SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 9.2

Meeting Date: April 7, 2022

Subject: **Resolution No. 3261: A Resolution of the Board of Education of the Sacramento City Unified School District, Sacramento County, California, Authorizing the Issuance of Sacramento City Unified School District (Sacramento County, California) 2022 General Obligation Refunding Bonds in the amount of $65,000,000 to be Issued by the Sacramento City Unified School District**

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

Division: Business Services

Recommendation: APPROVAL OF RESOLUTION #3261 OF THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, SACRAMENTO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (SACRAMENTO COUNTY, CALIFORNIA) 2022 GENERAL OBLIGATION REFUNDING BONDS in the amount of $65,000,000.

Background/Rationale: The 2022 General Obligation Refunding Bonds, in a principal amount not-to-exceed $65 million (the "2022 Refunding Bonds") are proposed to be issued to refinance the District's outstanding 2012 General Obligation Bonds, originally issued on June 14, 2012. The not-to-exceed principal amount for the 2022 Refunding Bonds is $65 million. The refinancing resulting from issuance of the 2022 Refunding Bonds is anticipated, based on current market conditions, to produce approximately $8.1 million in taxpayer savings.

Refunding bonds, including refunding bonds issued by school districts with a negative or qualified budget certification in its current fiscal year, are not required to be issued by the County, and may be issued by the school district directly. A resolution to issue the 2022 Refunding Bonds is brought to the Board at this meeting April 7, 2022 for action to approve.

Dale Scott & Company, the District's financial advisor, has distributed a request for proposal ("RFP") to qualified underwriters regarding a negotiated sale of the 2022 Refunding Bonds and a proposed series of new money bonds ("the Series A Bonds"), being separately considered for approval at the April 7, 2022 Meeting. The RFP process will aid in the selection of the underwriter(s) with the most qualifications and lowest cost. The Resolution delegates authority to the Superintendent and other District staff to select one or more underwriting firms based on the results of the RFP and the advice of the financial advisor, and to finalize, execute, and deliver any required legal documents or disclosures. Both the 2022 Refunding Bonds and the Series A Bonds are expected to be sold in June 2022, with closings expected in mid-June.

Financial Considerations: The costs of issuance for the 2022 Refunding Bonds will be paid from proceeds of the bond issue and no such costs will be paid from the general fund. Disclosures of such estimated costs are set forth in the Resolution as an exhibit. Principal of and interest on the Bonds is paid from the collection of ad valorem taxes collected by the County from taxpayers in the District. The refinancing resulting from issuance of the 2022 Refunding Bonds is anticipated, based on current market conditions, to produce approximately $8.1 million in taxpayer savings.

Goal(s): (1) Operational Excellence, (2) Safe, Emotionally Healthy and Engaged Students

Documents Attached:
1. Resolution No.3261
2. Bond Purchase Agreement
3. Escrow Agreement
4. Preliminary Official Statement

Estimated Time:	5 Minute presentation
Submitted by:	Rose Ramos, Chief Business Officer
Approved by:	Jorge A. Aguilar, Superintendent

RESOLUTION NO. 3261

A RESOLUTION OF THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, SACRAMENTO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF SACRAMENTO CITY UNIFIED SCHOOL DISTRICT (SACRAMENTO COUNTY, CALIFORNIA) 2022 GENERAL OBLIGATION REFUNDING BONDS

WHEREAS, a duly called election was held in the Sacramento City Unified School District (the "District"), Sacramento County, California (the "County") on October 19, 1999 (the "1999 Election") and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of $195,000,000, payable from the levy of an *ad valorem* property tax against taxable property in the District (the "1999 Authorization");

WHEREAS, pursuant to the 1999 Authorization, the Board of Education of the District (the "Board") previously caused the issuance of (i) $50,000,000 of Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 1999, Series A (the "1999 Series A Bonds"), (ii) $45,000,000 of Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 1999, Series B (the "1999 Series B Bonds"), (iii) $45,000,000 of Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 1999, Series C (the "1999 Series C Bonds") and (iv) $55,000,000 of Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 1999, Series D (the "1999 Series D Bonds");

WHEREAS, a duly called election was held in the District on November 5, 2002 (the "2002 Election," and together with the 1999 Election, the "Elections") and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite 55% vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of $225,000,000, payable from the levy of an *ad valorem* property tax against taxable property in the District (the "2002 Authorization," and together with the 1999 Authorization, the "Authorizations");

WHEREAS, pursuant to the 2002 Authorization, the Board of Education of the District (the "Board") previously caused the issuance of $80,000,000 of Sacramento City Unified School District (Sacramento County, California) General Obligation Bonds, Election of 2002, Series A (the "2002 Series A Bonds");

WHEREAS, pursuant to Government Code Sections 53550 *et seq.* and 53580 *et seq.* (the "Act"), the Board previously caused the issuance of $52,310,000 of Sacramento City Unified School District (Sacramento County, California) General Obligation Refunding Bonds, Series 2001 (the "2001 Refunding Bonds") to advance refund portions of the then-outstanding 1999 Series A Bonds;

WHEREAS, pursuant to the Act, the Board previously caused the issuance of $113,245,000 of Sacramento City Unified School District (Sacramento County, California) 2012 General Obligation

Refunding Bonds (the "Prior Bonds") to refinance portions of the then-outstanding 1999 Series B Bonds, 1999 Series C Bonds, 1999 Series D, 2001 Refunding Bonds and 2002 Series A Bonds;

WHEREAS, this Board desires to authorize the issuance of general obligation refunding bonds (the "Refunding Bonds") pursuant to the Act, in one or more Series of Taxable or Tax-Exempt Current Interest Bonds (as such terms are defined herein) to currently refund all or a portion of the outstanding Prior Bonds (so refunded, the "Refunded Bonds");

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation refunding bonds of the District, and whereas the indebtedness of the District, including this proposed issue of Refunding Bonds, is within all limits prescribed by law;

WHEREAS, pursuant to Government Code Section 5852.1, the Board has obtained from the Municipal Advisor (as defined herein) and disclosed herein, in a meeting open to the public, prior to authorization of the execution and delivery of the Refunding Bonds, good faith estimates of (a) the true interest cost of the Refunding Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Refunding Bonds, (c) the amount of proceeds of the Refunding 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 Refunding Bonds, and (d) the sum total of all debt service payments to be evidenced by the Refunding Bonds calculated to the final payment date evidenced by the Refunding Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Refunding Bonds; and

WHEREAS, at this time the Board desires to appoint professionals related to the issuance of the Refunding Bonds; and

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF EDUCATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, SACRAMENTO COUNTY, CALIFORNIA, AS FOLLOWS:

SECTION 1. Purpose. To refund all or a portion of the currently outstanding principal amount of the Prior Bonds, and to pay all necessary legal, financial, and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Refunding Bonds pursuant to the Act in an aggregate principal amount not-to-exceed $65,000,000, in one or more Series of Taxable or Tax-Exempt Current Interest Bonds, to be styled as the "Sacramento City Unified School District (Sacramento County, California) 2022 General Obligation Refunding Bonds," with appropriate additional Series designation if more than one Series of Refunding Bonds are issued. Additional costs authorized to be paid from the proceeds of the Refunding Bonds are all of the authorized costs of issuance set forth in Government Code Section 53550(e) and (f) and Section 53587.

SECTION 2. Paying Agent. The Board hereby appoints the Paying Agent as defined in Section 5 hereof, to act as paying agent, bond registrar, authentication agent and transfer agent for the Refunding Bonds on behalf of the District. The Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Refunding Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically Education Code Section 15232.

SECTION 3. Terms and Conditions of Sale. The Refunding Bonds are hereby authorized to be sold at a negotiated sale, upon the direction of the Superintendent or the Chief Business and Operations Officer of the District, or such other officer or employee of the District as may be designated by the

Superintendent or the Chief Business and Operations Officer for such purposes (collectively, the "Authorized Officers"). The Refunding Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below. The Board hereby authorizes the sale of the Refunding Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Refunding Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriters (as defined herein) to pre-market the Refunding Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds.

SECTION 4. Purchase Contract. The form of Purchase Contract (as defined herein) by and between the District and the Underwriters, substantially in the form on file with the Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized to execute and deliver the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that (i) the interest rates on the Refunding Bonds shall not exceed the maximum rate permitted by law, and (ii) the underwriting discount on the Refunding Bonds, excluding original issue discount, shall not exceed 0.40% of the aggregate principal amount of the Refunding Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Refunding Bonds to be specified in the Purchase Contract for sale by the District up to $65,000,000 and to enter into and execute the Purchase Contract with the Underwriters, if the conditions set forth in this Resolution are satisfied.

SECTION 5. Certain Definitions. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **"Act"** means Government Code Sections 53550 *et seq.* and 53580 *et seq*.

(b) **"Authorizing Documents"** means the authorizing resolution(s), indenture, agreement or other legal document(s) pursuant to which the Prior Bonds were authorized and issued.

(c) **"Beneficial Owner"** " means, when used with reference to book-entry Refunding Bonds registered pursuant to Section 6 hereof, the person who is considered the beneficial owner of such Refunding Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

(d) **"Bond Insurer"** means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Refunding Bonds.

