control Funding Formula*" below for more information.

Local property tax revenues are estimated to account for approximately [\_\_\_\_\_] % of the District's aggregate revenues reported under LCFF sources in fiscal year 2018-19, and are projected to be \$[\_\_\_\_\_] million, or [\_\_\_\_\_] % of its total general fund revenues in fiscal year 2019-20.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

## Other District Revenues

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 9.5% (or approximately \$50.8 million) of the District's general fund projected revenues for fiscal year 2019-20.

**Other State Revenues.** In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 11.9% (or approximately \$63.6 million) of the District's general fund projected revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected to be approximately \$8.2 million in fiscal year 2019-20, representing about 1.5% of general fund revenues.

**Other Local Revenues.** In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 1.3% (or approximately \$6.8 million) of the District's general fund projected revenues for fiscal year 2019-20.

## Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as APPENDIX C.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. Crowe LLP, Sacramento, California, served as independent auditor to the District for fiscal year ended June 30, 2018. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has neither audited nor reviewed this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to adopt its audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2013-14 through 2017-18.

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**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**General Fund**  
**Revenues, Expenditures and Fund Balances**  
**Fiscal Year 2013-14 through 2017-18**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
<b>REVENUES</b>					
LCFF Sources					
State Apportionment	\$233,388,541	\$253,388,065	\$279,635,875	\$283,664,516	\$287,546,461
Local Sources/Property Taxes	59,351,680	62,151,276	67,833,718	79,238,343	85,807,376
<b>Total LCFF Sources</b>	<b>\$292,740,221</b>	<b>\$315,539,341</b>	<b>\$347,469,593</b>	<b>\$362,902,859</b>	<b>\$373,353,837</b>
Federal Revenue	47,934,358	43,153,693	41,092,819	41,219,643	49,249,342
Other State Revenue	52,891,179	62,827,008	105,152,845	83,134,267	70,050,430
Other Local Revenue	12,249,399	11,130,531	43,437,281	10,843,677	11,881,019
<b>Total Revenues</b>	<b>\$405,815,157</b>	<b>\$432,650,573</b>	<b>\$537,152,538</b>	<b>\$498,100,446</b>	<b>\$504,534,628</b>
<b>EXPENDITURES</b>					
Certificated Salaries	\$159,772,198	\$165,315,040	\$176,005,412	\$192,501,260	\$196,143,370
Classified Salaries	49,708,213	51,468,603	56,705,577	58,343,622	63,562,086
Employee Benefits	106,058,973	134,164,354	139,255,928	141,343,139	160,839,811
Books and Supplies	12,645,150	14,881,152	11,082,532	12,897,800	19,147,391
Services, Other Operating Expenditures	55,459,661	57,364,014	89,605,018	87,290,180	71,049,494
Capital Outlay	331,829	2,576,920	21,472,676	23,010,286	2,202,829
Other (outgo)	235,930	240,854	394,103	216,459	659,827
Debt service	1,997,075	2,821,195	8,210	68,211	4,403,750
<b>Total Expenditures</b>	<b>\$386,209,029</b>	<b>\$428,832,132</b>	<b>\$494,529,456</b>	<b>\$515,670,957</b>	<b>\$518,008,558</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$19,606,128</b>	<b>\$3,818,441</b>	<b>\$42,623,082</b>	<b>\$(17,570,511)</b>	<b>\$(13,473,930)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in <sup>(1)</sup>	\$ 3,550,271	\$ 3,007,486	\$18,911,687	\$ 3,126,985	\$ 3,755,901
Transfers Out <sup>(2)</sup>	(1,071,304)	(3,762,319)	(8,386,451)	(2,022,282)	(1,248,027)
Proceeds from Obligations/Liabilities	-	226,249	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>\$2,478,967</b>	<b>\$(528,584)</b>	<b>\$10,525,236</b>	<b>\$1,104,703</b>	<b>\$2,507,874</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$22,085,095</b>	<b>\$3,289,857</b>	<b>\$53,148,318</b>	<b>\$(16,465,808)</b>	<b>\$(10,966,056)</b>
<b>Fund Balance – Beginning</b>	<b>\$19,409,345</b>	<b>\$41,494,440</b>	<b>\$44,784,297</b>	<b>\$97,932,615</b>	<b>\$81,466,807</b>
<b>Fund Balance – Ending</b>	<b>\$41,494,440</b>	<b>\$44,784,297</b>	<b>\$97,932,615</b>	<b>\$81,466,807</b>	<b>\$70,500,751</b>
Reserve for Economic Uncertainties <sup>(3)</sup>	\$13,976,133	\$12,763,133	\$18,763,133	\$[_____]	\$[_____]

<sup>(1)</sup> [District to provide explanation of transfers in.]

<sup>(2)</sup> [District to provide explanation of transfers out.]

<sup>(3)</sup> The District must maintain a two percent unrestricted general fund reserve for economic uncertainty.

Source: Audited Financial Reports for fiscal years 2013-14 through 2017-18.

The following table shows the general fund balance sheets of the District for the fiscal years 2012-13 through 2017-18.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**Summary of General Fund Balance Sheet**  
**as of June 30, 2013, 2014, 2015, 2016, 2017 and 2018**

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
<b>ASSETS</b>						
Cash and Investments						
Cash in County Treasury	\$9,329,475	\$16,350,865	\$63,791,598	\$127,548,140	\$92,414,388	\$75,050,277
Cash on Hand and in Banks	510,691	404,609	584,514	725,049	1,700,267	281,217
Cash in Revolving Fund	225,000	225,000	225,000	225,000	225,000	225,000
Cash Awaiting Deposit	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	657,089	-	-
Deferred Compensation	2,424,401	-	-	-	-	-
Accounts Receivable	84,734,409	69,947,333	28,381,376	6,607,783	12,008,190	8,656,692
Prepaid Expenditures	55,686	31,329	38,549	37,239	16,636	12,730
Due from Other Funds	1,827,097	1,004,606	2,691,876	3,051,544	2,963,638	4,117,257
Due from Grantor Governments	-	-	-	24,050,115	17,961,176	16,311,650
Stores Inventory	129,180	127,301	126,019	132,216	126,654	108,722
<b>Total Assets</b>	<b>\$99,235,939</b>	<b>\$88,091,043</b>	<b>\$95,838,932</b>	<b>\$163,034,175</b>	<b>\$127,415,949</b>	<b>\$104,763,545</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts Payable	\$10,514,617	\$14,459,023	\$26,960,108	\$33,377,290	\$34,529,308	\$26,947,248
TRANS Payable	60,000,000	26,000,000	-	-	-	-
Deferred Compensation	2,424,401	-	-	-	-	-
Unearned revenue <sup>(1)</sup>	1,709,477	2,343,216	20,620,188	27,910,917	6,458,836	6,567,313
Due to other funds	5,178,099	3,794,364	3,474,339	3,813,353	4,960,998	748,233
<b>Total Liabilities</b>	<b>\$79,826,594</b>	<b>\$46,596,603</b>	<b>\$51,054,635</b>	<b>\$65,101,560</b>	<b>\$45,949,142</b>	<b>\$34,262,794</b>
<b>FUND BALANCES</b>						
<b>Total Fund Balances</b>	<b>\$19,409,345</b>	<b>\$41,494,440</b>	<b>\$44,784,297</b>	<b>\$97,932,615</b>	<b>\$81,466,807</b>	<b>\$70,500,751</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$99,235,939</b>	<b>\$88,091,043</b>	<b>\$95,838,932</b>	<b>\$163,034,175</b>	<b>\$127,415,949</b>	<b>\$104,763,545</b>

<sup>(1)</sup> "Deferred revenue" in Audited Financial Report for fiscal years 2014-15.

Source: District Audited Financial Reports for fiscal years 2012-12 through 2017-18.

**District Budget Process and County Review**

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Sacramento Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to 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 with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the State Superintendent may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as describe below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office of Education and Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq.*), each school district is required to file two interim certifications

with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) 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 superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, 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, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. The District received a negative certification on its most recent interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2018-19 and 2019-20 and estimated actuals for fiscal year 2018-19. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20**  
**and Estimated Actuals for Fiscal Year 2018-19<sup>(1)</sup>**

	2018-19 Budgeted <sup>(2)</sup>	2018-19 Estimated Actuals <sup>(3)</sup>	2019-20 Budgeted <sup>(3)</sup>
<b>REVENUES</b>			
LCFF Sources	\$395,472,932	\$398,720,041	\$411,739,787
Federal Revenue	53,970,361	59,505,718	50,820,713
Other State Revenue	72,985,518	70,799,876	63,599,802
Other Local Revenue	6,696,124	11,115,422	6,818,988
<b>TOTAL</b>	<b>\$529,124,935</b>	<b>\$540,141,057</b>	<b>\$532,979,290</b>
<b>EXPENDITURES</b>			
Certificated Salaries	\$217,093,599	\$211,608,041	\$218,245,243
Classified Salaries	66,721,726	64,127,727	62,208,366
Employee Benefits	174,835,041	165,156,696	175,504,512
Books and Supplies	22,599,345	24,691,220	16,707,888
Services/Other Operating Expenditures	67,411,585	77,462,683	73,931,408
Other Outgo - Transfers of Indirect Costs	(2,304,634)	(2,345,893)	(1,791,960)
Other Outgo (excluding Transfers of Indirect Costs)	5,005,046	481,300	481,300
Capital Outlay	5,328,453	13,438,445	377,792
<b>TOTAL</b>	<b>\$556,690,160</b>	<b>\$554,620,219</b>	<b>\$545,664,549</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$(27,565,225)</b>	<b>\$(14,479,162)</b>	<b>\$(12,685,259)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In <sup>(4)</sup>	\$1,903,369	\$1,866,800	\$2,174,627
Transfers Out <sup>(5)</sup>	(2,875,207)	(2,430,405)	(1,833,785)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$(971,838)</b>	<b>\$(563,605)</b>	<b>\$340,842</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$(28,537,063)</b>	<b>\$(15,042,767)</b>	<b>\$(12,344,417)</b>
<b>Fund Balance – Beginning</b>	<b>\$65,558,519<sup>(6)</sup></b>	<b>\$70,500,751<sup>(6)</sup></b>	<b>\$55,457,984</b>
<b>Fund Balance – Ending</b>	<b>\$37,021,456</b>	<b>\$55,457,984</b>	<b>\$43,113,567</b>

<sup>(1)</sup> Columns may not sum to totals due to rounding.

<sup>(2)</sup> Adopted budget of the District, approved as of June 21, 2018.

<sup>(3)</sup> Adopted budget for fiscal year 2019-20, approved as of June 26, 2019.

<sup>(4)</sup> [District to provide explanation of transfers in.]

<sup>(5)</sup> [District to provide explanation of transfers out.]

<sup>(6)</sup> [Explanation of difference between beginning fund balances for fiscal year 2018-19.]

Source: The District.

**District Debt Structure**

**Tax and Revenue Anticipation Notes.** To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District may issue tax and revenue anticipation notes. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. [The District does not expect to issue a Tax and Revenue Anticipation Note in fiscal year 2019-20.]

**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, known locally as "Measure E."



The District issued \$50,000,000 of the Measure E bonds on March 1, 2000 (the “**Series 2000 Bonds**”), \$45,000,000 of the Measure E bonds on April 11, 2001 (the “**Series 2001 Bonds**”), \$45,000,000 of the Measure E bonds on May 16, 2002 (the “**Series 2002 Bonds**”), and \$55,000,000 of the Measure E bonds on August 5, 2004 (the “**Series 2004 Bonds**”). The District refunded a portion of the Series 2001 Bonds and the Series 2002 Bonds with the issuance of its 2011 General Obligation Refunding Bonds (the “**2011 Refunding Bonds**”) on June 30, 2011. The District also applied a portion of the proceeds of its 2012 General Obligation Refunding Bonds (the “**2012 Refunding Bonds**”) to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds and the Series 2004 Bonds on June 14, 2012. There is no remaining unissued authorization under Measure E, and the 2011 Refunding Bonds and 2012 Refunding Bonds remain outstanding.

On November 5, 2002, voters in the District approved by 55% or more a bond measure authorizing the District to issue \$225,000,000 in general obligation bonds, known locally as “Measure I.” The District issued \$80,000,000 of the Measure I bonds on March 25, 2003 (the “**Series 2002 Measure I Bonds**”), \$80,000,000 of the Measure I bonds on July 19, 2005 (the “**Series 2005 Bonds**”), and \$64,997,966.35 of the Measure I bonds on November 14, 2007 (the “**Series 2007 Bonds**”). The District applied a portion of the proceeds of its 2012 Refunding Bonds to refund the Series 2002 Measure I Bonds. The District refunded a portion of the Series 2005 Bonds with the issuance of its 2014 General Obligation Refunding Bonds (the “**2014 Refunding Bonds**”) on January 30, 2014, and refunded the remaining outstanding Series 2005 Bonds and a portion of the outstanding Series 2007 Bonds with the issuance of its 2015 General Obligation Refunding Bonds (the “**2015 Refunding Bonds**”) on January 28, 2015. There is no remaining unissued authorization under Measure I, and a portion of the Series 2007 Bonds, together with the 2012 Refunding Bonds, the 2014 Refunding Bonds and the 2015 Refunding Bonds, remain outstanding.

On November 6, 2012, voters in the District approved by 55% or more two bond measures known locally as “Measure Q” and “Measure R.” Measure Q authorizes the District to issue \$346,000,000 in general obligation bonds. Measure R authorizes the District to issue \$68,000,000 in general obligation bonds. The District issued \$30,000,000 of Measure Q and Measure R bonds on July 16, 2013 (the “**Series 2013A Bonds**”), \$40,000,000 of Measure Q and Measure R bonds on July 16, 2013 (the “**Series 2013B Bonds**”), \$66,260,000 of Measure Q bonds on June 4, 2015 (the “**Series 2015 C-1 Bonds**”), \$23,740,000 of Measure Q bonds on June 4, 2015 (the “**Series 2015 C-2 Bonds**”), \$14,000,000 of Measure Q bonds on June 8, 2016 (the “**Series 2016D Bonds**”), \$112,000,000 of Measure Q bonds on May 11, 2017 (the “**Series 2017E Bonds**”), \$10,000,000 of Measure R bonds on May 11, 2017 (the “**Series 2017C Bonds**”) and \$10,000,000 of Measure Q bonds on July 25, 2018 (the “**Series 2018F Bonds**”). All of such bonds remain outstanding. Prior to the issuance of the Bonds, \$97,100,000 of the Measure Q authorization and \$30,900,000 of the Measure R authorization remain unissued.

The District’s outstanding general obligation bonds as of [October] 1, 2019 are summarized in the table below. Approximately \$[\_\_\_\_\_] million of the District’s general obligation bonds remain outstanding, not including the Bonds.

<u>Issue Name</u>	<u>Issuance Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
2011 Refunding Bonds	06/30/2011	\$ 79,585,000	
2012 Refunding Bonds	06/14/2012	113,245,000	
Series 2007	11/14/2007	64,997,966	
Series 2013A	07/16/2013	30,000,000	
Series 2013B	07/16/2013	40,000,000	
2014 Refunding Bonds	01/30/2014	44,535,000	
2015 Refunding Bonds	01/28/2015	32,740,000	
Series 2015 C-1	06/04/2015	66,260,000	
Series 2015 C-2	06/04/2015	23,740,000	
Series 2016D	06/08/2016	14,000,000	
Series 2017C	05/11/2017	112,000,000	
Series 2017E	05/11/2017	10,000,000	
Series 2018F	07/25/2018	10,000,000	

Source: The District.

Voter-approved bonds and bonds issued to refund such bonds are payable from a special *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. See the table above for a description of principal owed on all bonds outstanding.

**[Pension Obligations.** In June 2000, the District entered into a joint exercise of powers agreement with the Yolo County Office of Education to form the California Administrative Services Authority (“CASA”). In 2002, CASA issued \$6,295,000 of its California Administrative Services Authority 2002 Revenue Bonds (Sacramento City Unified School District Pension Financing) (the “CASA Bonds”). CASA loaned a portion of the proceeds of the CASA Bonds to the District under a Loan Agreement (the “Loan Agreement”), dated as of January 1, 2002, between the Authority and the District. The District made its final payment in fiscal year 2015-16 and the CASA Bonds are no longer outstanding.]