(e) **"Bond Payment Date"** means, unless otherwise provided by the Purchase Contract, January 1 and July 1 of each year commencing July 1, 2022 with respect to the interest on the Refunding Bonds, and the stated maturity dates thereof with respect to the principal payments on the Refunding Bonds.

(f) **"Bond Register"** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Refunding Bonds shall be recorded.

(g) **"Code"** means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(h) **"Continuing Disclosure Certificate"** means that certain contractual undertaking executed by the District in connection with the issuance of the Refunding Bonds pursuant to paragraph (b)(5) of the Rule, dated as of the date of issuance of the Refunding Bonds, as amended from time to time in accordance with the provisions thereof.

(i) **"Current Interest Bonds"** means the Refunding Bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Refunding Bond and maturing in the years and in the amounts set forth in the Purchase Contract.

(j) **"Date of Delivery"** means the date of initial issuance and delivery of the Refunding Bonds, or such other date as shall be set forth in the Purchase Contract or Official Statement.

(k) **"Depository"** means the entity acting as securities depository for the Refunding Bonds pursuant to Section 6(c) hereof.

(l) **"Director of Finance"** means the Sacramento County Director of Finance.

(m) **"DTC"** means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Refunding Bonds.

(n) **"Education Code"** means the California Education Code.

(o) **"Escrow Agent"** means U.S. Bank Trust Company, National Association, or any other escrow agent as shall be appointed by the District, in its capacity as escrow agent for the Refunded Bonds.

(p) **"Escrow Agreement"** means the agreement or agreements related to the deposit and investment of funds to refund the Refunded Bonds, by and between the District and the Escrow Agent.

(q) **"Federal Securities"** means securities as permitted, in accordance with the respective Authorizing Documents, to be deposited with the Escrow Agent for the purpose of defeasing the Refunded Bonds.

(r) **"Government Code"** means the California Government Code

(s) **"Holder"** or **"Owner"** means the registered owner of a Refunding Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 6 hereof.

(t) **"Information Services"** means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

(u) **"Moody's"** means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(v) **"Nominee"** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(w) **"Official Statement"** means the Official Statement for the Refunding Bonds, as described in Section 17 hereof.

(x) **"Outstanding"** means, when used with reference to the Refunding Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(a) Refunding Bonds canceled at or prior to such date;

(b) Refunding Bonds in lieu of or in substitution for which other Refunding Bonds shall have been delivered pursuant to Section 8 hereof; or

(c) Refunding Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Refunding Bonds), in accordance with Section 19 of this Resolution

(y) **"Participants"** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(z) **"Paying Agent"** means initially the Director of Finance, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Refunding Bonds. The Director of Finance is authorized to contract with a third party for the provision of Paying Agent services hereunder.

(aa) **"Purchase Contract"** means the contract or contracts for purchase and sale of the Refunding Bonds, by and between the District and the Underwriters. To the extent the Refunding Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the form presented to the Board, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve.

(bb) **"Record Date"** means the close of business on the fifteenth day of the month preceding each Bond Payment Date.

(cc) **"Rule"** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

(dd) **"Series"** means any Refunding Bonds executed, authenticated and delivered pursuant to the provisions hereof and identified as a separate series of bonds.

(ee) **"S&P"** means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(ff) **"Taxable Bonds"** means any Refunding Bonds not issued as Tax-Exempt Bonds.

(gg) **"Tax-Exempt Bonds"** means any Refunding Bonds the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Refunding Bonds.

(hh) **"Term Bonds"** means those Refunding Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

(ii) **"Transfer Amount"** means, with respect to Outstanding Refunding Bonds, the principal amount thereof.

(jj) **"Underwriters"** means those underwriters as shall be identified in the Purchase Contract.

SECTION 6. Terms of the Refunding Bonds.

(a) Denomination, Interest, Dated Dates. The Refunding Bonds shall be issued as fully registered Current Interest Bonds registered as to both principal and interest, in denominations of $5,000 principal amount or any integral multiple thereof. The Refunding Bonds will be initially registered in the name of "Cede & Co.," the Nominee of DTC.

Each Refunding Bond shall be dated the Date of Delivery, and shall bear interest at the rates set forth in the Purchase Contract from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from the Date of Delivery. Interest on the Refunding Bonds shall be payable on the respective Bond Payment Dates and shall be computed on the basis of a 360-day year of twelve 30-day months.

No Refunding Bond shall mature later than the final maturity date of the Refunded Bonds to be refunded from proceeds of such Refunding Bond.

(b) Redemption.

(a) Optional Redemption. The Refunding Bonds shall be subject to optional redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(b) Mandatory Redemption. Any Refunding Bonds issued as Term Bonds shall be subject to mandatory sinking fund redemption as provided in the Purchase Contract or the Official Statement.

(c) Selection of Refunding Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Refunding Bonds and less than all Outstanding Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Refunding Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Refunding Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Refunding Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

The Purchase Contract may provide that (i) in the event that a portion of any Term Bond is optionally redeemed prior to maturity pursuant to Section 6(b)(i) hereof, the remaining mandatory sinking fund payments with respect to such Term Bond shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect to the portion of such Term Bond optionally redeemed, and (ii) within a

maturity, Refunding Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

(d) Redemption Notice. When optional redemption is authorized pursuant to Section 5(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Refunding Bonds. Such Redemption Notice shall specify: the Refunding Bonds or designated portions thereof (in the case of redemption of the Refunding Bonds in part but not in whole) which are to be redeemed; the date of redemption; the place or places where the redemption will be made, including the name and address of the Paying Agent; the redemption price; the CUSIP numbers (if any) assigned to the Refunding Bonds to be redeemed, the Refunding Bond numbers of the Refunding Bonds to be redeemed in whole or in part and, in the case of any Refunding Bond to be redeemed in part only, the portion of the principal amount of such Refunding Bond to be redeemed; and the original issue date, interest rate and stated maturity date of each Refunding Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Refunding Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date thereon, and that from and after such date, interest thereon shall cease to accrue.

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

(1) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Refunding Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(2) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service to each of the Securities Depository.

(3) At least 20 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service to one of the Information Services.

(4) Such Redemption Notice shall be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

In lieu of providing notice via the means described in (1), (2) or (3) above, Redemption Notices may be provided via equally prompt electronic means as shall be acceptable to the Owners, the Depository or the Information Services.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Refunding Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Refunding Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Refunding Bonds being redeemed with the

proceeds of such check or other transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Refunding Bonds.

With respect to any Redemption Notice of Refunding Bonds, unless upon the giving of such notice such Refunding Bonds shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District) on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Refunding Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, the Refunding Bonds shall not be subject to redemption on such date and the Refunding Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of such rescission in the same manner as the Redemption Notice was originally provided.

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

(f) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 19 hereof, the Refunding Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Refunding Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 19 hereof, so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Refunding Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Refunding Bonds shall be held in trust for the account of the Owners of the Refunding Bonds so to be redeemed.

(g) Refunding Bonds No Longer Outstanding. When any Refunding Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be irrevocably held in trust as provided in Section 19 hereof for the payment of the redemption price of such Refunding Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Refunding Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

All Refunding Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon

the order of the District. All or any portion of a Refunding Bond purchased by the District shall be cancelled by the Paying Agent.

(c) Book-Entry System.

(a) Election of Book-Entry System. The Refunding Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Refunding Bonds in an authorized denomination. The ownership of each such Refunding Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Refunding Bonds, and all or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Refunding Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Refunding Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Refunding Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Refunding Bonds, including any Redemption Notice; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Refunding Bonds to be prepaid in the event the District redeems such Refunding Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal of, premium, if any, or interest on book-entry Refunding Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Refunding Bond is registered in the Bond Register as the absolute Owner of such Refunding Bond for the purpose of payment of principal of, premium, if any, and interest on and to such Refunding Bond, for the purpose of giving notices of redemption and other matters with respect to such Refunding Bond, for the purpose of registering transfers with respect to such Refunding Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on book-entry Refunding Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on book-entry Refunding Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of principal of, premium, if any, and interest on book-entry Refunding Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word "Nominee" in this Resolution shall refer to such nominee of the Depository.

(1) Delivery of Letter of Representations. In order to qualify the Refunding Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in the Refunding Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take

such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify the Refunding Bonds for the Depository's book-entry program.

(2) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for the Refunding Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Refunding Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Refunding Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Refunding Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Refunding Bonds shall designate, in accordance with the provisions of this Section 6(c).

(3) Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Refunding Bonds are held in book-entry form and registered in the name of the Nominee, all payments by the District or Paying Agent with respect to principal of and premium, if any, or interest on book-entry Refunding Bonds and all notices with respect to such Refunding Bonds, including Redemption Notices, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

(4) Transfer of Refunding Bonds to Substitute Depository.

(A) The Refunding Bonds shall be initially issued as described in the Official Statement. Registered ownership of such Refunding Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its Nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (a) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (b) a determination by the District that DTC (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

(3) to any person as provided below, upon (a) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (b) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Refunding

Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Refunding 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 Section 6(c)(i)(4)(A)(3), upon receipt of all Outstanding Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Refunding Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Refunding Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Refunding Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Refunding Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Refunding Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Refunding Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Refunding Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Refunding Bonds.