**Certificates of Participation.** On April 18, 2001, Certificates of Participation (“2001 COPs”) of \$43,580,000 were issued with fixed interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with a remaining principal obligation of \$29,590,000) and to provide additional capital for construction projects. With the payment of \$30,000,000 to the escrow agent to advance refund and defease the District’s 1999C COPs, the 1999C COPs are considered to be defeased, and the obligations have been removed from the District’s financial statements. The 2001 COPs were prepaid with a portion of the proceeds of the Lease Revenue Bonds (as defined below).

On July 11, 2002, the District issued \$58,000,000 of Variable Rate COPs (“2002 Variable Rate COPs”) for the advance refunding of 1998 Series A COPs (with a remaining principal amount of \$13,750,000) and 1999 Series D COPs (with a remaining obligation of \$15,480,000) and to provide additional capital for construction projects. With the payment of \$29,230,000 to the escrow agent to advance refund and defease the District’s 1998 Series A COPs and the 1999 Series D COPs, the District’s 1998 Series A COPs and the 1999 Series D COPs are considered to be defeased. The 2002 Variable Rate COPs were remarketed on March 14, 2011, in the aggregate principal amount of \$48,020,000. Interest on the 2002 Variable Rate COPs was based on the SIFMA Term Floater Rate, determined by a remarketing agent. The 2002 Variable Rate COPs were prepaid with a portion of the proceeds of the Lease Revenue Bonds described below.

On January 16, 2014, \$44,825,000 of Lease Revenue Refunding Bonds, 2014 Series A, were issued by the Sacramento City Schools Joint Powers Financing Authority (the “Authority”), simultaneously with \$29,460,000 of Lease Revenue Refunding Bonds, 2014 Series B, issued by the Authority by private placement (collectively, the “Lease Revenue Bonds”), to prepay all outstanding 2001 COPs and to purchase all outstanding 2002 Variable Rate COPs on March 1, 2014, the date that the SIFMA Term Floater Rate Mode was scheduled to expire and the date the 2002 Variable Rate COPs became subject to mandatory tender (the “Mandatory Tender Date”). The District purchased all outstanding 2002 Variable Rate COPs on the Mandatory Tender Date with a portion of the proceeds of the Lease Revenue Bonds. The final maturity date for the Lease Revenue Bonds is March 1, 2040. The minimum base rental payment is \$3,147,750 in 2039 and the maximum base rental payment is \$5,529,383 in 2028.

The following table sets forth the annual debt service schedule for the Lease Revenue Bonds.

**Sacramento City Schools Joint Powers Financing Authority  
Lease Revenue Refunding Bonds, 2014 Series A and Series B  
Annual Debt Service**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000	\$1,172,194	\$1,372,194
2020	200,000	1,164,014	1,364,014
2021	200,000	1,155,834	1,355,834
2022	200,000	1,147,654	1,347,654
2023	200,000	1,139,474	1,339,474
2024-2028	11,075,000	5,182,644	16,257,644
2029-2033	16,585,000	1,810,050	18,395,050
Total	\$28,660,000	\$12,771,864	\$41,431,864

Source: The District.

**Special Tax Bonds.** In January 1992, the District established the Community Facilities District No. 2 (“CFD No. 2”) for the purpose of financing new and improved school facilities for students generated by new development within the District. Parcels annexed into CFD No. 2 are assessed a special tax, the proceeds of which are to be used directly for expenditures associated with the authorized purposes of CFD No. 2 or to pay the principal of and interest on bonds issued by the District through CFD No. 2. The special tax, the collection of which must be authorized annually, is due upon the issuance of a parcel’s building permit, and in no case shall continue beyond 30 years. As of the date hereof, no bonds have been issued by CFD No. 2. [District to provide information on annual tax rate and annual levy amount.]

**Capital Leases.** The District leases office equipment, computers and buses under long-term lease purchase agreements, payable from the general fund of the District. In accordance with generally accepted accounting principles, the District capitalizes these lease purchase agreements within the General Long-Term Debt Account Group. As of June 30, 2018, the schedule of future minimum lease payments was as follows:

<u>Year Ending June 30</u>	<u>Capital Lease Payments</u>
2019	\$32,405
2020	2,866
Total Payments	\$35,271
Less: Amount Representing Interest	(808)
Net Minimum Lease Payments	\$34,463

Source: The District.

**Labor Relations**

For fiscal year 2019-20, the District budgets to employ approximately 3,671.9 full time equivalent (“FTE”) employees, which includes 2,187.7 certificated (credentialed teaching) employees, 1,219.9 FTE classified (noninstructional) employees, and 264.3 supervisory/other personnel. District employees are represented by employee bargaining units as shown in the following table:

**Sacramento City Unified School District  
Labor Organizations**

<u>Labor Organization</u>	<u>FTE Employees Represented<sup>(1)</sup></u>	<u>Contract Expiration</u>
Sacramento City Teachers Association	[ ]	June 30, 20[ ]
Service Employees International Union	[ ]	June 30, 20[ ]
United Professional Educators	[ ]	June 30, 20[ ]
Teamsters	[ ]	June 30, 20[ ]
Classified Supervisors Association	[ ]	June 30, 20[ ]
Total	[ ]	

<sup>(1)</sup> Currently in negotiations.]

Source: The District

**Retirement Benefits**

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

**CalSTRS.** Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as “pre-enhancement benefits”) within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.0% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State’s total contribution also increased from approximately 3.0% 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 CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers’ Retirement Board voted to adopt revised actuarial assumptions reflecting members’ increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As of June 30, 2018, an actuarial valuation (the “**2018 CalSTRS Actuarial Valuation**”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.2 billion, a decrease of approximately \$0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPR (as defined herein). See “—California Public Employees’ Pension Reform Act of 2013” below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation as of June 30, 2016 stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2018	16.28%
2019 <sup>(1)</sup>	17.10
2020 <sup>(1)</sup>	18.40

<sup>(1)</sup> Pursuant to 2019-20 State Budget.  
*Source:* Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2011-12 through 2017-18, the estimated contribution for fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**Contributions to CalSTRS for Fiscal Years 2011-12 through 2019-20**

Fiscal Year	Contribution
2011-12	\$14,823,475
2012-13	14,075,308
2013-14	14,021,893
2014-15	15,447,858
2015-16	19,820,280
2016-17	[ ]
2017-18	[ ]
2018-19 <sup>(1)</sup>	[ ]
2019-20 <sup>(2)</sup>	[ ]

<sup>(1)</sup> Estimated.  
<sup>(2)</sup> Budgeted.  
*Source:* The District.

The District's total employer contributions to CalSTRS for fiscal years 2011-12 through 2018-19 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS 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 CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

**CalPERS.** The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

The CalPERS Schools Actuarial Valuation as of June 30, 2018 indicates that the funded ratio as of June 30, 2018 is approximately 70.4% on a market value of assets basis. The funded ratio, on a market value basis, as of June

30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, was 72.1%, 71.9%, 77.5%, and 86.6%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and 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. CalPERS applied the assumptions beginning with the June 30, 2015 valuation for the schools pool, which was used to establish employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9.0% of payroll for safety employees and up to 5.0% of payroll for miscellaneous employees at the end of the five-year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In April 2017, CalPERS adopted an employer contribution rate of 15.531% for the schools pool and a member contribution rate of 6.5% for school employees subject to PEPPRA for the period of July 1, 2017 to June 30, 2018.

On June 27, 2019, CalPERS informed school employers that the employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 17, 2019 were modified by Senate Bill 90 and codified at Section 20825.2 of the State Government Code. The employer contribution rate for fiscal year 2019-20 will be 19.721%, representing a reduction of 1.012% in the employer contribution rate from the 20.733% adopted by the CalPERS Board on April 17, 2019. The employer contribution rate of 19.721% for fiscal year 2019-20 will be the first fiscal year that employer contributions are impacted by the new demographic assumptions adopted by the CalPERS Board in December 2017. The 19.721% contribution rate will become effective with the first payroll period beginning July 2019. In April 2019, the CalPERS Board projected that employer contributions for fiscal year 2020-21 would be 23.6%, with annual fluctuations thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26. The CalPERS Board stated that these employer contribution rates reflect not only the new demographic assumptions, but also changes in the discount rate, inflation rate and payroll growth rate, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date. The CalPERS Board anticipates that information about the risks associated with the funding of these plans will be included in the CalPERS valuation report expected to be released during summer 2019.

The following table sets forth the District’s total employer contributions to CalPERS for fiscal years 2011-12 through 2017-18, the estimated contribution for fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20:

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**Contributions to CalPERS for Fiscal Years 2012-13 through 2019-20**

Fiscal Year	Contribution
2011-12	\$6,640,921
2012-13	6,381,013
2013-14	6,471,351
2014-15	6,954,207
2015-16	7,577,683
2016-17	[ ]
2017-18	[ ]
2018-19 <sup>(1)</sup>	[ ]
2019-20 <sup>(2)</sup>	[ ]

<sup>(1)</sup> Estimated.

<sup>(2)</sup> Budgeted.

Source: The District.

The District’s total employer contributions to CalPERS for fiscal years 2011-12 through 2018-19 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see “– California Public Employees’ Pension Reform Act of 2013” below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement. The information presented in these reports is not incorporated by reference in this Official Statement.

**California Public Employees’ Pension Reform Act of 2013.** The Governor signed the California Public Employee’s Pension Reform Act of 2013 (the “**Reform Act**” or “**PEPRA**”) into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the “**Implementation Date**”). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% “age factor” (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. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required 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 CalSTRS members who retire with 25 years of service), and (c) “pensionable compensation” is capped 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 CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX C – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.” The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

**GASB 67 and 68.** In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans (“**Statement Number 67**”), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions (“**Statement Number 68**”), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (such unfunded liabilities are currently typically included as notes to the government’s financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Notes 8 and 9 to the District’s financial statements attached hereto as APPENDIX C – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

**Other Post-Employment Benefits.** In addition to the retirement plan benefits with CalSTRS and CalPERS, the District provides post-employment health care benefits to eligible employees and their dependents under a single employer defined benefit other post-employment benefit (“**OPEB**”) plan (the “**Plan**”). Membership in the Plan consists of 3,114 retirees and beneficiaries currently receiving benefits and 4,379 active plan members.

In 2017, the District implemented GASB Statement Number 75 (“**Statement Number 75**”). Under Statement Number 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (“**total OPEB liability**”), less the amount of the OPEB plan’s fiduciary net position. The District’s total OPEB liability for July 1, 2018 is expected to be \$780,518,410, and its net OPEB liability is expected to be \$725,760,458. For the year ended June 30, 2018, the District recognized OPEB expense was \$41,814,704. See APPENDIX C – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018,” Note 10 for additional information regarding the OPEB obligation and the post-employment benefits plan.

For additional information about the District’s Plan, as well as information regarding the actuarial study of retiree health liabilities, see Note 10 to the District’s financial statements attached hereto as APPENDIX C – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

The District established an irrevocable trust under the California Employer’s Retiree Benefit Trust Program (“**CERBT**”). The funds in the CERBT are held in trust and will be administered by CalPERS. [The District contributed funds to the CERBT in the total recognized actuarial value of approximately \$[\_\_\_\_\_] million as of fiscal year ending June 30, 2018. Any additional assets contributed to the CERBT will be applied to offset the AAL and decrease the UAAL as of the District’s next valuation report. The CERBT balance as of June 30, 2018 is \$[\_\_\_\_\_] million, which includes fiscal year 2017-18 contributions to date of \$[\_\_\_\_\_] million.]



**Accrued Vacation.** The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2018, was \$4.2 million.

### **Restricted Maintenance Reserve Account**

As a condition to receiving State modernization or construction funds, the District has agreed to fund a restricted maintenance reserve account in the general fund each year for 20 years. For fiscal year 2019-20, the minimum amount required to be deposited into the account is the lesser of 3% of the total general fund expenditures for that fiscal year, or the amount the District deposited into the account in fiscal year 2018-19. For fiscal year 2019-20, the District has budgeted to fund a maintenance reserve contribution of approximately \$16.4 million or 3% of the general fund expenditures.

### **Insurance, Risk Pooling and Joint Powers Arrangement**

The District is a member of the Schools Insurance Authority (the “SIA”), a Joint Powers Authority (a “JPA”) which operates as a common risk management and insurance program for property and liability coverage. In June 2004, the Board of Education terminated its relationship with CASA, also a JPA. CASA was intended to offer an alternative retirement system for certain District personnel. The District is also a member of the California Schools Vision Coalition and the California Schools Dental Coalition.

### **Charter Schools**

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the Education Code (the “Charter School Law”). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. Independent charter schools receive their funding directly from the State and are not included in a school district’s financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would be included in the school district’s financial reports and audited financial statements.

[Thirteen charter high schools currently operate in the District’s boundaries, four of which are dependent and nine of which are directly funded. One dependent charter elementary school also operates in the District’s boundaries. For the directly-funded schools, the District pays revenue in lieu of property taxes up to the LCFF amount for charter students originating within the District. For fiscal year 2019-20, the District has budgeted to make in-lieu payments in an amount equal to approximately \$12.1 million.]

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

On June 6, 1978, State voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness,

and (iii) 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% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

**County of Orange v. Orange County Assessment Appeals Board No. 3.** Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

**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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment 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 the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed at \$4 per \$100 assessed value. All taxable property is now shown at full market 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 market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

### **Article XIII B of the State Constitution**

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution (“**Article XIII B**”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2018-19, the District had an appropriations limit of \$[2018-19 Limit] and appropriations subject to such limit of \$[2018-19 Subject to Limit]. The District has budgeted an appropriations limit in fiscal year 2019-20 of

§[2019-20 Limit]. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

### **Article XIII C and Article XIII D of the State 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 State Constitution Articles XIII C and XIII D ("**Article XIII C**" and "**Article XIII D**," respectively), 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 State 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 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 State 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 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State 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.

### **Statutory Limitations**

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Gardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

### **Proposition 98 and Proposition 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). The Accountability Act changed 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 (collectively, "**K-14 districts**") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 school districts and the K-14 school Appropriations Limits 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 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 schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) 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, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

### **Proposition 30 and Proposition 55**

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "Education Protection Account"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“**Proposition 55**”), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

## **Applications of Constitutional and Statutory Provisions**

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process.”

### **Proposition 2**

**General.** Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

**Rainy Day Fund.** The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year’s deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year’s deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multi-year budget forecast; and (vi) create a Proposition 98 reserve (the “**Public School System Stabilization Account**”) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

**SB 858.** SB 858 became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in a minimum amount of 2% of its general fund expenditures and other financing uses.

**SB 751.** SB 751, enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

**Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

## APPENDIX B

### THE ECONOMY OF THE DISTRICT

*The District encompasses a large portion of the City of Sacramento (the “City”), small portions of the cities of Rancho Cordova and Elk Grove, and adjacent unincorporated areas of Sacramento County. The following economic data for the City and County are presented for information purposes only. The Bonds are not a debt or obligation of the City or the County, and taxes to pay the Bonds are levied only on taxable property located within the District. Neither the District nor the Underwriter takes responsibility for the information herein.*

#### Population

The population of the City and County from 2000 through 2019 is provided in the table below.

#### POPULATION GROWTH City of Sacramento and County of Sacramento 2000 through 2019

Year	City of Sacramento		County of Sacramento	
	Population	Annual % Change	Population	Annual % Change
2000	407,018	–	1,223,499	–
2001	412,918	1.4%	1,248,072	2.0%
2002	423,084	2.5	1,279,588	2.5
2003	429,918	1.6	1,307,189	2.2
2004	436,799	1.6	1,331,910	1.9
2005	442,662	1.3	1,350,523	1.4
2006	445,774	0.7	1,365,214	1.1
2007	452,711	1.6	1,380,172	1.1
2008	458,965	1.4	1,394,510	1.0
2009	463,633	1.0	1,406,168	0.8
2010	466,488	0.6	1,418,788	0.9
2011	469,967	0.7	1,429,653	0.8
2012	472,264	0.5	1,440,456	0.8
2013	474,710	0.5	1,452,666	0.8
2014	477,613	0.6	1,465,654	0.9
2015	482,110	0.9	1,481,803	1.1
2016				
2017				
2018				
2019				

*Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010 with 2000 & 2010 Census Counts for City and County of Sacramento for years 2000-2009; California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011–2019, with 2010 Census Benchmark for City and County of Sacramento for years 2010-2019.*

## Employment

Set forth in the tables below is information on the County's wage and salary employment, civilian labor force, and unemployment.

### ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT County of Sacramento 2012 through 2017<sup>(1)</sup>

Industry	Employment <sup>(2)</sup>					
	2012	2013	2014	2015	2016	2017
Agriculture	2,600	2,600	2,600	2,600		
Mining & Logging	200	200	200	200		
Construction	22,800	27,000	28,600	30,700		
Manufacturing	21,300	20,800	20,900	20,900		
Transportation, Warehousing & Public Utilities	12,300	13,000	13,000	13,700		
Information	11,600	11,300	10,000	10,100		
Financial Activities	30,900	31,500	30,900	32,800		
Professional and Business Services	83,100	85,900	89,400	87,800		
Education and Health Services	71,400	88,700	94,400	98,500		
Leisure and Hospitality	50,300	53,200	56,100	58,200		
Other Services	19,500	19,500	20,300	20,700		
Government	156,300	156,200	160,700	162,700		
Total	482,300	509,900	527,100	538,900		

<sup>(1)</sup> Most current information available.

<sup>(2)</sup> Employment is reported by place of work: it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.

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



**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**County of Sacramento**  
**Annual Averages, 2001 through 2018**

Year	Civilian Labor Force	Employed Labor Force <sup>(1)</sup>	Unemployed Labor Force <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2001	624,700	596,400	28,300	4.5%
2002	645,500	609,000	36,500	5.7
2003	657,000	618,300	38,700	5.9
2004	661,600	624,400	37,200	5.6
2005	665,600	632,500	33,100	5.0
2006	670,500	638,600	31,900	4.8
2007	676,800	640,000	36,800	5.4
2008	680,500	631,700	48,800	7.2
2009	681,700	605,000	76,800	11.3
2010	684,700	597,700	87,000	12.7
2011	680,700	598,600	82,000	12.1
2012	682,900	611,400	71,400	10.5
2013	680,000	620,200	59,800	8.8
2014	679,700	630,400	49,300	7.3
2015	689,000	647,600	41,400	6.0
2016	707,400	669,200	38,200	5.4
2017				
2018				

<sup>(1)</sup> Includes persons involved in labor-management trade disputes.

<sup>(2)</sup> Includes all persons without jobs who are actively seeking work.

<sup>(3)</sup> This rate is computed from unrounded data: it may differ from rates computed from rounded figures in this table.

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

## Major Employers

The table below represents the largest employers in the City as set forth in the City of Sacramento Comprehensive Annual Financial Report for fiscal year ended June 30, 2018.

### LARGEST EMPLOYERS City of Sacramento

<u>Company</u>	<u>Type of Business</u>	<u>Employees</u>
State of California	Government	75,801
UC Davis Health System	Healthcare	12,840
Sacramento County	Government	12,208
Kaiser Permanente	Healthcare	11,005
U.S. Government	Government	10,325
Sutter Health	Healthcare	8,177
Dignity Health	Healthcare	7,000
Elk Grove Unified School District	Education	6,210
Intel Corporation	Technology	6,000
Apple, Inc.	Technology	5,000

*Source:* City of Sacramento Comprehensive Annual Financial Report for fiscal year ended June 30, 2018.

## Construction Activity

The following tables provide a summary of annual estimated building permit valuations and number of residential building permits for calendar years 2014 through 2018, for the City and for the County.

### BUILDING PERMIT ACTIVITY City of Sacramento 2014 through 2018

	2014	2015	2016	2017	2018
Valuation (\$000)					
Residential	\$169,479	\$307,232	\$469,400		
Non-Residential	216,051	288,312	397,867		
TOTAL	<u>\$385,530</u>	<u>\$595,544</u>	<u>\$867,268</u>		
Dwelling Units					
Single Family	257	435	995		
Multiple family	160	813	601		
TOTAL	<u>417</u>	<u>1,248</u>	<u>1,596</u>		

Source: Construction Industry Research Board.

### BUILDING PERMIT ACTIVITY County of Sacramento 2014 through 2018

	2014	2015	2016	2017	2018
Valuation (\$000)					
Residential	\$570,733	\$897,360	\$948,072		
Non-Residential	524,071	651,429	981,245		
TOTAL	<u>\$1,094,804</u>	<u>\$1,548,789</u>	<u>\$1,929,317</u>		
Dwelling Units					
Single Family	1,547	2,358	2,668		
Multiple family	226	815	609		
TOTAL	<u>1,773</u>	<u>3,173</u>	<u>3,227</u>		

Source: Construction Industry Research Board.

## Commercial Activity

The following tables show taxable sales within the City and the County for 2012 through 2016.

### TAXABLE SALES City of Sacramento 2012 through 2016 (\$000)

	2012	2013	2014	2015	2016
Motor Vehicle & Parts Dealers	\$338,082	\$388,898	\$397,302		
Home Furnishings & Appliance Stores	203,543	203,675	254,332		
Building Material & Garden Equipment	258,469	303,311	296,075		
Food & Beverage Stores	295,149	299,456	320,301		
Gasoline Stations	612,199	599,365	578,764		
Clothing & Clothing Accessories Stores	339,108	340,610	329,495		
General Merchandise Stores	504,732	513,841	505,521		
Food Service s& Drinking Places	762,531	796,733	848,980		
Other Retail Group	487,314	506,059	505,414		
Total Retail Stores	\$3,801,126	\$3,951,948	\$4,036,184		
All Other Outlets	1,670,192	1,752,173	1,827,038		
Total All Outlets <sup>(1)</sup>	\$5,471,319	\$5,704,121	\$5,863,222		

<sup>(1)</sup> Columns may not sum to totals due to rounding.  
Source: California State Board of Equalization.

**TAXABLE SALES**  
**County of Sacramento**  
**2012 through 2016**  
**(\$000)**

	2012	2013	2014	2015	2016
Motor Vehicle & Parts Dealers	\$2,266,802	\$2,586,596	\$2,797,532		
Furniture & Home Furnishings Stores	278,066	307,647	340,187		
Electronics & Appliance Stores	606,913	641,067	664,145		
Building Material & Garden Equipment	1,024,765	1,155,301	1,168,008		
Food & Beverage Stores	916,005	923,645	959,756		
Health & Personal Care Stores	412,707	420,284	425,648		
Gasoline Stations	1,935,830	1,899,358	1,857,065		
Clothing & Clothing Accessories Stores	855,369	905,514	921,913		
Sporting Goods, Hobby, Musical Instruments, & Book Stores	443,795	463,641	448,255		
General Merchandise Stores	2,076,421	2,124,820	2,157,986		
Miscellaneous Store Retailers	563,728	581,804	593,179		
Nonstore Retailers	132,031	214,417	244,464		
Food Services & Drinking Places	1,854,027	1,946,913	2,071,554		
<b>Total Retail Stores</b>	<b>\$13,366,459</b>	<b>\$14,171,006</b>	<b>\$14,649,693</b>		
All Other Outlets	5,723,389	5,926,089	6,412,208		
<b>Total All Outlets<sup>(1)</sup></b>	<b>\$19,089,848</b>	<b>\$20,097,095</b>	<b>\$21,061,901</b>		

<sup>(1)</sup> Columns may not sum to totals due to rounding.  
Source: California State Board of Equalization.

## Income

The following tables provide a summary of per capita personal income for the County, the State, and the United States, and personal income and annual percent change for the County, for the calendar years shown.

### PER CAPITA PERSONAL INCOME 2000 through 2018

Year	Sacramento County	California	United States
2000	\$29,691	\$33,391	\$30,602
2001	31,018	34,091	31,540
2002	31,484	34,306	31,815
2003	32,685	35,381	32,692
2004	34,005	37,244	34,316
2005	35,184	39,046	35,904
2006	36,910	41,693	38,144
2007	37,938	43,182	39,821
2008	38,870	43,786	41,082
2009	38,085	41,588	39,376
2010	38,453	42,411	40,277
2011	40,098	44,852	42,453
2012	41,913	47,614	44,266
2013	42,676	48,125	44,438
2014	43,944	49,985	46,049
2015	46,539	53,741	48,112
2016			
2017			
2018			

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

**PERSONAL INCOME**  
**2000 through 2018**  
**(in thousands)**

Year	Sacramento County	Annual Percent Change
2000	\$36,518,147	-
2001	39,276,988	7.6%
2002	40,962,722	4.3
2003	43,423,556	6.0
2004	45,869,878	5.6
2005	47,878,798	4.44
2006	50,550,671	5.6
2007	52,398,021	3.7
2008	54,201,689	3.4
2009	53,647,258	(1.0)
2010	54,673,384	1.9
2011	57,564,251	5.3
2012	60,721,694	5.5
2013	62,440,643	2.8
2014	65,126,187	4.3
2015	69,870,482	7.3
2016		
2017		
2018		

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

**APPENDIX C**

**FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



**APPENDIX D**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

[To come]

## APPENDIX E

### FORMS OF CONTINUING DISCLOSURE CERTIFICATES

**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Disclosure Certificate”), dated as of \_\_\_\_\_, 2019, is executed and delivered by the Sacramento City Unified School District (the “District”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the “Bonds”). The Bonds are being issued pursuant to a resolution (the “Resolution”) adopted by the Board of Education of the District on [August 15], 2019, a resolution of the Board of Supervisors of the County of Sacramento on [October 8], 2019, and in accordance with the terms of a Paying Agent Agreement, dated as of [October] 1, 2019 (the “Paying Agent Agreement”), by and between the District and the County of Sacramento, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, 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 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated \_\_\_\_\_, 2019 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the District is unable to provide the Annual Report to the MSRB by the date required in subsection (a) of this Section, the District shall send a notice in a timely manner to the MSRB through the EMMA website in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) Adopted budget of the District for the current fiscal year, or a summary thereof, and the first Interim Financial Report submitted to the District's governing board in accordance with Section 42130 of the Education Code (or its successor provision) together with any supporting materials submitted to the governing board.

(c) To the extent not included in the audited financial statement or annual budget of the District as indicated in paragraphs (a) and (b) above, the Annual Report shall also include the following:

1. The Average Daily Attendance for the District for the last completed fiscal year.
2. Assessed Value of taxable property within the District for the current fiscal year.
3. In the event that the Teeter Plan is not in effect, information regarding the Secured Tax Charge and Delinquency for the prior year.

(d) In addition to any of the information expressly required to be provided under subsections (a), (b) and (c) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which there are made, not misleading.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(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 business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), 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;

2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds, if any;
5. Non-payment related defaults;
6. 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;
7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
8. 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 security holders.

(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 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten 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 Section 5(b)(3) 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.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

**SECTION 6. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

**SECTION 7. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty days written notice to the District and the Paying Agent. The Dissemination Agent shall have no duty to prepare any report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the

Disclosure Certificate. The District hereby appoints Capitol Public Finance Group, LLC, as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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 or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds 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 Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate is made in the State of California and is to be construed under the Constitution and laws of the State of California, except where federal law applies.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: \_\_\_\_\_, 2019

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
Superintendent

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2012 (MEASURE R), 2019  
SERIES D

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_ [to be signed only if filed]



**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Disclosure Certificate”), dated as of \_\_\_\_\_, is executed and delivered by the Sacramento City Unified School District (the “District”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable), and Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to a resolution (the “Resolution”) adopted by the Board of Education of the District on [September 5], 2019, and in accordance with the terms of a Paying Agent Agreement, dated as of [October] 1, 2019 (the “Paying Agent Agreement”), by and between the District and the County of Sacramento, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, 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 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated \_\_\_\_\_, 2019 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(e) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(f) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(g) If the District is unable to provide the Annual Report to the MSRB by the date required in subsection (a) of this Section, the District shall send a notice in a timely manner to the MSRB through the EMMA website in substantially the form attached as Exhibit A.

(h) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(i) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(j) Adopted budget of the District for the current fiscal year, or a summary thereof, and the first Interim Financial Report submitted to the District's governing board in accordance with Section 42130 of the Education Code (or its successor provision) together with any supporting materials submitted to the governing board.

(k) To the extent not included in the audited financial statement or annual budget of the District as indicated in paragraphs (a) and (b) above, the Annual Report shall also include the following:

1. The Average Daily Attendance for the District for the last completed fiscal year.
2. Assessed Value of taxable property within the District for the current fiscal year.
3. In the event that the Teeter Plan is not in effect, information regarding the Secured Tax Charge and Delinquency for the prior year.

(l) In addition to any of the information expressly required to be provided under subsections (a), (b) and (c) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which there are made, not misleading.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(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 business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), 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;

2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds, if any;
5. Non-payment related defaults;
6. 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;
7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
8. 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 security holders.

(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 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten 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 Section 5(b)(3) 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.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

**SECTION 6. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

**SECTION 7. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty days written notice to the District and the Paying Agent. The Dissemination Agent shall have no duty to prepare any report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the

Disclosure Certificate. The District hereby appoints Capitol Public Finance Group, LLC, as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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 or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds 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 Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate is made in the State of California and is to be construed under the Constitution and laws of the State of California, except where federal law applies.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: \_\_\_\_\_, 2019

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
Chief Business Officer

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES A (FEDERALLY TAXABLE)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES B (FEDERALLY TAXABLE)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES C (FEDERALLY TAXABLE)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES D (FEDERALLY TAXABLE)

Date of Issuance: \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_ [to be signed only if filed]

## **APPENDIX F**

### **COUNTY OF SACRAMENTO INVESTMENT POLICY AND INVESTMENT REPORT**

*The following information has been furnished by the Director of Finance, County of Sacramento. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Director of Finance, 700 H Street, Suite 1710, Sacramento, California 95814. Neither the District nor the Underwriter takes responsibility for the information herein.*

The Board of Supervisors (the “Board”) of the County last adopted an investment policy (the “County Investment Policy”) on December 4, 2018. State law requires the Board to approve any changes to the investment policy.



## APPENDIX G

### BOOK-ENTRY ONLY SYSTEM

*The information in this APPENDIX G has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. Neither the District nor the Underwriter gives any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in 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 "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this Appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.*

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the securities (the "**Securities**"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities 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](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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PAYING AGENT AGREEMENT

between the

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT,  
County of Sacramento California

and

COUNTY OF SACRAMENTO, CALIFORNIA,  
as Paying Agent

Dated as of [October] 1, 2019

Relating to the

[\$[2019A Par]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES A (FEDERALLY TAXABLE)

[\$[2019B Par]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES B (FEDERALLY TAXABLE)

[\$[2019C Par]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES C (FEDERALLY TAXABLE)

[\$[2019D Par]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES D (FEDERALLY TAXABLE)

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## PAYING AGENT AGREEMENT

This PAYING AGENT AGREEMENT, made and entered into as of [October] 1, 2019, by and between the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a school district duly formed and existing under and by virtue of the Constitution and Laws of the State of California (the “District”), and the COUNTY OF SACRAMENTO, CALIFORNIA, as paying agent (the “Paying Agent”),

### W I T N E S S E T H:

WHEREAS, the Board of Education (the “Board of Education”) of the District has heretofore caused to be issued \$79,585,000 aggregate principal amount of Sacramento City Unified School District 2011 General Obligation Refunding Bonds (the “2011 Bonds”), \$46,850,000 of which are outstanding; and

WHEREAS, the Board of Education has heretofore caused to be issued \$113,245,000 aggregate principal amount of Sacramento City Unified School District 2012 General Obligation Refunding Bonds (the “2012 Bonds”), \$81,650,000 of which are outstanding; and

WHEREAS, the Board of Education has heretofore caused to be issued \$30,000,000 aggregate principal amount of Sacramento City Unified School District General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the “2013 Bonds”), \$11,635,000 of which are outstanding; and

WHEREAS, the Board of Education has heretofore caused to be issued \$32,740,000 aggregate principal amount of Sacramento City Unified School District 2015 General Obligation Refunding Bonds (the “2015 Bonds” and, together with the 2011 Bonds, the 2012 Bonds and the 2013 Bonds, the “Prior Bonds”), \$27,825,000 of which are outstanding; and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Government Code”) and other applicable law (the “Law”), and pursuant to the respective documents providing for the issuance of the Prior Bonds, the District is authorized to issue refunding bonds to refund all of the Prior Bonds; and

WHEREAS, the Board of Education has determined, by its Resolution No. [\_\_\_\_\_] adopted on [September 5], 2019 (the “Resolution”), that it is necessary and desirable that all or a portion of the Prior Bonds now be refunded, and has authorized by said Resolution the issuance and sale of its “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable),” “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable),” “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable)” and “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable)” (herein called the “Refunding Bonds”) and the execution and delivery of this Paying Agent Agreement on behalf of the District; and

WHEREAS, pursuant to Section 53558(b) of the Government Code, the District is authorized to deposit the proceeds of sale of the Refunding Bonds in escrow, in an amount sufficient to pay (i) the principal of and interest and redemption premiums, if any, on the Refunding Bonds prior to the maturity of the Prior Bonds or prior to the designated date or dates before the maturity of the Prior Bonds on which date such Prior Bonds are to be redeemed, (ii) the principal of and any redemption premiums due on the Prior Bonds at maturity or at said designated date or dates, and (iii) the designated costs of issuance of the Refunding Bonds; and

WHEREAS, the District is entering into an Escrow Agreement, dated as of [October] 1, 2019, with The Bank of New York Mellon Trust Company, N.A., as escrow agent, to provide for the escrow of proceeds of the Refunding Bonds; and

WHEREAS, the District has found and determined and by execution hereof so represents that the issuance of the Refunding Bonds and the defeasance of the Prior Bonds will result in a net savings in the total interest cost to maturity of the Prior Bonds, including costs of issuance of the Refunding Bonds, pursuant to Section 53552 and 53556 of the Government Code, and that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement; and

WHEREAS, the Superintendent of Schools of the County of Alameda has jurisdiction over the District;

NOW, THEREFORE, in order to provide for the payment of the Bonds and the performance and observance by the District of all the covenants, agreements and conditions herein and in the Bonds contained; to secure the acknowledgement and consent of Director of Finance of the County to the payment arrangements provided for herein; and in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration to both parties, the District and the Paying Agent hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Authorized District Representative” shall mean the Superintendent of the District, the Deputy Superintendent of the District, the Chief Business Officer of the District, or any other officer of the District designated by the Board of Education or the Superintendent.

“Board of Education” shall mean the Board of Education of the District.

“Bondowner” or “Owner” shall mean the person in whose name any Bond shall be registered.

“Bonds” shall mean, collectively, the Series A Bonds, the Series B Bonds, the Series C Bonds and the Series D Bonds.

“Business Day” shall mean any day of the week other than a Saturday or a Sunday on which the Paying Agent is not required or authorized to remain closed, and on which the New York Stock Exchange is open for business.

“Code” shall mean the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed and delivered by the District, dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“County” shall mean the County of Sacramento, State of California.

“Current Interest Bond” shall mean any Bond issued under Section 2.02 hereof, the interest on which is payable on each Interest Payment Date to maturity or redemption prior to maturity.

“Director of Finance” shall mean the Director of Finance of the County. The “Office of the Director of Finance” shall mean the Office of the Director of Finance of the County, in Sacramento, California.

“District” shall mean the Sacramento City Unified School District, located in the County.

“Escrow Agent” shall mean The Bank of New York Mellon Trust Company, N.A., as initial escrow agent under the Escrow Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place in accordance with the Escrow Agreement.

“Escrow Agreement” shall mean that certain agreement dated as of [October] 1, 2019, by and between the District and the Escrow Agent, regarding the outstanding Prior Bonds.

“Escrow Fund” shall mean that certain fund of the same name created and maintained by the Escrow Agent pursuant to the Escrow Agreement.

“Interest and Sinking Fund” shall mean the Interest and Sinking Fund of the District administered by the Director of Finance, established pursuant to State law.



“Interest Payment Date” shall mean February 1 and August 1 of each year. The first Interest Payment Date shall be [February 1, 2020].

“Law” shall mean Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and other applicable provisions of law.

“Opinion of Counsel” shall mean a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Paying Agent” shall mean the Director of Finance of the County of Sacramento, as initial paying agent, registrar, and transfer agent with respect to the Bonds, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 6.02 hereof.

“Paying Agent Agreement” shall mean this agreement, by and between the District and the Paying Agent.

“Prior Bonds” shall mean all of the Sacramento City Unified School District 2011 General Obligation Refunding Bonds, Sacramento City Unified School District 2012 General Obligation Refunding Bonds, Sacramento City Unified School District General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) and Sacramento City Unified School District 2015 General Obligation Refunding Bonds which are being refunded through the issuance of the Refunding Bonds, as described in the Escrow Agreement.

“Record Date” shall mean the 15th day of the month preceding any Interest Payment Date.

“Series A Bonds” shall mean all of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable) issued hereunder.

“Series B Bonds” shall mean all of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) issued hereunder.

“Series C Bonds” shall mean all of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable) issued hereunder.

“Series D Bonds” shall mean all of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) issued hereunder.

“State” shall mean the State of California.

“Written Order of the District” or “Written Request of the District” shall mean an instrument in writing, signed by an Authorized District Representative, or by any other officer of the District authorized in writing for the purpose by either of said officers or by the Board of Education of the District.

ARTICLE II

THE BONDS

Section 2.01. Authorization and Designation. The Bonds shall be issued for the purpose of providing funds to pay and redeem the Prior Bonds, and to pay costs incurred in connection with the issuance, sale and delivery of the Bonds. The Bonds shall be issued by the District under and subject to the terms of this Paying Agent Agreement and the Law. The Bonds shall be issued in fully registered form, without coupons.

Section 2.02. Current Interest Bonds; Terms. The Bonds are issued under this Paying Agent Agreement as Current Interest Bonds, upon terms further described in this Section. The Bonds issued under this Section shall be named the “, and shall be designated as the “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable),” “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable),” “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable)” and “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable),” respectively, for the purposes described in Section 2.01

(a) Date of Bonds. The Bonds shall be dated as of the date of issuance thereof, [Closing Date].

(b) Denominations. The Bonds shall be issued in the denomination of \$5,000 principal amount or any integral multiple thereof. No Bond shall mature on more than one maturity date.

(c) Payment of Principal. (i) The Bonds shall mature on the dates in each of the years and principal amounts and bear interest at the annual rates of interest shown below:

**Series 2019A Bonds**

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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\* Term Bonds

**Series 2019B Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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\* Term Bonds

**Series 2019C Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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\* Term Bonds

## Series 2019D Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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\* Term Bonds

The principal and any redemption premium of the Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the office of the Paying Agent or at such other location as the Paying Agent shall designate, on or after the maturity date thereof or upon redemption prior to maturity as provided in Section 4.01 hereof.

(d) Payment of Interest. The Bonds shall bear interest at the respective rates shown in the table in subdivision (c) above, payable on February 1 and August 1 of each year, commencing [February 1, 2020], until payment of the principal amount thereof. Each Bond authenticated and registered on any date prior to the close of business on the first Record Date shall bear interest from the date of said Bond. Each Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The interest on the Bonds shall be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date, whether or not such day is a Business Day. Payment of the interest on any Bond shall be made by check or draft mailed by first class mail on each Interest Payment Date (or on the following Business Day, if the Interest Payment Date does not fall on a Business Day) to such Owner at such Owner's address as it appears on such registration books or at such address as the Owner may have filed with the Paying Agent for that purpose; or upon written request of the Owner of Current Interest Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the Record Date immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Bonds, payment shall be made thereto by wire transfer as provided in Section 2.05(d) hereof.

Section 2.03. Form and Registration of Bonds. (a) The Bonds, the Paying Agent's certificate of authentication and registration, and the form of assignment to appear thereon shall be in substantially the forms, respectively, attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Paying Agent Agreement (provided that if a portion of the text of any Bond is printed on the reverse of the bond, the following legend shall be printed on the bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.").

(b) The Bonds when issued shall be registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be initially issued as one bond for each of the maturities of the Bonds, in the principal amounts set forth in the table in Section 2.02. The Depository Trust Company is hereby appointed depository for the Bonds and registered ownership of the Bonds may not thereafter be transferred except as provided in Sections 2.05 and 2.06 hereof.

Section 2.04. Execution and Authentication of Bonds. The Bonds shall be signed by the manual or facsimile signatures of the President of the Board of Education and countersigned by the manual or facsimile signature of the Clerk or Secretary of the Board of Education. Each Bond shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent. Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Paying Agent Agreement.

Section 2.05. Book-Entry System. (a) The Bonds shall be initially issued and registered as provided in Section 2.03(b) hereof. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

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

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Director of Finance to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the outstanding Bonds by the Paying Agent, together with a Written Request of the District, a new Bond for each maturity shall be executed and delivered pursuant to the procedures described in Section 2.06 hereof in the aggregate principal amount of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the outstanding Bonds by the Paying Agent together with a Written Request of the District, new Bonds shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such Written Request of the District, subject to the limitations of Section 2.02 and the receipt of such a Written Request of the District, and thereafter, the Bonds shall be transferred pursuant to the provisions set forth in Section 2.06 of this Paying Agent Agreement; provided, that the Paying Agent shall not be required to deliver such new Bonds within a period of fewer than 60 days.

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

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

Section 2.06. Transfer of Bonds upon Termination of Book-Entry System. In the event that at any time the Bonds shall no longer be registered in the name of Cede & Co. as a result of the operation of Section 2.05 hereof, then the procedures contained in this Section 2.06 shall apply.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.08 hereof by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such

Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Bond or Bonds shall be surrendered for transfer, the designated District officials shall execute (as provided in Section 2.04 hereof) and the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount and bearing the same rate or rates of interest. The Paying Agent shall require the payment by the Bondowner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or redemption date to and including such Interest Payment Date or redemption date.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the office of the Paying Agent in Sacramento, California, or such other place as the Paying Agent shall designate, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or redemption date to and including such Interest Payment Date or redemption date.

Section 2.08. Bond Register. (a) The Paying Agent will keep or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Director of Finance and the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

(b) The Paying Agent shall assign each Bond authenticated and registered by it a distinctive letter or number, or letter and number.

### ARTICLE III

#### ISSUANCE OF THE BONDS

Section 3.01. Delivery of Bonds. The Paying Agent is hereby authorized to authenticate and deliver the Bonds to or upon the Written Request of the District.

Section 3.02. Application of Proceeds of Sale of Bonds. Upon the delivery of the Bonds to the initial purchaser of the Bonds and the receipt from said purchaser by the Paying Agent of the purchase price of the Bonds of \$[Purchase Price] (consisting of the par amount thereof, [plus/less] the [net] original issue [premium/discount] of \$[Premium/Discount] and less the underwriter's discount of \$[Underwriter's Discount]), the District shall cause said purchase price of the Bonds to be deposited with the Paying Agent and the Paying Agent shall deposit (or transfer) said amount as follows: \$[Escrow Deposit] to the Escrow Agent for deposit in the Escrow Fund created pursuant to the Escrow Agreement, consisting of \$[2019A Escrow Deposit] to be deposited

into the Escrow Account for the 2011 Bonds, \$[2019B Escrow Deposit] to be deposited into the Escrow Account for the 2012 Bonds, \$[2019C Escrow Deposit] to be deposited into the Escrow Account for the 2013 Bonds, and \$[2019D Escrow Deposit] to be deposited into the Escrow Account for the 2015 Bonds. The Costs of Issuance Custodian shall deposit and administer the sum received for costs of issuance pursuant to a Costs of Issuance Custodian Agreement.

The County makes no assurance regarding the application of the proceeds of the Bonds by the District.

#### ARTICLE IV

##### REDEMPTION OF THE BONDS

Section 4.01. Terms of Redemption. (a) Optional Redemption. The Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount called for redemption plus accrued interest thereon to the date fixed for redemption, without premium.

(b) [Mandatory Sinking Fund Redemption. The \$\_\_\_\_\_ Term Bond maturing on August 1, 20\_\_, is also subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
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\*Maturity.

The \$\_\_\_\_\_ Term Bond maturing on August 1, 20\_\_, is subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:



Mandatory Sinking  
Fund Redemption Date  
(August 1)

Principal Amount  
to Be Redeemed

---

\*Maturity.

The principal amount to be redeemed in each year shown in the tables above will be reduced proportionately, in integral multiples of \$5,000, by the amount of such Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.]

(c) Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, such bonds shall be redeemed as directed by the District, and if not so directed, in inverse order of maturities, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be redeemed as directed by the District, and if not so directed, shall be determined by lot. For purposes of such selection, each Bond shall be deemed to consist of individual Bonds of denominations of \$5,000 principal amount each, which may be separately redeemed.

Section 4.02. Notice of Redemption. (a) Notice of redemption of the Bonds will be mailed postage prepaid not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners of Bonds at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate.

Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price, if available; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective maturities or portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent in Sacramento, California, or at such other place or places designated by the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the designed redemption date.

The actual receipt by any Owner of any Bond of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds.

When notice of redemption has been given, substantially as described above, and when the amount necessary for the payment of the redemption price, if any, is set aside for such

purpose, the Bonds designated for redemption will become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor.

(b) Rescission of Notice of Redemption. The District may rescind any 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. Notice of rescission of redemption will 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 will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

(c) Conditional Notice. Any notice of optional redemption delivered hereunder may be conditioned on any fact or circumstance stated therein, and if such condition shall not have been satisfied on or prior to the redemption date stated in such notice, said notice shall be of no force and effect on and as of the stated redemption date, the redemption shall be cancelled, and the District shall not be required to redeem the Bonds that were the subject of the notice. The Paying Agent shall give notice of such cancellation and the reason therefor 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 cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

Section 4.03. Defeasance of Bonds. The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds as described in Section 5.01 hereof, and such obligation and all agreements and covenants of the District to such Owners hereunder shall thereupon be satisfied and discharged and shall terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described in Section 6.07 hereof will apply in all events.

## ARTICLE V

### OTHER COVENANTS

Section 5.01. Payment of Principal and Interest. On or prior to the date any payment is due in respect of the Bonds, the Director of Finance will deposit with the Paying Agent moneys sufficient to pay the principal and the interest (and premium, if any) to become due in respect of all Bonds outstanding on such Interest Payment Date, but only as required by the Law. When and as paid in full and following surrender thereof to the Paying Agent, all Bonds shall be cancelled by the Paying Agent, and thereafter they shall be destroyed. Moneys for the payment of principal, redemption premium, if any, and interest with respect to the Bonds shall be raised by taxation upon all taxable property in the District and the County shall provide for the levy and collection of such taxes in the manner provided by the Law.

Section 5.02. Further Assurances. The District and the County will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

Section 5.03. [Reserved].

Section 5.04. Continuing Disclosure. The District hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Paying Agent Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that any Owner or Beneficial Owner (as defined below) 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. For purposes of this Section, "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 5.05. Validity of Bonds. The recital contained in the Bonds that the same are regularly issued pursuant to the Law and that the total amount of indebtedness of the District, including the amount of the Bonds, is within the limit provided by law, shall be conclusive evidence of their validity and of compliance with the provisions of the Law in their issuance.

## ARTICLE VI

### THE PAYING AGENT

Section 6.01. Duties and Liabilities of Paying Agent. (a) The Paying Agent shall be the paying agent, registrar and transfer agent for the Bonds and shall perform such functions in accordance with the provisions hereof. The Paying Agent shall perform such duties and only such duties as are expressly and specifically set forth in this Paying Agent Agreement.

(b) The District may, by an instrument in writing, remove the Paying Agent initially a party hereto and any successor thereto, and shall remove the Paying Agent initially a party hereto and any successor thereto if at any time (i) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate Principal Amount of the Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (ii) the Paying Agent shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Paying Agent or its property shall be appointed, or any public officer shall take control or charge of the Paying Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Paying Agent and thereupon shall appoint a successor Paying Agent by an instrument in writing.

(c) The Paying Agent may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the District, and to the Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing.

(d) Any removal or resignation of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent; provided, however, that under any circumstances the successor Paying Agent shall be qualified as provided in subsection (e) of this Section. If no qualified successor Paying Agent shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Paying Agent or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Paying Agent, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Paying Agent. Any successor Paying Agent appointed under this Paying Agent Agreement shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Paying Agent a written acceptance thereof, and thereupon such successor Paying Agent, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Paying Agent, with like effect as if originally named Paying Agent herein; but, nevertheless at the written request of the District or the successor Paying Agent, such predecessor Paying Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Paying Agent all the right, title and interest of such predecessor Paying Agent in and to any property held by it under this Paying Agent Agreement and shall pay over, transfer, assign and deliver to the successor Paying Agent any money or other property subject to the conditions herein set forth. Upon acceptance of appointment by a successor Paying Agent as provided in this subsection, the District shall mail or cause the successor Paying Agent to mail, by first class mail postage prepaid, a notice of the succession of such Paying Agent hereunder to the Owners at the addresses shown on the Registration Books. If the District fails to mail such notice within 15 days after acceptance of appointment by the successor Paying Agent, the successor Paying Agent shall cause such notice to be mailed at the expense of the District.