SECTION 7. Execution of the Refunding Bonds. The Refunding Bonds shall be signed by the President of the Board, or by such other member of the Board authorized to sign on behalf of the President, by his or her manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board, or the designees thereof, all in their official capacities. No Refunding Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Refunding Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Refunding Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 8. Paying Agent; Transfer and Exchange. So long as any of the Refunding Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Refunding Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Refunding Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Refunding Bond for all purposes of this Resolution. Payment of or on account of the principal of and premium, if any, and interest on any Refunding Bond shall be made only to or upon the order of such Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Refunding Bonds, including interest, to the extent of the amount or amounts so paid.

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

If any Refunding Bond shall become mutilated, the District, at the expense of the Owner of said Refunding Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Refunding Bond of like Series, tenor, maturity and Transfer Amount in exchange and substitution for the Refunding Bond so mutilated, but only upon surrender to the Paying Agent of the Refunding Bond so mutilated. If any Refunding Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Refunding Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution for the Refunding Bond so lost, destroyed or stolen (or if any such Refunding Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Refunding Bond, the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Refunding Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Refunding Bonds only after the new Refunding Bonds are signed by the authorized officers of the District. In all cases of exchanged or transferred Refunding Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Refunding Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Refunding Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Refunding Bonds surrendered upon that exchange or transfer.

Any Refunding Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Refunding Bonds that the District may have acquired in any manner whatsoever, and those Refunding Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Refunding Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Refunding Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Refunding Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Refunding Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is

given or (b) to transfer any Refunding Bonds which have been selected or called for redemption in whole or in part.

SECTION 9. Payment. Payment of interest on any Refunding Bond on any Bond Payment Date shall be made to the person appearing on the Bond Register as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premium, if any, payable on the Refunding Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The principal of, premiums, if any, and interest on the Refunding Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Refunding Bonds when duly presented for payment at maturity, and to cancel all Refunding Bonds upon payment thereof. Except as otherwise provided by the Act, the Refunding Bonds are general obligations of the District, payable solely from the levy of *ad valorem* property taxes upon all property subject to taxation within the District, which taxes are unlimited as to rate or amount. The Refunding Bonds do not constitute an obligation of the County except as provided in this Resolution. No part of any fund of the County is pledged or obligated to the payment of the Refunding Bonds.

SECTION 10. Form of Refunding Bonds. The Refunding Bonds shall be in substantially the form attached as Exhibit A, allowing those officials executing the Refunding Bonds to make the insertions and deletions necessary to conform the Refunding Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein. Pending the preparation of definitive Refunding Bonds, the Refunding Bonds may be executed and delivered in temporary form exchangeable for definitive Refunding Bonds when ready for delivery. If the Paying Agent delivers temporary Refunding Bonds, it shall execute and deliver definitive Refunding Bonds in an equal aggregate principal amount of authorized denominations, when available, and thereupon the temporary Refunding Bonds shall be surrendered to the Paying Agent. Until so exchanged, the temporary Refunding Bonds shall be entitled to the same benefits hereunder as definitive Refunding Bonds.

SECTION 11. Delivery of Refunding Bonds. The proper officials of the District shall cause the Refunding Bonds to be prepared and, following their sale, shall have the Refunding Bonds signed and delivered, together with a final transcript of proceedings with reference to the issuance of the Refunding Bonds, to the Underwriters upon payment of the purchase price therefor.

SECTION 12. Deposit of Proceeds of Refunding Bonds; Escrow Agreement. An amount of proceeds from the sale of the Refunding Bonds necessary to purchase certain Federal Securities, or to otherwise refund the Refunded Bonds, shall be transferred to the Escrow Agent for deposit in the escrow fund established under the Escrow Agreement (the "Escrow Fund"), which amount, if uninvested, shall be sufficient, or if invested, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the Refunded Bonds all as set forth in a certificate of an Authorized Officer. Premium or proceeds received from the sale of the Refunding Bonds desired to pay all or a portion of the costs of issuing the Refunding Bonds may be deposited in the fund of the District held by a fiscal agent selected thereby and shall be kept separate and distinct from all other District funds, and those proceeds shall be used solely for the purpose of paying costs of issuance of the Refunding Bonds.

Any accrued interest received by the District from the sale of the Refunding Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Sacramento City Unified School District, 2022 General Obligation Refunding Bond Debt Service Fund" (the "Debt Service Fund") for the Refunding Bonds and used only for payments of principal of and interest on the Refunding Bonds. The Debt Service Fund shall be held by the County. At the election of the District, (i)

to the extent the Bonds are issued in more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Debt Service Fund shall be deemed to include any Debt Service Fund created for a Series of Bonds, or (ii) the Debt Service Fund may be established as a subaccount of, or otherwise combined with, a fund established by the County for the purpose of holding proceeds of *ad valorem* property tax levies made to pay bonds issued pursuant to the Authorizations. A portion of the premium received by the District from the sale of the Refunding Bonds may be transferred to the Debt Service Fund or applied to the payment of cost of issuance of the Refunding Bonds, or some combination of deposits. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes set forth herein for which the Refunding Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding Bonds as the same become due and payable, shall be transferred by the Director of Finance to DTC to pay the principal of and interest on the Refunding Bonds. DTC will thereupon make payments of principal of and interest on the Refunding Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District.

Except as required below to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay principal of and interest on the Refunding Bonds when due.

SECTION 13. Rebate Fund.

(a) General. If necessary, there shall be created and established a special fund designated the "Sacramento City Unified School District 2022 General Obligation Refunding Bond Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, as the same may be amended from time to time, and the Treasury Regulations promulgated thereunder (the "Rebate Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and Section 14 of this Resolution and by that certain tax certificate concerning certain matters pertaining to the use and investment of proceeds of the Refunding Bonds, executed and delivered to the District on the date of issuance of the Refunding Bonds, including any and all exhibits attached thereto (the "Tax Certificate").

(b) Deposits.

(a) Within forty-five (45) days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate) (1) the District shall calculate or cause to be calculated with respect to the Refunding Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Rebate Regulations, using as the "computation date" for this purpose the end of such five Bond Years, and (2) the District shall deposit to the Rebate Fund from deposits from the District or from amounts available therefor on deposit in the other funds established hereunder, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(b) The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(c) The District shall not be required to calculate the "rebate amount" and the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Refunding Bonds (including amounts treated as the proceeds of the Refunding Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148 (f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations or the small issuer exception of Section 148(f)(4)(D) of the Code, whichever is applicable, and otherwise qualify for the exception of the Rebate Requirement pursuant to whichever of said sections is applicable, or (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Refunding Bonds. Any funds remaining in the Rebate Fund after redemption of all the Refunding Bonds and any amounts described in paragraph (ii) of subsection (d) of this Section, including accrued interest, shall be transferred to the General Fund of the District.

(d) Withdrawal for Payment of Rebate. Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(a) not later than sixty (60) days after the end of (a) the fifth (5th) Bond Year, and (b) each fifth (5th) Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Rebate Regulations; and

(b) not later than sixty (60) days after the payment of all Refunding Bonds, an amount equal to one hundred percent (100%) of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Rebate Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by or on behalf of the District.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amount. In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, upon written instructions from the District, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) Record Retention. The District shall retain records of all determinations made hereunder until three years after the retirement of the Refunding Bonds.

(i) Survival of Defeasance. Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Refunding Bonds.

SECTION 14. Security for the Refunding Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Refunding Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Refunding Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District and used for the payment of the principal of and interest on the Refunding Bonds when and as the same fall due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section 14 and Section 53559 of the Act.

The Refunding Bonds shall, pursuant to Government Code Section 53515, be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment of the Refunding Bonds.

Pursuant to Government Code Sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the Refunding Bonds and all amounts on deposit in the Debt Service Fund to the payment of the Refunding Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of the Refunding Bonds to provide security for the payment of the Refunding Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding Bonds as the same become due and payable, shall be transferred by the Director of Finance to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such principal and interest. DTC will thereupon make payments of principal of and interest on the Refunding Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District, pursuant to Education Code Section 15234.

SECTION 15. Arbitrage Covenant. The District covenants that it will restrict the use of the proceeds of the Refunding Bonds in such manner and to such extent, if any, as may be necessary, so that the Refunding Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section. Calculations for determining arbitrage requirements shall be the sole responsibility of the District.

SECTION 16. Legislative Determinations. The Board hereby determines that all acts and conditions necessary to be performed thereby or to have been met precedent to and in the issuing of the Refunding Bonds in order to make them legal, valid and binding general obligations of the District have

been performed and have been met, or will at the time of delivery of the Refunding Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Refunding Bonds. Furthermore, the Board hereby finds and determines pursuant to Section 53552 of the Act that the prudent management of the fiscal affairs of the District requires that it issue the Refunding Bonds without submitting the question of the issuance of the Refunding Bonds to a vote of the qualified electors of the District. Pursuant to Government Code Section 53587, in determining the amount of Refunding Bonds to be issued, the Board hereby determines that any capitalized interest from proceeds of the Refunding Bonds shall be reasonably required.