(e) The Paying Agent, if not the Director of Finance, shall be a bank, national banking association or trust company having trust powers incorporated or organized under the laws of the United States of America or any state thereof, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, in good standing and subject to supervision or examination by federal or state agency. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Paying Agent shall cease to be eligible in accordance with the provisions of this subsection (e), the Paying Agent shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02. Merger or Consolidation. Any bank, national banking association or trust company into which a successor Paying Agent may be merged or converted or with which it may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under Section 6.01(e) shall be the successor to such Paying Agent, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Paying Agent. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the District, and the Paying Agent shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Paying Agent Agreement or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Paying Agent shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Paying Agent makes no representations as to the validity or sufficiency of this Paying Agent Agreement or of any Bonds, or in respect of the security afforded by this Paying Agent Agreement and the Paying Agent shall incur no responsibility in respect thereof. The Paying Agent shall be under no responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Paying Agent, or (iii) the application of any moneys paid to the District or others in accordance with this Paying Agent Agreement except as the application of any moneys paid to it in its capacity as Paying Agent. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Paying Agent shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Paying Agent Agreement. The Paying Agent and its officers and employees may become the Owner of Bonds with the same rights it would have if it were not Paying Agent, and, to the extent permitted

by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in aggregate Principal Amount of the Bonds then Outstanding.

(b) The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

(c) No provision of this Paying Agent Agreement shall require the Paying Agent to risk or expend its own funds in the performance of its rights and duties hereunder.

(d) The immunities and protections extended to the Paying Agent also extend to its directors, officers, employees and agents.

(e) The Paying Agent may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with due care.

Section 6.04. Right to Rely on Documents. The Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds 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 Paying Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, the Paying Agent shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

Whenever in the administration of the duties imposed upon it by this Paying Agent Agreement the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the District, and such Written Certificate shall be full warrant to the Paying Agent for any action taken or suffered in good faith under the provisions of this Paying Agent Agreement in reliance upon such Written Certificate, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 6.05. Accounting Records and Reports; Preservation and Inspection of Documents. The Paying Agent shall keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of all money on deposit in the accounts and funds established hereunder, which such books shall be available for inspection by the District at reasonable hours and under reasonable conditions.

All documents received by the Paying Agent under the provisions of this Paying Agent Agreement shall be retained in its possession and shall be subject during business hours and upon

reasonable notice to the inspection of the District, the Owners and their agents and representatives duly authorized in writing.

Section 6.06. Compensation and Indemnification. The District shall pay to the Paying Agent from time to time all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under this Paying Agent Agreement, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Paying Agent Agreement. The District further agrees, to the extent permitted by law, to indemnify, defend and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or its willful misconduct. The duty of the District to indemnify and compensate the Paying Agent shall survive the termination and discharge of this Paying Agent Agreement and the resignation or removal of the Paying Agent.

Section 6.07. Unclaimed Moneys. Any money held in any fund created pursuant to this Paying Agent Agreement or by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Counterparts. This Paying Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

Section 7.02. Notices. Unless otherwise specified herein, all notices, statements, orders, requests or other communications hereunder by any party to another shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the District

Sacramento City Unified School District  
5735 47<sup>th</sup> Avenue  
Sacramento, CA 95824  
Attn: Chief Business Officer

If to the Paying Agent:

County of Sacramento  
700 H Street, Suite 1710  
Sacramento, CA 95814  
Attn: Director of Finance

Section 7.03 Notices. This Paying Agent Agreement shall be governed by the laws of the State of California.

(Remainder of Page Intentionally Left Blank)



IN WITNESS WHEREOF, the parties hereto have caused this Paying Agent Agreement to be duly executed by their officers duly authorized as of the date first written above.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Chief Business Officer

COUNTY OF SACRAMENTO, as Paying Agent

By: \_\_\_\_\_  
Director of Finance

APPROVED AS TO FORM:

\_\_\_\_\_  
Assistant County Counsel

EXHIBIT A

[FORM OF BOND]

Number	UNITED STATES OF AMERICA	Amount
R- _____	STATE OF CALIFORNIA	\$ _____
	COUNTY OF SACRAMENTO	

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES [A/B/C/D] (FEDERALLY TAXABLE)

<u>Dated as of</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>CUSIP NO.</u>
[Closing Date]	_____%	August 1, 20__	

Registered Owner: CEDE & CO.

Principal Sum: \_\_\_\_\_ DOLLARS

Sacramento City Unified School District, County of Sacramento, State of California (herein called the "District"), acknowledges itself obligated to and promises to cause to be paid to the registered owner identified above or registered assigns, but only from taxes collected by the County of Sacramento (the "County") for such purpose pursuant to Section 15250 of the Education Code of the State of California, on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable on February 1 and August 1 in each year, commencing [February 1, 2020], until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on [January 15, 2020], it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the 15th day of the month preceding an interest payment date) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the office of the Director of Finance of the County (herein called the "Paying Agent"), the paying agent/registrar and transfer agent of the District, in Sacramento, California. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the Record Date preceding each interest payment date, whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond,

payment shall be made by wire transfer as provided in the Paying Agent Agreement hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$[Par Amount], and designated as “Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series [A/B/C/D] (Federally Taxable)” (the “Bonds”), and issued for the purpose of refunding and redeeming certain outstanding bonds of the District. The Bonds were authorized by a resolution approved by the Board of Education of the District (the “Board”) on [September 5], 2019 (the “Resolution”) and are issued and sold pursuant to a Paying Agent Agreement (the “Paying Agent Agreement”), dated as of [October] 1, 2019, between the District and the Paying Agent. The Bonds are issued and sold by the District pursuant to and in strict conformity with the provisions of the Paying Agent Agreement and of the Constitution and laws of California, specifically under the authority of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California. Capitalized undefined terms used herein have the meanings ascribed thereto in the Paying Agent Agreement.

The Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Paying Agent Agreement, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, maturity, interest payment mode and interest rate of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said designated office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same series, maturity, interest payment mode and interest rate, and same aggregate principal amount 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, and the District and the Paying Agent shall not be affected by any notice to the contrary.

[The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the Paying Agent Agreement. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.]

The Board of Education of the District hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form

prescribed by order of the Board of Education of the District duly made and entered on its minutes. The Bonds represent an obligation of the District payable out of the interest and sinking fund of the District, and the money for the payment of principal of and interest on this bond shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, the Board of Education of the Sacramento City Unified School District has caused this SACRAMENTO CITY UNIFIED SCHOOL DISTRICT 2019 GENERAL OBLIGATION REFUNDING BOND, SERIES [A/B/C/D] (FEDERALLY TAXABLE) to be executed by the manual or facsimile signature of its President and to be countersigned by the manual or facsimile signature of its Clerk or Secretary of said Board, as of the date set forth above.

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President of the Board of Education of the  
Sacramento City Unified School District

Countersigned:

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Secretary of the Board of Education of the  
Sacramento City Unified School District

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This is one of the current interest SACRAMENTO CITY UNIFIED SCHOOL DISTRICT 2019 GENERAL OBLIGATION REFUNDING BONDS, SERIES [A/B/C/D] (FEDERALLY TAXABLE), described in the within-mentioned Paying Agent Agreement and authenticated and registered on [Closing Date].

COUNTY OF SACRAMENTO, CALIFORNIA, as  
Paying Agent/Registrar and Transfer Agent

By \_\_\_\_\_  
Director of Finance

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

\_\_\_\_\_  
I.D. Number

\_\_\_\_\_  
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

**BOND PURCHASE AGREEMENT**

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
(COUNTY OF SACRAMENTO, STATE OF CALIFORNIA)**

**[\$[2019A Par]  
2019 General Obligation  
Refunding Bonds,  
Series A (Federally Taxable)**

**[\$[2019B Par]  
2019 General Obligation  
Refunding Bonds,  
Series B (Federally Taxable)**

**[\$[2019C Par]  
2019 General Obligation  
Refunding Bonds,  
Series C (Federally Taxable)**

**[\$[2019D Par]  
2019 General Obligation  
Refunding Bonds,  
Series D (Federally Taxable)**

[Sale Date]

Board of Education  
Sacramento City Unified School District  
5735 47<sup>th</sup> Avenue  
Sacramento, California 95824

Ladies and Gentlemen:

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

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, covenants and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the District, for offering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$[Par Amount] aggregate principal amount of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable) and Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) (collectively, the “Bonds”), at the purchase price of \$[Purchase Price] (the “Purchase Price”), which has been computed as the aggregate principal amount of the Bonds (\$[Par Amount])

plus [net] original issue [premium/discount] thereon (\$[Premium/Discount]) and less Underwriter's discount (\$[Underwriter's Discount]). The Underwriter's discount does not exceed 0.5% of the aggregate principal amount of the Bonds.

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussion, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as agent or fiduciary of or municipal advisor to the District, (iii) the Underwriter has not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters) or (b) any other obligation to the District except the obligations expressly set forth in this Purchase Contract and (iv) the District has consulted with its own legal, financial and other professional advisors to the extent it has deemed appropriate in connection with the offering of the Bonds. The District acknowledges that it has previously received from the Underwriter a letter regarding Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Disclosures, and that it has provided the Underwriter acknowledgement of such letter.

2. The Bonds. The Bonds shall be issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and other applicable law, in accordance with Resolution No. [\_\_\_\_] of the Board of Education of the District, adopted on [September 5], 2019 (the "District Resolution"), and pursuant to the terms of that certain Paying Agent Agreement, dated as of [October] 1, 2019 (the "Paying Agent Agreement"), to be entered into by and between the District and the Director of Finance of the County of Sacramento (the "County"), as paying agent (the "Paying Agent") with respect to the Bonds. The Bonds shall conform in all respects to the terms and provisions set forth in the District Resolution, the Paying Agent Agreement, and in Appendix A to this Purchase Contract.

The Bonds shall be dated the date of delivery, and shall mature on August 1 in each of the years, in the principal amounts, and pay interest at the rates shown in Appendix A. Interest on the Bonds shall be payable on February 1, 2020, and thereafter on February 1 and August 1 in each year until maturity.

[The Bonds shall be subject to optional and mandatory sinking fund redemption on the terms and at the times shown in Appendix A.]

The Bonds shall be issued in full book-entry form and otherwise be as described in the preliminary Official Statement of the District with respect thereto, dated [POS Date] (the "Preliminary Official Statement").

One fully registered certificate for each maturity of the Bonds will be prepared and delivered as described in Section 9 hereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY ("DTC"), and will be made available to the Underwriter for inspection at such place as may be mutually agreed to by the Underwriter and the District, not less than one business day prior to the Closing Date, as defined in Section 9 hereof. The Underwriter shall order CUSIP identification numbers and the District shall cause such CUSIP



identification numbers to be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract.

3. Offering. The Underwriter hereby certifies that it has made a bona fide public offering of all the Bonds as of the date hereof at the prices or yields shown in the table attached to Appendix A hereto. On or prior to the Closing Date, the Underwriter shall provide the District with information regarding the prices or yields at which a representative portion (at least 10%) of each maturity of the Bonds were sold to the public, in such form as the District may reasonably request, for purposes of determining the yield on the Bonds. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; provided that the Underwriter shall not change the interest rates on the Bonds set forth in Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The District hereby ratifies, approves and confirms the distribution of this Purchase Contract, the District Resolution, the Paying Agent Agreement, the Continuing Disclosure Certificate (as defined herein) and the Preliminary Official Statement of the District with respect to the Bonds, in connection with the public offering and sale of the Bonds by the Underwriter.

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

Delivery of the Official Statement to the Underwriter shall be construed as a representation of the District that the District has reviewed and approved such Official Statement and authorizes the distribution thereof in electronic form.

The Underwriter hereby agrees that prior to the time the Official Statement is available, the Underwriter will send to any potential purchaser of the Bonds, upon request, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The District will deliver a copy of the Official Statement by electronic means to the Underwriter within seven business days from the date hereof, signed by an Authorized District Representative, substantially in the form of the Preliminary Official Statement with such changes thereto as shall be approved by the Underwriter, which approval shall not be unreasonably withheld.

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

(a) The District is a school district duly organized and validly existing under the Constitution and general laws of the State of California (the “State”), with the power to authorize the sale and issuance of the Bonds pursuant to the laws of the State.

(b) The District has full legal right, power and authority to enter into this Purchase Contract, to adopt the District Resolution, to enter into the Paying Agent Agreement, the Escrow Agreement, dated as of [October] 1, 2019 (the “Escrow Agreement”), by and between the District and The Bank of New York Mellon Trust Company, N.A. as escrow agent (the “Escrow Agent”), and the Continuing Disclosure Certificate, and to observe and perform the District’s covenants and agreements contained herein and therein.

(c) The District has duly adopted the District Resolution in accordance with the laws of the State; the District Resolution is in full force and effect and has not been amended, modified or rescinded, and all representations of the District set forth in the District Resolution are true and correct; the District has duly authorized and approved the execution and delivery of, and the observance and performance by the District of its covenants and agreements contained in the Bonds, the Paying Agent Agreement and this Purchase Contract; and the District has complied, and will at the Closing be in compliance in all respects, with its obligations in connection with the issuance of the Bonds contained in this Purchase Contract, the District Resolution, the Paying Agent Agreement and the Bonds.

(d) The District represents to the Underwriter that the Preliminary Official Statement has been “deemed final” by the District as of its date within the meaning of paragraph (a)(2) of Rule 15c2-12, except for the omission of some or all of such information the omission of which is permitted under Rule 15c2-12.

(e) The Preliminary Official Statement as of its date does not, and the Official Statement as of its date and as of the Closing Date will not, and if supplemented or amended, as of the date of any such supplement or amendment, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; excluding in each case any information contained therein relating to DTC or its book-entry only system; CUSIP numbers of the Bonds; information contained therein describing the investment policy of the County, its current portfolio holdings, and valuation procedures (as they relate to funds of the District held by the Director of Finance of the County (the “Director of Finance”)); and information provided by the Underwriter regarding the prices or yields at which the Bonds were re-offered to the public, as to all of which the District expresses no view.

(f) The District agrees that, for a period of 25 days after the end of the “underwriting period” (as defined in Rule 15c2-12), if any event of which it has actual knowledge occurs which might cause the information in the Official Statement as then in existence to contain any untrue or misleading statement of a material fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, the District shall promptly notify the Underwriter in writing

of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Official Statement so that the Official Statement does not contain any untrue or misleading statement of a material fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading, and if the Underwriter shall have so advised the District, the District shall forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance satisfactory to the Underwriter, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue or misleading statement of a material fact or omit to state any fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading. The District shall promptly advise the Underwriter of the commencement of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. Unless the Underwriter otherwise advises the District that the end of the underwriting period shall be another specified date, the end of the underwriting period shall be the Closing Date.

(g) The District will undertake, pursuant to the Paying Agent Agreement and a Continuing Disclosure Certificate, dated the Closing Date (the “Continuing Disclosure Certificate”) to provide certain annual financial information and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Except as disclosed in the Official Statement, in the preceding five years, the District has not failed to comply in all material respects with any previous undertakings pursuant to Rule 15c2-12.

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

(i) Between the date hereof and the Closing Date, without prior written notice to the Underwriter, the District will not have issued, nor will the County 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.

(j) The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes, 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 a copy of the District Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds.

(k) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and

regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(l) To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the District Resolution, the Paying Agent Agreement, this Purchase Contract and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

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

(n) 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.

(o) The financial statements of the District contained in the Preliminary Official Statement and Official Statement fairly present the financial position and results of operations of the District as of the dates and for the periods therein set forth.

5. [Reserved].

6. Representations 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 Contract and to take any action under this Purchase Contract required to be taken by it, and the undersigned officer of the Underwriter is duly authorized to sign this Purchase Contract and to bind itself hereby.

(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 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.

(d) The Underwriter has reasonably determined that the District's undertaking pursuant to Sections 4(g) and 7(a)(11) hereof to provide continuing disclosure with respect to the Bonds is sufficient to effect compliance with Rule 15c2-12.

7. Conditions to Closing. (a) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds, the District will provide to the Underwriter:

(1) a certificate, signed by an official of the District, confirming to the Underwriter that the Preliminary Official Statement as of its date did not, and the Official Statement as of its date and at the time of Closing did not and does not, to the best of the knowledge of said official, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition or affairs of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds; excluding in each case any information contained therein relating to DTC or its book-entry only system; CUSIP numbers of the Bonds; information contained therein describing the investment policy of the County, its current portfolio holdings, and valuation procedures (as they relate to funds of the District held by the Director of Finance); and information provided by the Underwriter regarding the prices or yields at which the Bonds were re-offered to the public, as to all of which the District expresses no view.

(2) a certificate, signed by an official of the County, confirming to the Underwriter that the Preliminary Official Statement as of its date did not, and the Official Statement as of its date and at the time of Closing did not and does not, to the best of the knowledge of said official, solely with respect to the information contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures (as they relate to funds of the District held by the Director of Finance), contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(3) [reserved].

(4) a certificate, signed by an official of the District (or an opinion of counsel to the District), confirming to the Underwriter that, as of the date of this Purchase Contract and at the time of Closing, there is no litigation pending, with service of process completed, or, to the best of the knowledge of said person, threatened, concerning the validity of the Bonds, the levy of taxes to repay the Bonds or the application of tax proceeds to that purpose, the corporate existence of the District, or the entitlement of the officers of the District who have signed the Bonds and the various certificates and agreements of the District relating to the issuance and sale of Bonds, to their respective offices.

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

(6) the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel with respect to the issuance of the Bonds (“Bond Counsel”), addressed to the District, approving the validity of the Bonds, substantially in the form set forth as Appendix D to the Official Statement.

(7) a supplemental opinion of Bond Counsel in a form acceptable to the Underwriter, substantially in the form set forth as Appendix B herein.

(8) an opinion of [Underwriter’s Counsel], counsel for the Underwriter (“Underwriter’s Counsel”), dated the date of Closing and addressed to the Underwriter, satisfactory in form and substance to the Underwriter.

(9) [reserved].

(10) [reserved].

(11) the receipt of the District or its agent confirming payment by the Underwriter of the Purchase Price of the Bonds.

(12) the duly executed Continuing Disclosure Certificate of the District, in substantially the form attached as Appendix E to the Preliminary Official Statement.

(13) a certified copy of the adopted District Resolution.

(14) [reserved].

(15) an executed copy of the Paying Agent Agreement.

(16) a certificate signed by an Authorized District Representative evidencing his or her determination with respect to the Preliminary Official Statement in accordance with the Rule.

(17) an executed copy of this Purchase Contract.

(18) an executed copy of the Official Statement.

(19) an executed copy of the Escrow Agreement.

(20) a verification report of Causey Demgen & Moore P.C. as verification agent, addressed to the Underwriters, in form and substance acceptable to Bond Counsel and Underwriters' Counsel.

(21) the letter of Moody's Investors Service, to the effect that such rating agency has rated the Bonds "[ ]" (or such other equivalent rating as such rating agency may give), and that such rating has not been revoked or downgraded.

(22) such additional opinions, certificates, and documents as Bond Counsel, or the Underwriter or Underwriter's Counsel may reasonably request to evidence the truth and correctness, as of the Closing Date, of the representations of the parties contained herein, and of the District contained in the Official Statement, and the due performance or satisfaction by the parties at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(b) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the Purchase Price thereof, the Underwriter will provide to the District:

(1) the receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter and the satisfaction or waiver of all conditions and terms of this Purchase Contract by the District, and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Contract are true, complete and correct in all material respects.

(2) the certification of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in Section 3 hereof.

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

(b) *By Underwriter.*

(1) *Excused.* The Underwriter may terminate this Purchase Contract, without any liability of the Underwriter therefor, by notification to the District if on or prior to the Closing Date any of the following shall have had a material adverse effect on the marketability or market price of the Bonds, in the reasonable opinion of the Underwriter, upon consultation with the District:

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

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

(C) Legislation shall have been enacted by the Congress of the United States, or passed by and still pending before either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to and still pending before either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States, or legislation shall have been enacted by the State of California which renders interest on the Bonds not exempt from State of California personal income taxes, which in the reasonable opinion of the Underwriter materially adversely affects the marketability or market price of the Bonds;

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

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

(F) Congress shall have made a formal declaration of war, or the President of the United States shall have ordered a new major engagement in or escalation of military hostilities, or there shall have occurred a declared national emergency that interrupts or causes disorder to the operation of the financial markets in the United States;

(G) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency currently rating the Bonds;

(H) 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 set forth 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; or

(I) There shall have occurred any materially adverse change in the affairs or financial condition of the District.

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

9. Closing. At or before 9:00 a.m., California time, on [Closing Date], or at such other date and time as shall have been mutually agreed upon by the District and the Underwriter, the District will deliver or cause to be delivered to the Underwriter the Bonds in book-entry form duly executed by the District, together with the other documents described in Section 7(a) hereof; and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds as set forth in Section 1 hereof in immediately available funds by federal funds wire, in an aggregate amount equal to such Purchase Price, plus accrued interest, if any, on the Bonds from the date thereof to the date of such payment, and shall deliver to the District the other documents described in Section 7(b) hereof, as well as any other documents or certificates Bond Counsel shall reasonably require.

Payment for the delivery of the Bonds as described herein shall be made to the Paying Agent on behalf of the District in San Francisco, California or at such other place as shall have been mutually agreed upon by the District and the Underwriter. The Bonds will be delivered through the facilities of DTC in New York, New York, or at such other place as shall have been mutually agreed upon by the District and the Underwriter. All other documents to be delivered in connection with the delivery of the Bonds shall be delivered at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Such payment and delivery is herein called the “Closing” and the date thereof the “Closing Date.”

10. [Reserved].

11. Expenses. (a) The District shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder from the proceeds of the Refunding Bonds (or from any other source of available funds of the District), which expenses include, but are not limited to: (i) the cost of the preparation and reproduction of the Resolution, the Escrow Agreement and the Paying Agent Agreement; (ii) the fees and disbursements of the District’s municipal advisor with respect to the Refunding Bonds; (iii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iv) the costs of the preparation, printing and delivery of the Refunding Bonds; (v) the costs of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto in the quantity requested by the Underwriters in accordance herewith; (vi) initial rating fee of Moody’s Investors Service; (vii) fees and expenses of the Paying Agent and Escrow Agent for the Refunding Bonds; (viii) fees of the Verification Agent; and (ix) expenses for travel, lodging and meals relating to meetings connected

to the authorization, sale, issuance and distribution of the Refunding Bonds including, without limitation, rating agency visits. 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 Refunding Bonds.

(b) All other costs and expenses incurred by the Underwriter as a result of or in connection with the purchase of the Bonds and their public offering and distribution shall be borne by the Underwriter, including, but not limited to (i) clearing house fees; (ii) DTC fees; (iii) CUSIP fees; (iv) fees required to be paid to the California Debt and Investment Advisory Commission (“CDIAC”); and (v) fees of counsel to the Underwriter, including costs or fees of qualifying the Bonds for offer and sale in various states chosen by the Underwriter and the costs or fees of preparing Blue Sky or legal investment memoranda to be used in connection therewith.

12. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the introductory paragraph hereof) may be given to the District by delivering the same in writing to the District at the address given below, and may be given to the Underwriter by delivering the same in writing to the address of the Underwriter set forth below, or such other address as the District or the Underwriter may designate by notice to the other parties.

To the District: Sacramento City Unified School District  
5735 47<sup>th</sup> Avenue  
Sacramento, California 95824  
Attention: Chief Business Officer

To the Underwriter: Stifel, Nicolaus & Company, Incorporated  
One Montgomery Street, 35<sup>th</sup> Floor  
San Francisco, California 94104  
Attention: [Managing Director]

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

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

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

16. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authorized District Representative, and shall be valid and enforceable at the time of such acceptance.

17. Counterparts. This Purchase Contract, for the purchase and sale of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable) and Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable), may be executed in several counterparts, which together shall constitute one and the same instrument.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By: \_\_\_\_\_  
Authorized Representative

Accepted: [Sale Date]

SACRAMENTO CITY UNIFIED SCHOOL  
DISTRICT

Time: \_\_\_\_\_ p.m. California time

By: \_\_\_\_\_  
Chief Financial Officer

**APPENDIX A**

**BOND TERMS**

**[\$[2019A Par]  
2019 General Obligation  
Refunding Bonds,  
Series A (Federally Taxable)**

**[\$[2019B Par]  
2019 General Obligation  
Refunding Bonds,  
Series B (Federally Taxable)**

**[\$[2019C Par]  
2019 General Obligation  
Refunding Bonds,  
Series C (Federally Taxable)**

**[\$[2019D Par]  
2019 General Obligation  
Refunding Bonds,  
Series D (Federally Taxable)**

**Interest Rates:**

See attached Pricing Report from Underwriter as Schedule A.

**Principal Payments:**

See attached Pricing Report from Underwriter as Schedule A.

**Terms of Redemption:**

Optional Redemption. The Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption. The \$\_\_\_\_\_ Term Bond maturing on August 1, 20\_\_, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking fund Redemption Date (August 1)	Principal Amount to be Redeemed
_____	_____
	\$

†

---

<sup>†</sup> Maturity.

The principal amount to be redeemed in each year shown in the tables above will be reduced proportionately, in integral multiples of \$5,000, by the amount of such Term Bond optionally redeemed prior to the mandatory sinking fund redemption date, if any.]

**SCHEDULE A**

**Bond Pricing**

**[\$[2019A Par]  
2019 General Obligation  
Refunding Bonds,  
Series A (Federally Taxable)**

**[\$[2019B Par]  
2019 General Obligation  
Refunding Bonds,  
Series B (Federally Taxable)**

**[\$[2019C Par]  
2019 General Obligation  
Refunding Bonds,  
Series C (Federally Taxable)**

**[\$[2019D Par]  
2019 General Obligation  
Refunding Bonds,  
Series D (Federally Taxable)**

[To come]

**APPENDIX B**

**PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[To come]

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ESCROW AGREEMENT

by and between the

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SACRAMENTO COUNTY, CALIFORNIA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY N.A.,  
as Escrow Agent

Dated as of [October] 1, 2019

RELATING TO:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2011 GENERAL OBLIGATION REFUNDING BONDS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2012 GENERAL OBLIGATION REFUNDING BONDS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS (MEASURES Q AND R)  
(ELECTION OF 2012), 2013 SERIES A (TAX-EXEMPT)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2015 GENERAL OBLIGATION REFUNDING BONDS

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SCHEDULE III	SCHEDULE OF ESCROW REQUIREMENTS

## ESCROW AGREEMENT

This ESCROW AGREEMENT (the “Escrow Agreement”), is dated as of [October] 1, 2019, by and between the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (the “District”), a school district duly organized and existing under the Constitution and laws of the State of California, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the “Escrow Agent”), a national banking association duly organized and existing under the laws of the United States of America, being qualified to accept and administer the trust hereby created, executed and delivered by the District pursuant to Resolution No. [\_\_\_\_\_] adopted by the Board of Trustees of the District on [September 5], 2019.

### W I T N E S S E T H:

WHEREAS, the Director of Finance (the “Director of Finance”) of the County of Sacramento (the “County”), acting as paying agent (the “Paying Agent”) under that certain Paying Agent Agreement, dated as of [October] 1, 2019, by and between the District and the Paying Agent (herein called the “Paying Agent Agreement”), duly authenticated and delivered \$[2019A Par] principal amount of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable) (the “2019A Refunding Bonds”), for the purpose, among others, of providing funds for the defeasance of all or a portion of the outstanding bonds of the District issued as the Sacramento City Unified School District 2011 General Obligation Refunding Bonds (the “2011 Bonds”);

WHEREAS, the Director of Finance, as Paying Agent under the Paying Agent Agreement, duly authenticated and delivered \$[2019B Par] principal amount of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “2019B Refunding Bonds”), for the purpose, among others, of providing funds for the defeasance of all or a portion of the outstanding bonds of the District issued as the Sacramento City Unified School District 2012 General Obligation Refunding Bonds (the “2012 Bonds”);

WHEREAS, the Director of Finance, as Paying Agent under the Paying Agent Agreement, duly authenticated and delivered \$[2019C Par] principal amount of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable) (the “2019C Refunding Bonds”), for the purpose, among others, of providing funds for the defeasance of all or a portion of the outstanding bonds of the District issued as the Sacramento City Unified School District General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the “2013 Bonds”);

WHEREAS, the Director of Finance, as Paying Agent under the Paying Agent Agreement, duly authenticated and delivered \$[2019D Par] principal amount of the Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) (the “2019D Refunding Bonds” and, together with the Series 2019A Refunding Bonds, the Series 2019B Refunding Bonds and the 2019C Refunding Bonds, the “Refunding Bonds”), for the purpose, among others, of providing funds for the defeasance of all or a portion of the outstanding bonds of the District issued as the Sacramento City Unified School District 2015 General Obligation Refunding Bonds (the “2015 Bonds” and, together with the 2011 Bonds, the 2012 Bonds and the 2013 Bonds, the “Bonds”);

WHEREAS, the refunded portion of the 2011 Bonds, the 2012 Bonds, the 2013 Bonds and the 2015 Bonds, as identified in Schedule II attached hereto, are herein collectively called the “Prior Bonds”;

WHEREAS, the 2011 Bonds shall be defeased and redeemed pursuant to the authorizing resolution adopted by the Board of Education of the District (the “Board”) on February 3, 2011, and a Paying Agent Agreement, dated as of June 1, 2011 (collectively, the “2011 Documents”);

WHEREAS, the 2012 Bonds shall be defeased and redeemed pursuant to the authorizing resolution adopted by the Board on May 3, 2012 and a Paying Agent Agreement, dated June 1, 2012 (collectively, the “2012 Documents”);

WHEREAS, the 2013 Bonds shall be defeased and redeemed pursuant to the authorizing resolution adopted by the Board on May 16, 2013, the authorizing resolution adopted by the of the Board of Supervisors of the County on June 4, 2013 and a Paying Agent Agreement, dated July 1, 2013 (collectively, the “2013 Documents”);

WHEREAS, the 2015 Bonds shall be defeased and redeemed pursuant to the authorizing resolution adopted by the Board on December 4, 2014 and a Paying Agent Agreement, dated as of January 1, 2015 (collectively, the “2015 Documents” and, together with the 2011 Documents, the 2012 Documents and the 2013 Documents, the “Prior Bond Documents”);

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is acting hereunder as Escrow Agent with respect to the Prior Bonds, and in such capacity is herein referred to as the “Escrow Agent”;

WHEREAS, the Paying Agent Agreement provides for the deposit in the Escrow Fund (established pursuant to Section 1 hereof) of certain of the proceeds of the Refunding Bonds and other moneys;

WHEREAS, the District has taken action to cause to be issued to the Escrow Agent for deposit in or credit to said Escrow Fund certain cash, securities and investments consisting of certain U.S. Treasury obligations for which the faith and credit of the United States of America are directly pledged for the payment of principal and interest, as well as U.S. agency securities, none of which are subject to redemption prior to their respective stated maturities (the “Escrow Securities”), initially consisting of the securities and cash amounts as listed on Schedule I attached hereto and made a part hereof;

WHEREAS, such investments, together with the initial cash deposit and the interest to accrue on such Escrow Securities, will be sufficient, as certified pursuant to a verification report dated the date of issuance of the Refunding Bonds (the “Verification Report”) by Causey Demgen & Moore P.C., a certified public accountant licensed to practice in the State of California, to pay the amounts required pursuant to Section 3;

NOW, THEREFORE, the District and the Escrow Agent hereby agree as follows:

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

Section 1. Establishment and Maintenance of the Escrow Funds; Deposit.