SECTION 17. Official Statement. The Preliminary Official Statement relating to the Refunding Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriters to be used in connection with the offering and sale of the Refunding Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriters a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as an Authorized Officer executing the same shall approve. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

SECTION 18. Insurance. In the event the District purchases bond insurance for the Refunding Bonds, and to the extent that the Bond Insurer makes payment of the principal of or interest on the Refunding Bonds, it shall become the Owner of such Refunding Bonds with the right to payment of principal or interest on the Refunding Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims of past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register for the Refunding Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Refunding Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register for the Refunding Bonds maintained by the Paying Agent upon surrender of the Refunding Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

SECTION 19. Defeasance. All or any portion of the Outstanding maturities of the Refunding Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Refunding Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Refunding Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Refunding Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Refunding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Refunding Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, "Government Obligations" shall mean:

Direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's or S&P.

SECTION 20. Other Actions, Determinations and Approvals.

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

(b) The Board hereby finds and determines that both the total net interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds will be less than the total net interest cost to maturity on the Refunded Bonds plus the principal amount of the Refunded Bonds.

(c) The Board anticipates that the Refunded Bonds will be redeemed on the first respective optional redemption dates therefor following the issuance of the Refunding Bonds.

(d) The Board hereby appoints U.S. Bank Trust Company, National Association as Escrow Agent for the Refunded Bonds and approves the form of the Escrow Agreement substantially in the form on file with the Secretary to the Board. The Authorized Officers, each alone, are hereby authorized to execute the Escrow Agreement with such changes as they shall approve, such approval to be conclusively evidenced by such individual's execution and delivery thereof.

(e) The Board hereby appoints Dale Scott and Company, as Municipal Advisor, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Refunding Bonds. The Board hereby authorizes the appointment of such Underwriters as shall be identified in the Purchase Contract.

(f) Based on a good faith estimate received by the District from the Municipal Advisor, the Board hereby finds that (i) the True Interest Cost of the Refunding Bonds (as defined in Government Code Section 5852.1(a)(1)(A)) is expected to be approximately 2.02%, (ii) the total Finance Charge of the Refunding Bonds (as defined in Government Code Section 5852.1(a)(1)(B)) is expected to be $563,000, (iii) the total proceeds expected to be received by the District from the sale of the Refunding Bonds, less the Finance Charge of the Refunding Bonds and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, is $62,134,000, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1(a)(1)(D)), calculated to the final maturity of the Refunding Bonds, will be $69,435,781. The information presented in this Section 20(f) is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any other provision of this Resolution.

(g) The provisions of this Resolution as they relate to the terms of the Refunding Bonds may be amended by the Purchase Contract and the Official Statement; if the Purchase Contract so provides, the Refunding Bonds may be issued as crossover refunding bonds pursuant to Government Code Section 53558(b). All or a portion of the Refunding Bonds are further authorized to be issued on a forward delivery basis.

(f) The District hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Government Code Section 16.5 using DocuSign or comparable digital signature program.

SECTION 21. Resolution to County Director of Finance. The Secretary to the Board is hereby directed to provide a certified copy of this Resolution to the Director of Finance immediately following its adoption.

SECTION 22. Request to County to Levy Tax. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all principal of and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds. The District hereby requests the Board of Supervisors of the County to annually levy a tax upon all taxable property in the District sufficient to pay all such principal and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds. The Board hereby finds and determines that such ad valorem taxes shall be levied specifically to pay the Refunding Bonds being issued to finance and refinance specific projects authorized by the voters of the District at the Elections.

SECTION 23. Nonliability of the County. Notwithstanding anything to the contrary contained herein, in the Refunding Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Refunding Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Refunding Bonds and any liability in connection therewith shall be paid solely from ad valorem property taxes lawfully levied to pay the principal of or interest on the Refunding Bonds, which taxes shall be unlimited as to rate or amount.

SECTION 24. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated as of the Date of Delivery, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of the Continuing Disclosure Certificate appended to the form of Preliminary Official Statement on file with the Secretary to the Board, and the Authorized Officers, each alone, are hereby authorized to execute the Continuing

Disclosure Certificate with such changes thereto as the Authorized Officers executing the same shall approve, such approval to be conclusively evidenced by such execution and delivery. Noncompliance with this Section shall not result in acceleration of the Refunding Bonds.

SECTION 25. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

SECTION 26. Recitals. All the recitals in this Resolution above are true and correct and the Board so finds, determines and represents.

SECTION 27. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED, ADOPTED AND APPROVED this 7th day of April, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

President, Board of Education
Sacramento City Unified School District

Attest:

Secretary to the Board of Education
Sacramento City Unified School District

SECRETARY'S CERTIFICATE

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

The foregoing 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 legally held at the regular meeting place thereof on April 7, 2022, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: April __, 2022

_____

Secretary to the Board of Education
Sacramento City Unified School District

EXHIBIT A

FORM OF REFUNDING BOND

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

REGISTERED	**REGISTERED**
NO.	**$**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2022 GENERAL OBLIGATION REFUNDING BONDS

INTEREST RATE:	**MATURITY DATE:**	**DATED AS OF:**	**CUSIP**

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Sacramento City Unified School District (the "District") in Sacramento County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on January 1 and July 1 of each year (the "Bond Payment Dates"), commencing July 1, 2022. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before June 15, 2022, in which event it shall bear interest from the Date of Delivery. Interest on this bond shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially Director of Finance of Sacramento County. Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown on the Bond Register maintained by the Paying Agent as of, and to the bank and account number on file with the Paying Agent as of, the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date").

This bond is one of an authorization of bonds issued by the District pursuant to Government Code Section 53550 *et seq.* and 53580 *et seq.* (the "Act") for the purpose of refunding certain of the District's outstanding bonded indebtedness, and paying all necessary legal, financial, and contingent costs in connection therewith. The Bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Board of Education of the District adopted on April 7, 2022 (the "Bond Resolution"). This bond and the issue of which this bond is one are general obligation bonds of the District payable as to both Principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with Education Code Sections 15250 and 15252. Pursuant to Government Code Section 53515, the bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

The bonds of this issue comprise $_____ Principal Amount of current interest bonds, of which this bond is a part (each a "Refunding Bond").

This bond is exchangeable and transferable for bonds of like tenor, series, maturity and principal amount and in authorized denominations at the designated office of the Paying Agent by the Registered Owner, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Refunding Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any Refunding Bond which has been selected or called for redemption in whole or in part.

The Refunding Bonds maturing on or before July 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Refunding Bonds maturing on or after July 1, 20__ are subject to redemption on or after July 1, 20__ or on any date thereafter at the option of the District, as a whole or in part, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption, without premium.

The Refunding Bonds maturing on July 1, 20__ (the "20__ Term Bonds") are subject to mandatory sinking fund redemption on July 1 of each year on and after July 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such 20__ Term Bonds to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

Redemption Dates	Principal Amounts
TOTAL	$

In the event that a portion of the 20__ Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of such 20__ Term Bonds optionally redeemed.

If less than all of the Refunding Bonds of any one maturity shall be called for redemption, the particular Refunding Bonds or portions thereof of such maturity to be redeemed shall be selected by lot by the Paying Agent as directed by the District, and if not so directed, in such manner as the Paying Agent may determine; provided, however, that the portion of any Refunding Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof. If less than all of the Refunding Bonds stated to mature on different dates shall be called for redemption, the particular Refunding Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order of maturity as directed by the District or, if the Paying Agent is not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Refunding Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Refunding Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Refunding Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Refunding Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

IN WITNESS WHEREOF, the Sacramento City Unified School District, Sacramento County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of the District, all as of the date stated above.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: (Facsimile Signature)
President, Board of Education

COUNTERSIGNED:

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the Refunding Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2022.

SACRAMENTO COUNTY DIRECTOR OF FINANCE, as Paying Agent

By:
Authorized Representative

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): _____ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Signature Guaranteed:

_____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

By: (Facsimile Signature)
[Secretary to/Clerk of] the Board of Education

(Form of Legal Opinion)

$_____
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(SACRAMENTO COUNTY, CALIFORNIA)
2022 REFUNDING GENERAL OBLIGATION BONDS

BOND PURCHASE AGREEMENT

_____, 2022

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

Ladies and Gentlemen:

The undersigned, [LEAD UNDERWRITER], as representative (the "Representative") of itself, and [CO-MANAGER] (collectively, the "Underwriters") offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Sacramento City Unified School District (the "District"), which, upon the District's acceptance hereof, will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement (as defined herein) or, if not defined in the Official Statement, in the Resolution (as defined herein).

Inasmuch as the sale contemplated hereby represents a negotiated transaction, the District acknowledges and agrees that: (i) the primary role of the Underwriters is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriters and that the Underwriters have financial and other interests that differ from those of the District, (ii) the Underwriters are not acting as municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibilities to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriters, or any affiliates of the Underwriters, have provided other services or are currently providing other services to the District on other matters), (iii) the only obligations the Underwriters have to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission ("SEC") or the rules of the Municipal Securities Rulemaking Board ("MSRB"), and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges that it has previously provided the Underwriters with an acknowledgement of receipt of the required Underwriters' disclosure under Rule G-17 of the MSRB.

1. **Purchase and Sale of the Bonds**. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of $_____ in aggregate initial principal amount of the District's 2022 Refunding General Obligation Bonds (the "Bonds").