(a) The Escrow Agent hereby agrees to establish and maintain a fund until all of the Prior Bonds have been paid as provided herein, designated as the “Escrow Fund,” and within such Escrow Fund a separate escrow account (each as defined below and collectively, the “Escrow Accounts”) for each of the Prior Bonds, and to hold the securities, investments and moneys therein at all times as a special fund and separate trust accounts, until the applicable redemption date for each of the Prior Bonds described in Section 3 hereof, such separate accounts to be designated as follows:

(i) the “2011 Escrow Account,” all securities, investments and moneys in which are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 5 hereof, to secure the payment of the 2011 Bonds. On the date of delivery of the 2019A Refunding Bonds, the Escrow Agent shall receive the amount of \$[2011 Escrow Deposit], representing a portion of the proceeds of the sale of the 2019A Refunding Bonds, and shall deposit such amount in the 2011 Escrow Account;

(ii) the “2012 Escrow Account,” all securities, investments and moneys in which are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 5 hereof, to secure the payment of the 2012 Bonds. On the date of delivery of the 2019B Refunding Bonds, the Escrow Agent shall receive the amount of \$[2012 Escrow Deposit], representing a portion of the proceeds of the sale of the 2019B Refunding Bonds, and shall deposit such amount in the 2012 Escrow Account;

(iii) the “2013 Escrow Account,” all securities, investments and moneys in which are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 5 hereof, to secure the payment of the 2013 Bonds. On the date of delivery of the 2019C Refunding Bonds, the Escrow Agent shall receive the amount of \$[2013 Escrow Deposit], representing a portion of the proceeds of the sale of the 2019C Refunding Bonds, and shall deposit such amount in the 2013 Escrow Account; and

(iv) the “2015 Escrow Account,” all securities, investments and moneys in which are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 5 hereof, to secure the payment of the 2015 Bonds. On the date of delivery of the 2019D Refunding Bonds, the Escrow Agent shall receive the amount of \$[2015 Escrow Deposit], representing a portion of the proceeds of the sale of the 2019D Refunding Bonds, and shall deposit such amount in the 2015 Escrow Account.

All securities, investments and moneys in the Escrow Fund shall be used solely for making such payments and to purchase Escrow Securities, as set forth in Schedule I hereto. All securities, investments and moneys in the each of the Escrow Accounts are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 6 hereof, to secure the payment of the respective Prior Bonds, as provided herein.

Section 2. Investment of Money in the Escrow Fund. The Escrow Agent shall take all remaining necessary action to have the Escrow Securities listed in Schedule I hereto issued and registered in the name of the Escrow Agent, for the account of the Escrow Fund. The Escrow Agent shall use proceeds of the Refunding Bonds and other moneys deposited into the Escrow Fund, if any, to purchase the Escrow Securities listed in Schedule I. Except as set forth below, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund; provided, however, that if such reinvestment will not result in the breach of any covenant of the District contained in the Prior Bond Documents or the Paying Agent Agreement, the Escrow Agent may reinvest, at the written direction of the District, any cash portion of the Escrow Fund in Escrow Securities. Any such reinvestment shall be made in Escrow Securities the principal of and interest on which are payable at such times and in such amounts as will be sufficient (together with the other securities, investments and moneys in the Escrow Account) to pay the 2011 Bonds, the 2012 Bonds, the 2013 Bonds, and the 2015 Bonds, in accordance with Section 3 and consistent with the then-currently applicable report of a certified public accountant licensed to practice in the State of California, delivered with respect to the Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

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 3. Payment and Redemption of Prior Bonds.

(a) The District hereby irrevocably directs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in each of the Escrow Accounts the principal of and interest on all Escrow Securities held for such respective accounts promptly as such principal and interest become due, and to apply such principal and interest, together with other moneys, if any, and the principal of and interest on other securities deposited in each of the Escrow Accounts, as follows:

(i) To the payment of the principal of and interest on and redemption price of the 2011 Bonds when due through July 1, 2021;

(ii) To the payment of the principal of and interest on and redemption price of the 2012 Bonds when due through July 1, 2022;

(iii) To the payment of the principal of and interest on and redemption price of the 2013 Bonds when due through August 1, 2013; and

(iv) To the payment of the principal of and interest on and redemption price of the 2015 Bonds when due through July 1, 2025.

(b) Upon retirement or redemption or prepayment of all of the Prior Bonds, the Escrow Agent shall transfer any moneys or securities remaining in the Escrow Fund, to the extent not required for any fees or expenses of the Escrow Agent, to the interest and sinking fund of the District (held by the Director of Finance), for payment of the Refunding Bonds or any other general obligation bonds of the District payable from said fund.

The maturity schedules of the Prior Bonds are set forth in Schedule II.

Section 4. Notice of Redemption. The District hereby irrevocably directs the Escrow Agent, and the Escrow Agent agrees, to give all required notice of (1) the redemption of the Prior Bonds, and (2) defeasance of the Prior Bonds scheduled to take place on the respective date given in Section 3, in the time, form and manner specified by the applicable Prior Bonds Documents relating to the Prior Bonds, but in every case notice shall be sent at least 30 days prior to the Redemption Date set forth therein, and to post such notice electronically to the Electronic Municipal Market Access system at *www.emma.msrb.org*.

On May 15, 2021, at the direction of the District, the Escrow Agent will prepare and submit the notice for all of the 2011 Bonds callable on July 1, 2021.

On May 15, 2022, at the direction of the District, the Escrow Agent will prepare and submit the notice for all of the 2012 Bonds callable on July 1, 2022.

On June 15, 2023, at the direction of the District, the Escrow Agent will prepare and submit the notice for all of the 2013 Bonds callable on August 1, 2023.

On May 15, 2025, at the direction of the District, the Escrow Agent will prepare and submit the notice for all of the 2015 Bonds callable on July 1, 2025.

The sole remedy for the Escrow Agent's failure to post such notices on the Electronic Municipal Market Access System shall be an action in mandamus by the holders of the Prior Bonds for specific performance or similar remedy to compel performance.

Section 5. Unclaimed Moneys. Any moneys held by the Escrow Agent for the payment and discharge of the Prior Bonds which remain unclaimed for two years after the date when such Prior Bonds are to have been retired or redeemed in accordance with Section 3 shall be transferred to the Interest and Sinking Fund of the District (without liability for interest) for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Section 6. Substitution of Securities. Upon the written request of the District, subject to the conditions and limitations hereinafter set forth and applicable laws and regulations,

the Escrow Agent shall sell, redeem or otherwise dispose of the Escrow Securities in the Escrow Fund, if there are substituted therefor, from the proceeds of such securities, other Escrow Securities as hereinafter provided. The District will not exercise any powers which would have the effect of causing any of the Refunding Bonds to be “arbitrage bonds” as defined in Section 148 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder. The Escrow Agent shall dispose of the securities in the Escrow Fund and purchase substitute Escrow Securities only upon receipt of:

(i) a written report of a certified public accountant, licensed to practice in the State of California, to the effect that the substitute Escrow Securities will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient moneys will be available to pay, as the same become due, to and including the respective dates of redemption for the each series of Prior Bonds as set forth in Section 3, all principal, premium, if any, and interest on the Prior Bonds;

(ii) prior written consent of the Bond Insurer, if any (as defined in the Paying Agent Agreement); and

(iii) an opinion of bond counsel to the effect that such substitution shall not adversely affect the exclusion of interest on the Prior Bonds from the gross income of the holders of the Prior Bonds, for federal tax purposes.

Section 7. Fees and Expenses of Escrow Agent. The District, by this Escrow Agreement, agrees to pay amounts equal to the reasonable fees and expenses (including, without limitation, legal fees and expenses) of the Escrow Agent incurred as a result of this Escrow Agreement and the acceptance thereof by the Escrow Agent; provided, however, that in no event shall such fees or expenses incurred by the Escrow Agent be deducted from, or constitute a lien against, the Escrow Fund until the retirement or redemption of the Prior Bonds pursuant to Section 3 hereof.

Section 8. Liabilities and Obligations of Escrow Agent. (a) The Escrow Agent shall have no obligation to make any payments or disbursement of any type, risk or advance its own funds, 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 instructions of the District and its officers and agents relating to any matter or action as Escrow Agent under this Escrow Agreement.

(b) The District covenants to indemnify and hold harmless the Escrow Agent and its officers, directors, agents or employees against any loss, liability, claim, cost, suit, judgment or expense, including legal fees and expenses, incurred in connection with the performance of any of its duties hereunder, except the Escrow Agent shall not be indemnified against any loss, liability, claim, cost, suit, judgment or expense resulting from its negligence or willful misconduct. This Section 8(b) shall survive the termination of this Escrow Agreement and the earlier removal or resignation of the Escrow Agent.

(c) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(d) The recitals contained herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for their correctness.

(e) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Escrow Securities deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds.

(f) The Escrow Agent shall not be liable for any action or omission of the District under this Escrow Agreement or the Paying Agent Agreement.

(g) Whenever in the administration of this Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the District, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

(h) The Escrow Agent may conclusively rely, as to the truth or accuracy of the statements and correctness of the opinions and calculations provided, and shall be protected and indemnified, in acting, or refraining from acting, upon any written notice (including notice given by electronic means), instruction, request, certificate, document or opinion furnished to the Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(i) The Escrow Agent may at any time resign by giving written notice to the District of such resignation. The District shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the District does not appoint a successor within 30 days of the Escrow Agent's giving notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe, and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the District shall immediately and without further act be replaced by the successor Escrow Agent so appointed.

(j) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Agent. Neither the Escrow Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted



under this Escrow Agreement or in connection herewith except to the extent caused by the Escrow Agent's negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. 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 agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) 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 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 instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

Section 9. Merger or Consolidation. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Escrow Agent, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 10. Amendment. This Escrow Agreement may not be revoked or amended by the parties hereto unless such amendment is not materially adverse to the interests of the registered owners of the Prior Bonds, as evidenced by an opinion of counsel, or the Escrow Agent receives the written consent of all the registered owners of the Prior Bonds then outstanding.

Section 11. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows. Any written instruction given hereunder may be given by fax or other electronic means.

If to the District:

Sacramento City Unified School District  
5735 47<sup>th</sup> Avenue  
Sacramento, CA 95824  
Attn: Chief Business Officer

If to the Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.  
2001 Bryan Street, 10<sup>th</sup> Floor  
Dallas, TX 75201  
Attn: Corporate Trust Services

Section 12. Severability. If any Section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 13. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 14. Execution. This Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the District and the Escrow Agent have caused this Escrow Agreement (relating to the Prior Bonds) to be executed each on its behalf as of the date first above written.

SACRAMENTO CITY UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Chief Business Officer

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Escrow Agent

By \_\_\_\_\_  
Authorized Officer

SCHEDULE I  
ESCROW SECURITIES

1. CASH in the amount of \$[Cash].
2. Securities as shown in the schedules below (from Verification Report).

[To come]

SCHEDULE II

SCHEDULE OF BONDS TO BE DEFEASED

**Sacramento City Unified School District  
2011 General Obligation Refunding Bonds**

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No. (785870)
2022	\$ 5,375,000	5.000%	SD9
2023	5,645,000	5.000	SE7
2024	5,930,000	5.000	SF4
2025	6,225,000	5.000	SG2
2026	3,615,000	5.000	SH0
2029*	10,025,000	5.500	SK3

\* Term Bond

**Sacramento City Unified School District  
2012 General Obligation Refunding Bonds**

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No. (785870)
2023	\$ 3,850,000	5.250%	TA4
2024	4,295,000	5.250	TB2
2025	4,305,000	5.000	TC0
2026	4,620,000	5.000	TD8
2029*	26,940,000	4.000	TG1
2031*	16,730,000	5.500	TJ5

\* Term Bonds

**Sacramento City Unified School District  
General Obligation Bonds (Measures Q and R)  
(Election of 2012), 2013 Series A (Tax-Exempt)**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP No. (785870)
2024	\$ 455,000	5.000%	TW6
2025	480,000	5.000	TX4
2029*	2,180,000	5.250	TZ9
2033*	2,675,000	5.250	UB0
2038*	4,190,000	5.500	UC8

\* Term Bonds

**Sacramento City Unified School District  
2015 General Obligation Refunding Bonds**

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No. (785870)
2028	\$5,700,000	5.000%	VB9
2029	6,185,000	5.000	VC7
2030	6,695,000	5.000	VD5

SCHEDULE III

SCHEDULE OF ESCROW REQUIREMENTS

[To come]

## CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Disclosure Certificate”), dated as of [Closing Date], is executed and delivered by the Sacramento City Unified School District (the “District”) in connection with the issuance of \$[Par Amount] aggregate principal amount of Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series A (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable), Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series C (Federally Taxable), and Sacramento City Unified School District 2019 General Obligation Refunding Bonds, Series D (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to a resolution (the “Resolution”) adopted by the Board of Education of the District on [September 5], 2019, and in accordance with the terms of a Paying Agent Agreement, dated as of [October] 1, 2019 (the “Paying Agent Agreement”), by and between the District and the County of Sacramento, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, 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 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated \_\_\_\_\_, 2019 relating to the Bonds.

“Participating Underwriter” shall mean Citigroup Global Markets Inc., or the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District’s fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the District is unable to provide the Annual Report to the MSRB by the date required in subsection (a) of this Section, the District shall send a notice in a timely manner to the MSRB through the EMMA website in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.



SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) Adopted budget of the District for the current fiscal year, or a summary thereof, and the first Interim Financial Report submitted to the District's governing board in accordance with Section 42130 of the Education Code (or its successor provision) together with any supporting materials submitted to the governing board.

(c) To the extent not included in the audited financial statement or annual budget of the District as indicated in paragraphs (a) and (b) above, the Annual Report shall also include the following:

1. The Average Daily Attendance for the District for the last completed fiscal year.
2. Assessed Value of taxable property within the District for the current fiscal year.
3. In the event that the Teeter Plan is not in effect, information regarding the Secured Tax Charge and Delinquency for the prior year.

(d) In addition to any of the information expressly required to be provided under subsections (a), (b) and (c) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which there are made, not misleading.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(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 business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), 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;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds, if any;
5. Non-payment related defaults;
6. 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;
7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or
8. 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 security holders.

(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 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten 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 Section 5(b)(3) 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.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

**SECTION 6. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full

of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty days written notice to the District and the Paying Agent. The Dissemination Agent shall have no duty to prepare any report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the Disclosure Certificate. The District hereby appoints Capitol Public Finance Group, LLC, as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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 or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any

information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds 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 Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate is made in the State of California and is to be construed under the Constitution and laws of the State of California, except where federal law applies.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: [Closing Date]

SACRAMENTO CITY UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Chief Business Officer

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES A (FEDERALLY TAXABLE)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES B (FEDERALLY TAXABLE)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES C (FEDERALLY TAXABLE)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
2019 GENERAL OBLIGATION REFUNDING BONDS,  
SERIES D (FEDERALLY TAXABLE)

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

SACRAMENTO CITY UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_ [to be signed only if filed]

## SACRAMENTO CITY UNIFIED DISTRICT

### TAX-EXEMPT GOVERNMENTAL BONDS TAX COMPLIANCE AND CONTINUING DISCLOSURE COMPLIANCE GUIDELINES

Date Adopted: [September 5], 2019

#### I. Purpose

These guidelines (the “Guidelines”) are adopted by the Board of Education of the Sacramento City Unified District (the “District”), to ensure that interest on tax-exempt governmental bonds of the District (“TEBs”) remains excludable from gross income under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and to ensure compliance with the continuing disclosure undertaking(s) (the “Undertakings”) the District has entered or will enter into pursuant to Securities and Exchange Commission Rule 15c2-12 (the “Rule”) in connection with publicly-offered municipal securities issued by the District.

The Guidelines are intended to formally memorialize certain policies and procedures of the District previously adopted or followed by the District in connection with its issuance of TEBs (“Bonds”).

The District understands compliance with the policies and procedures set forth in the Guidelines is generally required for the continued exclusion of interest on TEBs from federal gross income and, thus, the District will consult with counsel nationally recognized in the area of municipal finance (“Bond Counsel”), in advance, regarding deviations from the facts and expectations as set forth in the closing certifications relating to any issue of Bonds.

#### II. Ongoing Relationship with Outside Advisors

The District maintains an ongoing relationship with Orrick, Herrington & Sutcliffe (Bond Counsel), and Capitol Public Finance Group, LLC (Municipal Advisor), as well as other advisors to serve as a resource for advice regarding the Bonds’ Federal tax compliance.

#### III. Persons Responsible for Tax Compliance

The Board of Education is the proper authority to adopt a resolution to declare the intent of the District to use Bonds, if applicable, to reimburse for expenditures incurred prior to the borrowing.

The [Deputy Superintendent, Lisa Allen] (“Tax Compliance Officer”), as of the date of adoption of these Guidelines, is the primary person to consult with Bond Counsel and other advisors on a continual basis with respect to the Bonds.

In general, the Tax Compliance Officer has the primary responsibility to ensure compliance with the tax requirements relating to all Bonds. As described in these Guidelines, tax requirements vary with respect to the different types of Bonds of the District but include one or more of the following: the expenditure and investment of proceeds of Bonds (“Bond Proceeds”), the use or sale of the assets financed or refinanced with Bond Proceeds (the “Bond-Financed Assets”),



limitations on the amount of direct or indirect payments from persons other than another state or local governmental unit (a “Non-Governmental Person”) with respect to Bond-Financed Assets (“Private Payments,” as described further in Section V.A. of these Guidelines), record-keeping and filing requirements. The Tax Compliance Officer shall review the tax document signed by the District that outlines the federal tax law requirements affecting the TEBs (with respect to any particular issue, the “Tax Certificate”). The Tax Certificate is included as part of the closing transcript for the Bonds.

In particular, the following persons are responsible for compliance with tax requirements during the life of the Bonds or the Bond-Financed Assets:

- The Tax Compliance Officer is responsible for monitoring or approving the requisitions for payment of costs, including through a transmittal to a trustee or paying agent, or a direct reimbursement to the District for costs previously paid to a third party.
- The Tax Compliance Officer is responsible for monitoring the use of Bond-Financed Assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds (or the expected useful life of the Bond-Financed Assets, if shorter) to identify whether any use of such Bond-Financed Assets is Private Business Use as defined in Section V.A. of these Guidelines. The Tax Compliance Officer is further responsible for monitoring the sale or other disposition of Bond-Financed Assets.
- The Tax Compliance Officer is responsible for monitoring the amount and allocation of Private Payments throughout the term of the Bonds to identify whether such Private Payments exceed the limitations set forth in the Code.
- The Tax Compliance Officer is responsible for ensuring that all of the Bond Proceeds are invested at fair market value at or below the applicable yield restrictions and that any rebate payments are timely calculated and remitted to the IRS.

#### IV. Expenditures of Bond Proceeds Generally

##### A. In General

At the issuance of the Bonds, the District must have reasonably expected to spend at least 85% of all proceeds that were expected to be used to finance improvements (which proceeds would exclude proceeds in the reserve fund or for any non-project purpose) within three years of issuance. Other limitations or adjustments may be set out in the Tax Certificate. The District must also have incurred or have reasonably expected to incur, within six months after issuance of the Bonds, binding obligations to unrelated parties involving an expenditure of not less than 5% of such amount of Bond Proceeds, and that completion of the project and allocations of Bond Proceeds to costs would proceed with due diligence. Meeting all these requirements will generally allow the District to invest these project-related Bond Proceeds at an unrestricted yield for three years. See Section VII of these Guidelines for rebate and rebate exception.

B. Assignment of Responsibility and Establishment of Calendar

On the date of issuance of any Bond, the Tax Compliance Officer will identify for that Bond issue:

- The funds and/or accounts into which Bond Proceeds are deposited.
- The types of expenditures expected to be made with the Bond Proceeds deposited into those funds and/or accounts and any expenditures prohibited from being made from such funds or accounts.
- The dates by which all Bond Proceeds described in Section IV. A. of these Guidelines must be spent or become subject to arbitrage yield limitations (“Expenditure Deadlines”) and all interim dates by which funds and/or accounts must be checked to ensure compliance with the applicable Expenditure Deadlines.

C. Expenditure Failures

If any person discovers that an Expenditure Deadline or a restriction on expenditures as described herein has not been met, such person will promptly notify the Tax Compliance Officer who will consult with Bond Counsel to determine the appropriate course of action with respect to such unspent Bond Proceeds or prohibited use of Bond Proceeds. Special action may need to be taken with such unspent or misspent Bond Proceeds, including yield restriction, or redemption of Bonds.

D. Final Allocation

Requests for expenditures will be summarized in a final allocation of Bond Proceeds (“Final Allocation”) in a manner consistent with allocations made to determine compliance with arbitrage yield restriction and rebate requirements (See Section VII of these Guidelines). The Final Allocation will memorialize the assets or portion thereof financed with Bond Proceeds and the assets or portion thereof financed with other funds.

The Final Allocation must occur not later than 18 months after the date of the expenditure or 18 months after the date the facility to which the expenditure relates is completed and actually operating at substantially the level for which it was designed (but in all events not later than 60 days after the end of the fifth year after issuance of the Bonds or 60 days after none of the Bonds are outstanding, if earlier).

The Tax Compliance Officer will be responsible for ensuring that such Final Allocation is made for the Bonds.

E. Records of Expenditures

The Tax Compliance Officer is responsible for maintaining records related to the expenditure of Bond Proceeds including records:

- Identifying all of the assets or portion of assets financed with Bond Proceeds

- Relating to requests for Bond Proceeds, construction contracts, purchase orders, invoices, and payment records
- Relating to costs reimbursed with Bond Proceeds
- Relating to any action taken as a result of a failure to meet the Expenditure Deadlines
- Of the Final Allocation and all supporting documentation

Such records will be retained for the life of the Bonds, plus any refunding bonds, plus three years and may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.

## V. Monitoring of Financed Projects

### A. Monitoring of Private Business Use

For each new Bond-Financed Asset, the Tax Compliance Officer will determine the expected use of such Bond-Financed Asset and whether such Bond-Financed Asset is or will be subject to any contracts or other arrangements that may give rise to Private Business Use.

The Tax Compliance Officer will inform the persons responsible for the management and operation of the Bond-Financed Asset (“Asset Managers”) of the Private Business Use restrictions relating to the Bond-Financed Asset.

The Tax Compliance Officer will require Asset Managers to submit any Management Contract with respect to Bond-Financed Assets to the Tax Compliance Officer for review prior to entering such Management Contract. The Tax Compliance Officer will forward such Management Contract to Bond Counsel or to other capable advisors to determine whether such Management Contract complies with the 2017-13 Safe Harbors.

No Bond-Financed Asset will be sold, leased or transferred by the Asset Managers without prior approval by the Tax Compliance Officer.

The Tax Compliance Officer will meet periodically with Asset Managers to identify and discuss any existing or planned Private Business Use of Bond-Financed Assets.

### B. Monitoring of Private Payments

For each issue of Bonds, the Tax Compliance Officer will review the Tax Certificate and consult with outside advisors, as described below, to determine if the expected use of any Bond-Financed Asset may result in excess Private Business Use. If excess Private Business Use is expected, the Tax Compliance Officer shall consult with Bond Counsel and follow instructions regarding monitoring of Private Payments to ensure that excess Private Payments do not occur.

C. Consultation with Outside Advisors

The District acknowledges that certain refinements, interpretations and exceptions apply to the analysis of Private Business Use and Private Payments and that Bond Counsel and other qualified advisers should be engaged and consulted to review contracts or other information relating to such use of Bond-Financed Assets. In addition, the Final Allocation of Bond Proceeds (see Section IV.D. above) may affect the Private Business Use and Private Payment determinations. The Tax Compliance Officer will consult periodically with Bond Counsel to review any changes in the law with respect to Private Business Use of Bond-Financed Assets and to identify and discuss any existing or planned Private Business Use of Bond-Financed Assets or sources of revenue that may be considered Private Payments.

D. Identification and Correction of Violations

In the event the use of Bond Proceeds or Bond-Financed Assets or the nature or amount of Private Payments is different from the covenants and representations set forth in the Tax Certificate, the District will contact Bond Counsel in a timely manner to ensure that there is no adverse effect on the tax status of the Bonds. Various remedies are available to the District in the event of certain violations on the limits of use of Bond Proceeds, amounts of Private Payments, the investment of Bond Proceeds, and the use of the Bond-Financed Assets. For example, a change in the use of the Bond-Financed Assets after the issuance of the Bonds that results in excessive Private Business Use or Private Payments may be corrected through a “remedial action” that is described in the Treasury Regulations. Such remedial actions include a defeasance of the portion of the Bonds affected by the excessive Private Business Use or Private Payments. Other actions (or inaction) that potentially adversely affect the status of the Bonds may be corrected through the Voluntary Closing Agreement Program described in IRS Notice 2008-31.

E. Record Keeping Requirements

The Tax Compliance Officer will keep copies of all contracts and arrangements involving the lease, management, sale, operation, service or other use of all Bond-Financed Assets. The Tax Compliance Officer will also maintain and update no less frequently than every year a spreadsheet with respect to each issue of Bonds regarding the cumulative amount of Private Business Use with respect to such issue. Such records will be retained for the life of the Bonds, plus any refunding bonds, plus three years and may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.

VI. Investment of Proceeds

On the date of issue of any Bond, the Tax Compliance Officer will identify for that Bond:

- All of the funds and accounts into which Bond Proceeds are deposited and the applicable yields at or below which such funds must be invested.
- Any funds that are not directly funded with Bond Proceeds which must be invested at or below the yield on the Bonds.

The Tax Compliance Officer will ensure that the investment of Bond Proceeds is in compliance with the applicable yield restrictions contained in the Treasury Regulations.

The Tax Compliance Officer will ensure that all investments, including guaranteed investment contracts (“GICs”) and certificates of deposit purchased with Bond Proceeds will be purchased in compliance with the applicable fair market value requirements of the Treasury Regulations.

The Tax Compliance Officer will obtain regular, periodic statements regarding the investments and transactions involving Bond Proceeds.

The Tax Compliance Officer will keep all records with respect to investments, including:

- The solicitation and all responses received from the bidding of any GICs,
- Information with respect to any investment agreements, including certificates of deposit and GICs,
- United States Treasury Securities-State and Local Government Series subscription information and
- Records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

## VII. Arbitrage Yield and Rebate

The District will engage outside providers, as necessary, to assist in the calculation of arbitrage rebate attributable to the investment of Bond Proceeds.

Statements regarding investments and transactions involving Bond Proceeds and other requested documents and information should be provided to the rebate service provider on a reasonable basis.

The Tax Compliance Officer will monitor the arbitrage rebate service provider to assure compliance with required rebate payments, if any, which need to be paid no later than 60 days after each of (1) the fifth year after issuance, (2) each subsequent 5-year period through the term of the Bonds, and (3) the final maturity or redemption date of the issue. The Tax Certificate or tax covenants in other documents may set forth how frequently rebate calculations must be performed.

During the construction period of a capital project, the investment and expenditure of Bond Proceeds are to be monitored and the arbitrage rebate service provider consulted to determine whether the District is meeting any spending exception. Available spending exceptions are in periods of 6 months, 18 months and two years (for construction only), with the 18-month and 2-year exception subject to six-month internal benchmarks. See the Tax Certificate or consult the rebate service provider for more details regarding the spending exceptions.

In the event that a rebate payment is due, the Tax Compliance Officer will ensure that such rebate payment is accompanied by a Form 8038-T.

The Tax Compliance Officer will retain copies of all arbitrage reports, related return filings with the Internal Revenue Service, and copies of cancelled checks with respect to any rebate payments and information statements. The Tax Compliance Officer will also retain copies of any hedge agreements such as swaps or interest-rate caps entered into with respect to the Bonds. Such records will be retained for the life of the Bonds, plus any refunding bonds, plus three years and may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.

#### VIII. Continuing Disclosure Compliance: Background Information

Pursuant to the Rule and the Undertakings, the District must file an annual report with the Municipal Securities Rulemaking Board (the “MSRB”) within nine months after the District’s fiscal year end (June 30) (the “Annual Report Filing Deadline”). This annual report must include the audited financial statements of the District and, if specified in the Undertakings, additional information related to the finances and operations of the District (collectively, the “Annual Report”). If the audited financial statements of the District are not available as of the Annual Report Filing Deadline, the Undertakings may allow the District to file unaudited financial statements before the Annual Report Filing Deadline and then file audited financial statements when they become available. The Undertakings for each series of Bonds may require different types of additional financial information and operating data to be included in the Annual Report for each series of Bonds. Copies of the Undertakings for the District’s currently-outstanding Bonds are attached hereto as Exhibit A.

The Rule and the Undertakings also require notice of the occurrence of certain events (“Events”) to be provided to the MSRB within ten (10) business days after the occurrence of the Event if such an Event is determined to be material (a “Material Event Filing”). A list of the Events for which a Material Event Filing may be required under the Rule as of February 27, 2019 is attached hereto as Exhibit B.

The Annual Report and any Material Event Filings must be filed on the MSRB’s Electronic Municipal Market Access (“EMMA”) system (accessible as of the date of adoption of these Guidelines at [emma.msrb.org](http://emma.msrb.org)) to the CUSIP numbers for the maturities of each series of Bonds outstanding. If a Material Event Filing only applies to a certain series of Bonds (such as a notice of optional redemption), it needs to be filed only on the CUSIP numbers for the affected series of Bonds.

#### IX. Persons Responsible for Compliance with Undertakings

If the District has not appointed a Dissemination Agent (as described below), then the [Deputy Superintendent, Lisa Allen] (the “Disclosure Compliance Officer”), as of the date of adoption of these Guidelines, has the primary responsibility to ensure compliance with the Undertakings relating to all Bonds. If the District has appointed a Dissemination Agent to assist the District in carrying out its obligations under the Undertakings, the Disclosure Compliance Officer will work with the Dissemination Agent to ensure compliance with the Undertakings relating to all Bonds.

X. Dissemination Agent; External Advisors

To satisfy its obligations under these Guidelines, the District may appoint or engage a third-party dissemination agent with expertise in compliance with the Rule (the “Dissemination Agent”) to assist the District in carrying out its obligations under the Undertakings. The District may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent.

As necessary and appropriate, the District shall consult with Bond Counsel and the District’s legal counsel and financial advisors to ensure that all applicable post-issuance disclosure requirements set forth in the Undertakings are met.

XI. Provision of Annual Reports to MSRB

On or before the Annual Report Filing Deadline, the Disclosure Compliance Officer will review the Undertaking for each series of Bonds then outstanding, will assemble the required contents of the Annual Report for such Bonds and will file on EMMA the Annual Report for such Bonds.

XII. Provision of Material Event Filings to MSRB

The occurrence of certain Events, including payment defaults, requires a Material Event Filing without the need for a materiality determination (i.e. they are deemed material under the Rule). Other Events, such as non-payment related defaults, must be analyzed to determine if the Event is material; if so, a Material Event Filing is required. The Disclosure Compliance Officer will consult with Bond Counsel regarding any questions as to whether an Event has occurred and what filings are required.

The Disclosure Compliance Officer is to be immediately notified by all employees, officers, Tax Compliance Officers, agents and officials of the District of the occurrence of any listed Event so that he or she may determine whether a Material Event Filing is required pursuant to the Rule and the Undertakings. As soon as the Disclosure Compliance Officer learns of the occurrence of an Event that is deemed material, the Disclosure Compliance Officer will prepare and file, within ten business days of the occurrence of the Event, a Material Event Filing on EMMA.

The Disclosure Compliance Officer will review Exhibit B on a regular basis, and consult with Bond Counsel or other advisors, as necessary, to update the list of Events under the Rule.

XIII. Recordkeeping; Future Bond Issuance

The Disclosure Compliance Officer will maintain copies of the District’s Annual Reports and Material Event Filings and evidence of filing of the District’s Annual Reports and Material Event Filings in the District’s records.

In connection with any subsequent issuance of Bonds by the District, the Disclosure Compliance Officer shall review and verify any statements concerning the District’s compliance with its Undertakings in any offering documents (such as an Official Statement) for such Bonds.

After the issuance of such Bonds, the Disclosure Compliance officer will attach a copy of the Undertaking entered into in connection with such Bonds to the copies of District's currently-outstanding Undertakings attached hereto as Exhibit A.

XIV. Identification and Correction of Violations

In the event that the District does not timely file complete information required in any Annual Report or does not timely make a Material Event Filing on EMMA, the District will contact Bond Counsel in a timely manner and undertake any appropriate corrective action that may be necessary to bring the District into compliance with the Rule.



**Exhibit A**

**Copies of Continuing Disclosure Undertakings for District's Bonds**

[Attached.]

## **Exhibit B**

### **Material Events Requiring Disclosure**

**Last Updated: February 27, 2019**

*(pursuant to 17 Code of Federal Regulations, §240.15c2-12 (Rule 15c2-12)  
Municipal Securities Disclosure)*

In a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the securities being offered in the offering:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) 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, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties; and

(16) 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 security holders.

For purposes of numbered items 15 and 16 above, “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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.