The Bonds shall bear interest from the Date of Delivery (as defined herein) payable semiannually on each January 1 and July 1, commencing July 1, 2022. The final maturity dates, interest rates, yields and redemption provisions of the Bonds are shown in Appendix A hereto, which appendix is incorporated by reference herein. The Underwriters shall purchase the Bonds at a price of $_____ (consisting of the initial principal amount of the Bonds of $_____, plus original issue premium of $_____, and less an Underwriters' discount of $_____).

2. **The Bonds.** The Bonds shall be dated as of the date of their initial issuance and delivery (the "Date of Delivery"). The Bonds shall mature on the dates shown on Appendix A hereto, shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of the resolution of the Board of Education of the District adopted on April 7, 2022 (the "Resolution"), and Sections 53550 and 53580 *et. seq.* of the California Government Code (the "Act"). The Sacramento County Director of Finance will act as paying agent (in such capacity, the "Paying Agent") for the Bonds.

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

The Bonds are being issued to refund, on an current basis, the District's outstanding 2012 General Obligation Refunding Bonds (the "Refunded Bonds").

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

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

3. **Use of Documents**. The District hereby authorizes the Underwriters to use, in connection with the offer and sale of the Bonds, the Continuing Disclosure Certificate (as defined herein), this Purchase Agreement, the Preliminary Official Statement (as defined herein), the Official Statement, the Resolution, the Escrow Agreement and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Purchase Agreement.

4. **Public Offering of Bonds**. The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover of the Official Statement and Appendix A hereto.

(a) The Underwriters agree to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by Dale Scott & Company, Inc., the District's municipal advisor and any notice or report to be provided to the District may be provided to the District's municipal advisor.

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

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

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

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

(d) The Underwriters confirm that:

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

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

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

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

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

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

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

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

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

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

(4) "sale date" means the date of execution of this Purchase Agreement by all parties

5. **Review of Official Statement**. The Representative hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2022 (the "Preliminary Official Statement"), which has been duly authorized and prepared by the District for use by the Underwriters in connection with the sale of the Bonds. The District represents that it has duly authorized and caused the preparation of the Preliminary Official Statement and it has

deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, redemption provisions, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule l5c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriters agree that prior to the time the Official Statement relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Representative agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined below).

6. **Closing**. At 9:00 A.M., California Time, on _____, 2022 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the "Closing"), the District will deliver to the Underwriters, at the offices of DTC in New York, New York, or at such other place as the District and the Representative may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bond Counsel, in San Francisco, California, the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to the account of the District.

7. **Representations, Warranties and Agreements of the District**. The District hereby represents, warrants and agrees with the Underwriters that:

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

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, to adopt the Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement, and to carry out and effectuate the transactions contemplated by this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution, the Escrow Agreement, the Continuing Disclosure Certificate, and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, assuming the due authorization, execution and delivery thereof by the respective other parties thereto, constitute valid and legally binding obligations of the District, enforceable in

accordance with their respective terms, subject to any limitations on the enforceability thereof as a result of the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought, and by the limitations on legal remedies against public agencies in the State of California; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, or which have not been taken or obtained, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Representative may reasonably request; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Representation Regarding Refunded Bonds. The District has not entered into any contract or agreement that would limit or restrict its ability to refund the Refunded Bonds or enter into this Purchase Agreement for the sale of the Bonds to the Underwriter.

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

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

(g) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the

collection of *ad valorem* property taxes contemplated by the Resolution, and the application thereof to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, this Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Certificate; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate or the Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from federal income taxation of the exclusion of interest on the Bonds from State personal income taxation.

(h) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Representative, neither the District, nor any other person on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

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

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

(k) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof did not, as of the date hereof does not, contain any untrue statement of a material fact or omit or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the date thereof and on the Closing Date, the final Official Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriters through a representative of the Underwriters specifically for inclusion therein.

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

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

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

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

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

(c) The Underwriters have, and have had, no financial advisory relationship, as that term is defined in California Government Code Section 53590(c) or MSRB Rule G-23, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriters have or have had any such financial advisory relationship.

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

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as the Representative may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

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

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriters, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been

accepted by the Representative and the District (such Official Statement with such changes, if any, and including the cover page, inside front cover pages, and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Representative not later than five (5) business days following the date this Purchase Agreement is signed, in order to permit the Underwriters to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriters to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriters of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty five (25) days following the Closing;

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

(f) Amendments to Official Statement. During the period ending on the 25th day after the End of the Underwriting Period (or such other period as may be agreed to by the District and the Representative), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Representative and (ii) shall notify the Underwriters promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Representative, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriters, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Representative, as the Representative may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

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

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

of Closing. The Underwriters' obligations under this Purchase Agreement are and shall be subject at the option of the Representative, to the following further conditions at the Closing:

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

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

(c) Adverse Rulings. To the best knowledge of the District, no decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or pending or threatened which has any of the effects described in Section 7(g) hereof or contesting in any way the completeness or accuracy of the Official Statement;

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

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

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

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of

the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) any outbreak or escalation of hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in major military hostilities by the United States or the occurrence or escalation of any other national or internal emergency or calamity relating to the effective operation of federal or state governments or the financial community in the United States;

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

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

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

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

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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

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

(1) Bond Counsel Opinions.

(i) The approving opinion of Bond Counsel, as to the validity and tax status of the Bonds, dated the date of the Closing, addressed to the District, in substantially the form set forth as Appendix __ in the Preliminary Official Statement and Official Statement; and (ii) an opinion of Bond Counsel as to the effective defeasance of the Refunded Bonds.

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

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

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

(ii) the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the District and, assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the

enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

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

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

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

(6) Ratings. Evidence satisfactory to the Representative that (i) the Bonds shall have received a rating of "___" from S&P (or such other equivalent rating as such rating agencies may give), based upon the issuance of the Policy by the Insurer, (ii) the Bonds shall have received an underlying rating of "__" from [S&P][Moody's], and (ii) such ratings have not been revoked or downgraded;

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

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

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

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

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

(10) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriters and their counsel, the Municipal Advisor, the County, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that Disclosure Counsel need not express any opinion with respect to (i) any information contained in Appendices __, __, __ or __ to the Official Statement, (ii) financial or statistical data or forecasts, numbers, tables, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) the District's compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (v) any CUSIP numbers or information relating thereto, (vi) any information with respect to the Underwriters or underwriting matters with respect to the Bonds, including but not limited to information under the caption "MISCELLANEOUS – Underwriting"; (vi) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "MISCELLANEOUS – Ratings," and (vii) and information with respect to the Insurer or the Policy, including but not limited information presented under the heading "THE BONDS – Bond Insurance";

(11) Underwriters' Counsel Opinion. The opinion of _____, in a form and substance acceptable to the Representative;

(12) Certificate of the Paying Agent. A certificate of the Paying Agent, signed by a duly authorized officer thereof, substantially to the effect that: (i) the Paying Agent is qualified to accept and perform the duties and obligations of Paying Agent imposed upon the Paying Agent by the Paying Agent Agreement relating to the Bonds (the "Paying Agent Agreement") and confirms acceptance of such duties and obligations; (ii) to the best knowledge of the Paying Agent, the representations and agreements of the Paying Agent in the Paying Agent Agreement are true and correct in all material respects as of the Closing; (iii) the Paying Agent is duly

authorized to enter into the Paying Agent Agreement, and when the Paying Agent Agreement is duly executed and delivered by the other party thereto, the Paying Agent Agreement will constitute a valid and binding obligation of the Paying Agent in accordance with its terms; (iv) no litigation is pending or, to the best knowledge of the Paying Agent, threatened (either in state or federal courts) (a) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds or the execution of the Paying Agent Agreement, or (b) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or the Paying Agent Agreement;

(13) Escrow Agreement. A Fully executed copy of Escrow Agreement; and

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

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

(16) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriters as provided in Section 6 herein, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriters under Section 14 hereof.

If the District is unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the

Representative at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

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

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

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

Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriters for any costs described in clause (iv) of Section 12 above that are attributable to District personnel.

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

13. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Chief Business Officer, Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824, or if to the Representative, to [LEAD UNDERWRITER].

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

(b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Purchase Agreement.

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

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

Very truly yours,

[LEAD UNDERWRITER], as Representative on behalf of itself and [CO-MANAGER]

By: _____

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:_____

APPENDIX A

$_____
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2022 Refunding General Obligation Bonds

$_____ Serial Bonds

Maturity	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule

$_____ Term Bonds

Maturity	Principal Amount	Interest Rate	Yield	Price	10% Rule Met	10% Rule Not Met	Hold the Offering Price Rule

Redemption Provisions

[TO COME].

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

$_____
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2022 Refunding General Obligation Bonds

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [LEAD UNDERWRITER] ("LEAD MANAGER]") hereby certifies on behalf of itself and [CO-MANAGER] (together, the "Underwriting Group") as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the [General Rule] Maturities***. As of the date of this certificate, for each Maturity of the [General Rule] Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

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

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date.

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

3. ***Defined Terms***.

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

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

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

(d) *Issuer* means the Sacramento City Unified School District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *[Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2022.]

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [LEAD MANAGER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

[LEAD UNDERWRITER], as Representative on behalf of itself and [CO-MANAGER], as Underwriters

By:_____

Authorized Officer

Dated: _____, 2022

ESCROW AGREEMENT
RELATING TO THE DEFEASANCE OF

$113,245,000
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, California)
2012 General Obligation Refunding Bonds

THIS ESCROW AGREEMENT, is dated and entered into as of _____ 1, 2022, by and between the Sacramento City Unified School District (the "District"), and U.S. Bank Trust Company, National Association, acting in its capacity as escrow agent (the "Escrow Agent") pursuant to this Escrow Agreement (this "Agreement");

W I T N E S S E T H:

WHEREAS, the District has previously caused the issuance of the above-captioned general obligation bonds (the "Prior Bonds"); and

WHEREAS, the District determined that it is in the District's best interest to refund a portion of the outstanding Prior Bonds, as more particularly described on Schedule C hereto (so refunded, the "Refunded 2015 Refunding Bonds");

WHEREAS, the District has authorized the issuance of $_____ of its 2022 General Obligation Refunding Bonds (the "Bonds"), the sale of which shall provide proceeds to accomplish such a refunding; and

WHEREAS, the Bonds shall be issued on _____, 2022 (the "Closing Date"); and

WHEREAS, the proceeds of the sale of the Bonds shall be applied to refund or defease the Refunded Bonds in accordance with the terms of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys.

(a) The District hereby deposits with the Escrow Agent $_____, which amount represents the net proceeds of the Bonds, to be held in irrevocable escrow by the Escrow Agent, separate and apart from other funds of the District and the Escrow Agent, in a fund hereby created and established and to be known as the "Sacramento City Unified School District 2022 General Obligation Refunding Bonds Escrow Fund" (referred to herein as the "Escrow Fund") to be applied solely as provided in this Agreement. Such moneys are at least equal to an amount sufficient to purchase the principal amount of the Investment Securities set forth in Schedule A hereto.

(b) The Escrow Agent hereby acknowledges receipt of (i) the cash flow and yield verification report of Causey Demgen & Moore P.C., certified public accountants, dated the Closing Date (the "Verification Report"), relating to the sufficiency of cash deposited in the Escrow Fund pursuant hereto to defease the Refunded Bonds, and (ii) the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the Closing Date (the "Defeasance Opinion"), with respect to the effective defeasance of the Refunded Bonds and relating to this Agreement.

SECTION 2. Use and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1(a) hereof and agrees to:

(a) hold $_____ uninvested as cash in the Escrow Fund; and

(b) make the payments required under Section 3(a) hereof at the times set forth therein.

SECTION 3. Payment of Refunded Bonds.

(a) Payment. The Escrow Agent shall transfer from the Escrow Fund to the paying agent for the Refunded Bonds (the "Paying Agent"), amounts sufficient to pay the interest on the Refunded Bonds due on and prior to July 1, 2022 and to redeem on such date the Refunded Bonds, at a redemption price equal to 100% of the outstanding principal amount thereof.

Such transfers shall constitute the respective payments of principal of and interest on the Refunded Bonds due from the District.

(b) Unclaimed Moneys. Any moneys which remain unclaimed for two years after the date such moneys have become due and payable hereunder shall be repaid by the Escrow Agent to the District and deposited by the District in the Debt Service Fund relating to the Bonds. Any moneys remaining in the Escrow Fund established hereunder after July 1, 2022 (aside from unclaimed proceeds of the Refunded Bonds) which are in excess of the amount needed to pay owners of the Refunded Bonds payments of principal of, interest on, and redemption premium, if any, with respect to the Refunded Bonds or to pay any amounts owed to the Escrow Agent shall be immediately transferred by the Escrow Agent to the County of Sacramento, on behalf of the District, for deposit into the Debt Service Fund relating to the Bonds.

(c) Priority of Payments. The holders of the Refunded Bonds shall have a first lien on the moneys and Investment Securities in the Escrow Fund which are allowable and sufficient to pay such Refunded Bonds until such moneys and Investment Securities are used and applied as provided in this Agreement, as verified by the Verification Report. Any moneys or securities held in the Escrow Fund are irrevocably pledged only to the holders of the Refunded Bonds.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein.

SECTION 5. Reinvestment. Upon written direction of the District, the Escrow Agent may reinvest any uninvested amounts held as cash under this Agreement in noncallable nonprepayable obligations which are direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America provided (i) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the principal of, redemption price of, and interest on the Refunded Bonds will not be diminished or postponed thereby, (ii) the Escrow Agent shall receive the unqualified opinion of nationally recognized municipal bond counsel to the effect that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds, (iii) the Escrow Agent shall receive from a firm of independent certified public accountants a certification that, immediately after such reinvestment, the principal of and interest on obligations in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purposes, be sufficient without reinvestment to pay, when due, the principal or redemption price of and interest on the Refunded Bonds, and (iv) the Escrow Agent shall receive an opinion of nationally recognized bond counsel that such reinvestment is permissible under this Agreement.

SECTION 6. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees, directors, officers, and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of its Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the earlier resignation or removal of the Escrow Agent.

SECTION 7. Responsibilities of the Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof, the sufficiency of the Investment Securities to accomplish the refunding and defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the Investment Securities to accomplish the refunding and defeasance of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability with respect thereto. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the District.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the District periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

SECTION 8. Substitution of Securities. At the written request of the District and upon compliance with the conditions hereinafter set forth, the Escrow Agent shall have the power to sell, transfer,

request the redemption or otherwise dispose of some or all of the any securities (the "Investment Securities") held in the Escrow Fund and to substitute noncallable nonprepayable obligations (the "Substitute Investment Securities") constituting direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America. The foregoing may be effected only if: (i) the substitution of Substitute Investment Securities for the Investment Securities (or Substitute Investment Securities) occurs simultaneously; (ii) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the principal of, redemption price of, or interest on the Refunded Bonds will not be diminished or postponed thereby; (iii) the Escrow Agent shall receive the unqualified opinion of nationally recognized municipal bond counsel to the effect that such disposition and substitution would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds, and that the conditions of this Section 8 as to the disposition and substitution have been satisfied and that the substitution is permitted by this Agreement; and (iv) the Escrow Agent shall receive from a firm of independent certified public accountants a certification that, immediately after such transaction, the principal of and interest on the Substitute Investment Securities in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purpose, be sufficient without reinvestment to pay, when due, the principal or redemption price of and interest on the Refunded Bonds. Any cash from the sale of Investment Securities (including U.S. Treasury Securities) received from the disposition and substitution of Substitute Investment Securities pursuant to this Section 8 to the extent such cash will not be required, in accordance with this Agreement, and as demonstrated in the certification described in subsection (iv) above, at any time for the payment when due of the principal or redemption price of or interest on the Refunded Bonds shall be paid to the District as received by the Escrow Agent free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Agreement. Any other substitution of securities in the Escrow Fund not described in the previous sentence must satisfy the requirements of this Section 8. In no event shall the Escrow Agent invest or reinvest moneys held under this Agreement in mutual funds or unit investment trusts.

SECTION 9. Irrevocable Instructions as to Notice; Termination of Obligations.

(a) The Escrow Agent hereby acknowledges that upon the funding of the Escrow Fund as provided in Section 1(a) hereof and the simultaneous purchase of the Investment Securities as provided in Section 2 hereof, and the receipt of the Defeasance Opinion and the Verification Report described in Section 1(b) of this Agreement, then the Refunded Bonds shall be deemed paid in accordance with their terms and all obligations of the District with respect to the Refunded Bonds shall cease and terminate, except only the obligation to make payments therefor from the monies provided hereunder; and

(c) The District hereby instructs the Escrow Agent to file notice of the defeasance of the Refunded Bonds with the Municipal Securities Rulemaking Board (the "MSRB") (which is located at http://emma.msrb.org/), as soon as practicable but no later than 10 days after the date of Closing and provide notice to the holders of the Refunded Bonds, substantially in the form included in Exhibit A hereto, and any other person required to receive it that the deposit of moneys has been made with the Escrow Agent and that such Escrow Agent has received a verification report verifying that the projected withdrawals from such escrow have been calculated to be adequate to pay the principal or redemption price of and the interest on said Refunded Bonds outstanding as such become due or are subject to redemption.

SECTION 10. Amendments. This Agreement is made for the benefit of the District and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the District; provided, however, but only after the receipt by the Escrow Agent of an opinion of nationally recognized bond counsel that the exclusion from gross income of interest on the Refunded Bonds will not be adversely affected for federal income tax purposes, that the District and the Escrow Agent may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not

adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and (iii) to include under this Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section 10, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 10. In the event of any conflict with respect to the provisions of this Agreement, this Agreement shall prevail and be binding.

SECTION 11. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 3(b) of this Agreement.

SECTION 12. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien nor will it assert a lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 13. Resignation or Removal of Escrow Agent.

(a) The Escrow Agent may resign by giving notice in writing to the District, a copy of which shall be sent to The Depository Trust Company, New York, New York ("DTC"). The Escrow Agent may be removed (1) by (i) filing with the District an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, (ii) sending notice at least 60 days prior to the effective date of said removal to DTC, and (iii) the delivery of a copy of the instruments filed with the District to the Escrow Agent or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the District or the holders of 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b) If the position of Escrow Agent becomes vacant due to resignation or removal of the Escrow Agent or any other reason, a successor Escrow Agent may be appointed by the District. The holders of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the District, appoint a successor Escrow Agent who shall supersede any Escrow Agent theretofore appointed by the District. If no successor Escrow Agent is appointed by the District or the holders of such Refunded Bonds then remaining unpaid, within 45 days after any such resignation or removal, the holder of any such Refunded Bond or any retiring Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The responsibilities of the Escrow Agent under this Agreement will not be discharged until a new Escrow Agent is appointed and until the cash and investments held under this Agreement are transferred to the new Escrow Agent.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 17. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District, except as permitted under Section 20 hereof.

SECTION 19. Rating Agencies. The District agrees provide to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007 and Fitch Ratings, 33 Whitehall St., New York, New York 10004 prior notice of each amendment entered into pursuant to Section 10 hereof and a copy of such proposed amendment, and to forward a copy (as soon as possible) of (i) each amendment hereto entered into pursuant to Section 10 hereof, and (ii) any action relating to severability or contemplated by Section 14 hereof.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, 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 the Escrow Agent is 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 the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:_____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

By:_____
Authorized Signatory

APPENDIX A

NOTICE OF DEFEASANCE OF REFUNDED BONDS

$113,245,000
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, California)
2012 General Obligation Refunding Bonds

Maturity (July 1)	Rate	Original Principal Amount	Principal Amount to be Redeemed	CUSIP*	Bond Number

Notice is hereby given to the holders of the above-identified bonds (the "Bonds"), (i) that there has been deposited with U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Agent"), as permitted by the Escrow Agreement, dated as of _____ 1, 2022, between the Sacramento City Unified School District and the Escrow Agent (the "Agreement"), monies held pursuant thereto and uninvested which shall, as evidenced by a verification report delivered to the Escrow Agent, be available and sufficient (a) to pay the interest on the Bonds scheduled to be paid on July 1, 2022 (the "Redemption Date") and (b) to redeem such Bonds on such Redemption Date at a redemption price (expressed as a percentage of the principal amount of the Bonds) equal to 100%; (ii) that the Escrow Agent has been irrevocably instructed to so redeem such Bonds; and (iii) that such Bonds are deemed to be paid in accordance with Sections 3 and 9 of the Agreement.

Dated this ___ day of _____, 20__.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Agent

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2022

NEW ISSUE -- FULL BOOK-ENTRY

INSURED RATING: S&P: "___"
UNDERLYING RATING[S]: [Moody's: "___;" S&P: "___"]

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds (as defined herein) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$_____*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2022 General Obligation Refunding Bonds

Dated: Date of Delivery **Due: August 1, as shown on inside front cover**

This cover page contains information for general reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Sacramento City Unified School District (Sacramento County, California) 2022 General Obligation Refunding Bonds (the "Bonds") are being issued by the Sacramento City Unified School District (the "District") (i) to currently refund the District's currently outstanding 2012 General Obligation Refunding Bonds, and (ii) to pay the costs of issuing the Bonds.

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

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery thereof, and be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2022. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Payments of principal of and interest on the Bonds will be made by the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. The Director of Finance of Sacramento County has been appointed to act as Paying Agent for the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by [TBD].

[INSUER LOGO]

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.*

Maturity Schedule
(See inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California as Disclosure Counsel, and for the Underwriters by _____. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2022.

[Senior Underwriter] **[Co-Underwriter]**

Dated: _____, 2022

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

* Preliminary, subject to change.

MATURITY SCHEDULE*

$_____*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2022 General Obligation Refunding Bonds

Base CUSIP†:

$_____ Serial Bonds

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†

$_____ – ____% Term Bonds due July 1, 20__ - Yield: _____%(1); CUSIP† Suffix: ___

* Preliminary, subject to change.

† 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 Global Market Intelligence. Copyright(c) 2022 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 Municipal Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of 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 issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy 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 provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions 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.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The District maintains a website and certain social media accounts. However, the information presented there is not being incorporated herein by any reference, and should not be relied upon in making an investment decision with respect to the Bonds.

[INSURER DISCLOSURE].

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Board of Education

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

District Administration

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

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

Dale Scott & Company, Inc.
San Francisco, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

Escrow Agent

U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore, PC
Denver, Colorado

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$_____[*]
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2022 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Sacramento City Unified School District (Sacramento County, California) 2022 General Obligation Refunding Bonds (the "Bonds").

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

The District

The Sacramento City Unified School District (the "District") is located in Sacramento County, California (the "County") and spans 70 square miles. The District was established in 1854 and is the 13th largest school district in the State of California (the "State"), as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the City of Sacramento (the "City"). The District operates 42 elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, 15 charter schools (including five dependent charter schools) and 42 children's centers/preschools. For fiscal year 2021-22, the District's funded average daily attendance ("ADA") is projected to be _____ students and enrollment is projected to be ___ students. Taxable property within the District has a fiscal year 2021-22 total assessed valuation of $42,389,941,073. See "TAX BASE FOR REPAYMENT OF BONDS" for information regarding the District's tax base. The District's actual ADA and enrollment, and the assessed valuation of taxable property within the District, may be affected by the ongoing COVID-19 (defined herein) pandemic. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

The District is governed by a seven-member Board of Education (the "Board"), each member of which is elected by trustee area to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Jorge A. Aguilar is currently the District Superintendent

The District's second interim financial report for fiscal year 2021-22 (the "2021-22 Second Interim"), was approved by the Board on March 17, 2022 and submitted by the District to the Sacramento

[*] Preliminary, subject to change.

County Office of Education (the "County Office of Education") pursuant to Education Code 42139. The 2021-22 Second Interim projects a general fund operating surplus of $4.3 million in the current fiscal year, growing to $10.5 million in fiscal year 2022-23. However, in fiscal year 2023-24, the District is projected to experience a general fund operating deficit of $6.2 million. Although the District does not currently forecast the need for a State emergency apportionment in fiscal year 2021-22, the District remains at risk of fiscal insolvency in future fiscal years. See "DISTRICT FINANCIAL INFORMATION – District Budgets and County Oversight – *Second Interim Report for Fiscal Year 2021-22 and Fiscal Recovery Plan*" herein.

In addition, several state agencies, including the County Office of Education, the Fiscal Crisis and Management Assistance Team ("FCMAT"), and the California State Auditor (the "State Auditor") have conduced reviews of the District's finances over the past four years and issued a variety of recommendations to improve the District's finances, which are principally being affected by increasing labor and operating costs, declining fund balances and decreases in student enrollment. For additional information, see "DISTRICT FINANCIAL INFORMATION – District Budgets and County Oversight – *Disapproval of Fiscal Year 2018-19 Budget*," "—District Budgets and County Oversight – *Conditional Approval of Fiscal Year 2021-22 Budget*," "—FCMAT Fiscal Health Risk Analysis," and "—State Audit" herein.

See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" for information regarding the District and its finances. The audited financial statements for fiscal year ending June 30, 2021 are attached hereto as APPENDIX B and should be read in their entirety. See also "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2020-21," attached hereto.

Purpose of the Bonds

The Bonds are being issued (i) to currently refund the District's outstanding 2012 General Obligation Refunding Bonds (the "Refunded Bonds"), and (ii) to pay the costs of issuing the Bonds. See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the California Government Code (the "Government Code") and pursuant to a resolution adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The

Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (as defined herein).

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the captions "INTRODUCTION – Tax Matters" and "TAX MATTERS," as well as in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiple thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Date of Delivery"), and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on each January 1 and July 1 (each a "Bond Payment Date"), commencing July 1, 2022. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. The Sacramento County Director of Finance (the "Director of Finance") has been appointed to act as Paying Agent for the Bonds.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (herein defined as the "Policy") to be issued concurrently with the delivery of the Bonds by [TBD] (herein defined as the "Insurer"). See "THE BONDS – Bond Insurance" herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through DTC in New York, New York, on or about _____, 2022.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all taxable property in the District. For more complete information regarding the taxation of property within the District, as well as certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

Pursuant to a contractual undertaking entered into in connection with issuance of the Bonds (the "Continuing Disclosure Certificate"), the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriters (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Dale Scott & Company, Inc. is acting as Municipal Advisor to the District with respect to the Bonds. Bond/Disclosure Counsel and the Municipal Advisor will each receive compensation contingent on the issuance of the Bonds. Certain mattes will be passed on for the Underwriters by _____. U.S. Bank Trust Company, National Association will act as Escrow Agent (defined herein) for the Bonds. Causey Demgen & Moore, PC, Denver, Colorado, will act as Verification Agent (as defined herein) for the Refunded Bonds. [From time to time, Bond Counsel represents each of the Underwriters on matters unrelated to the District or the Bonds].

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824, telephone: (916) 643-4700. The District may impose a charge for copying, mailing and handling.

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 herein and, if given or made, such

other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it 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 opinions 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.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and pursuant to a resolution adopted by the Board on April 7, 2022 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the District Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County, as Paying Agent, to

DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, outbreaks of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the State Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien secures all bonds of the District, including the Bonds, issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A. However, the statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due that are secured by the statutory lien.

Bond Insurance

[TO COME]

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing July 1, 2022. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before June 15, 2022, in which event it shall bear interest from its dated date. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds will be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See also "—Book-Entry Only System" herein.

Application and Investment of Bond Proceeds

Financing Plan. The proceeds from the sale of the Bonds will be used by the District to refund the Refunded Bonds and to pay the costs of issuance of the Bonds.

The net proceeds from the sale of the Bonds shall be deposited with U.S. Bank Trust Company, National Association, acting as escrow agent (the "Escrow Agent"), to the credit of a certain escrow fund (the "Escrow Fund") held pursuant to an escrow agreement (an "Escrow Agreement"), by and between the District and the Escrow Agent. Amounts in the Escrow Fund will be held uninvested as cash and used by the Escrow Agent to pay the principal of the Refunded Bonds on the first optional redemption date therefor, as well as the interest due on such Refunded Bonds on such date.

The sufficiency of the amounts on deposit in the Escrow Fund to pay the redemption price of the Refunded Bonds, as described above, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased as of the Closing Date, and the obligation of the County to levy *ad valorem* property taxes for payment of such Refunded Bonds will terminate. See also "LEGAL MATTERS – Escrow Verification" herein.

Debt Service Fund. *Ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, shall be kept separate and apart in the debt service fund created by the Resolution the "Debt Service Fund") and used only for payment of principal of and interest on the Bonds. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in any Debt Service Fund, said moneys will be applied to the payment of other general obligation bonds of the District, and afterwards transferred to the general fund of the District as provided and permitted by law

Investment. Moneys in the Escrow Fund will be invested as described above. Moneys in the Debt Service Fund will be invested through the County Treasury Pool. See "APPENDIX E - SACRAMENTO COUNTY TREASURY POOL" attached hereto.

Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions), together with the combined outstanding debt service for other outstanding general obligation bonds of the District:

		The Bonds		
Period Ending July 1	**Outstanding General Obligation Bonds Debt Service[(1)]***	**Annual Principal Payment**	**Annual Interest Payment[(2)]**	**Total Debt Service**
Total				

* Preliminary, subject to change.

(1) Does not include debt service on the Refunded Bonds.

(2) Interest payments on the Bonds will be made semiannually on January 1 and July 1 of each year, commencing July 1, 2022.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for a table of the total annual debt service requirements for all of the District's outstanding general obligation bonded debt.

Redemption

Optional Redemption.[*] The Bonds maturing on or before July 1, 20__ are not subject to optional redemption. The Bonds maturing on or after July 1, 20__, may be redeemed before maturity at the option of the District on any date on or after July 1, 20__ as a whole, or in part by lot from such maturities as are selected by the District, at a redemption price equal to the principal amount of the Bonds selected for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Redemption.[*] The Bonds maturing on July 1, 20__ (the "20__ Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such 20__ Term Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending July 1	**Principal To Be Redeemed**
Total	

(1) Maturity.

In the event that a portion of any of the 20__ Term Bonds shown above are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such 20__ Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent will determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

[*] Preliminary, subject to change.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 60 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 60 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 60 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) such Redemption Notice will be given to such persons as may be required by the Continuing Disclosure Certificate.

In lieu of providing notice via the means described in (a), (b) or (c) above, Redemption Notices may be provided via equally prompt electronic means as shall be acceptable to the Owners, the Depository or the Information Services.

"Information Services" means the MSRB's Electronic Municipal Market Access, or such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent, or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. The Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

Payment of Redeemed Bonds. When Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose as described in "—Defeasance," as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof.

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

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District, so as to be available therefor on such redemption date, and if Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice for the optional redemption of Bonds as described above, unless upon the giving of such notice such Bonds shall be deemed to have been defeased as described in "—Defeasance," such notice will state that such redemption will be conditional upon the receipt by the independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. Notwithstanding the foregoing, the District will have the right to rescind any Redemption Notice, for any reason, by written notice to the Paying Agent on or prior to the date fixed for redemption. The Paying Agent will distribute notice of the rescission of such Redemption Notice in the same manner that the Redemption Notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Bonds, accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry only system as described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the outstanding principal amount thereof) upon presentation and surrender at the designated corporate trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending

with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of principal of, interest on, or premium, if any, on the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or 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 Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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. However, the information presented on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their

holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance, including all including all principal thereof, interest thereon and redemption premium, at or before their respective maturity dates; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance, including all including all principal thereof, interest thereon and redemption premium, at or before their respective maturity dates;

then, notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest, by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct

and general obligations of the United States of America by either by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), or by Moody's Investors Service ("Moody's").

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount	
[Net] Original Issue Premium	
Total Sources	
Uses of Funds	
Escrow Fund	
Costs of Issuance[(1)]	
Total Uses	

(1) Includes all costs of issuance, including, but not limited to, the underwriting discount, legal and Municipal Advisory fees, printing costs, rating agency fees, bond insurance premium, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as special district property taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Director of Finance. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is

terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Director of Finance.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuation

The following table shows the 10-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATIONS
Fiscal Years 2012-13 through 2021-22
Sacramento City Unified School District

	Local Secured	Utility	Unsecured	Total	% Change
2012-13	$24,081,405,373	$7,130,520	$1,312,707,722	$25,401,243,615	--
2013-14	25,064,499,161	6,354,537	1,240,891,839	26,311,745,537	3.58%
2014-15	26,203,736,543	12,146,083	1,279,564,924	27,495,447,550	4.50
2015-16	27,621,228,905	5,824,663	1,188,321,120	28,815,374,688	4.80
2016-17	29,442,558,614	5,751,502	1,271,280,326	30,719,590,442	6.61
2017-18	31,625,086,640	5,693,751	1,332,650,184	32,963,430,575	7.30
2018-19	33,920,993,517	5,636,032	1,444,875,017	35,371,504,566	7.31
2019-20	36,759,308,491	5,334,879	1,403,666,196	38,168,309,566	7.91
2020-21	38,932,165,119	5,265,184	1,491,828,933	40,429,259,236	5.92
2021-22	40,932,044,833	5,265,184	1,452,631,056	42,389,941,073	4.85

Source: California Municipal Statistics, Inc. (except the percent change).

Economic and other factors beyond the District's control, such as general market decline in property values, outbreaks of disease, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on to the Bonds. See "THE BONDS – Security and Sources of Payment" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Seismic Events. The District is located in a seismically active region of the State. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

Drought. In recent years California has experienced severe drought conditions. In January of 2014, the Governor declared a statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021 the Governor expanded the declaration to further include an additional nine counties. On October 19, 2021, the Governor extended the declaration to include all remaining counties, including the County, such that the drought state of emergency is now in effect Statewide.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020 and the summer of 2021. The District did not sustain any property losses as a result of these recent fires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. See also "—Drought" and "—Wildfires" above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District in unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Appeals and Adjustments of Assessed Valuation. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization ("SBE"), with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A of the State Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction. The following table shows a breakdown of the District's fiscal year 2021-22 assessed valuation by jurisdiction.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2021-22
Sacramento City Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Elk Grove	$68,004,856	0.16%	$23,714,724,852	0.29%
City of Rancho Cordova	1,012,552,979	2.39	10,548,307,102	9.60
City of Sacramento	36,055,658,195	85.06	62,005,051,671	58.15
Unincorporated Sacramento County	5,253,725,043	12.39	67,882,816,569	7.74
Total District	$42,389,941,073	100.00%		
Sacramento County	$42,389,941,073	100.00%	$191,373,203,123	22.15%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2021-22 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2021-22
Sacramento City Unified School District

Non-Residential:	2021-22 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Agricultural	$318,591	0.00%	8	0.01%
Commercial/Office	7,844,129,450	19.16	3,010	2.86
Vacant Commercial	221,467,772	0.54	562	0.53
Industrial	1,949,230,466	4.76	1,312	1.25
Vacant Industrial	63,238,578	0.15	392	0.37
Recreational	422,207,888	1.03	152	0.14
Government/Social/Institutional	204,293,583	0.50	955	0.91
Miscellaneous	2,323,785	0.01	248	0.24
Subtotal Non-Residential	$10,707,210,113	26.16%	6,639	6.31%
Residential:				
Single Family Residence	$22,520,329,493	55.02%	84,137	80.00%
Condominium/Townhouse	638,105,895	1.56	2,349	2.23
Mobile Home	40,636,632	0.10	1,493	1.42
Mobile Home Park	55,158,170	0.13	34	0.03
2-4 Residential Units	2,127,329,655	5.20	6,804	6.47
5+ Residential Units/Apartments	3,838,595,420	9.38	1,633	1.55
Hotel/Motel	636,441,992	1.55	72	0.07
Miscellaneous Residential	51,234,896	0.13	140	0.13
Vacant Residential	317,002,567	0.77	1,867	1.78
Subtotal Residential	$30,224,834,720	73.84%	98,529	93.69%

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

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2021-22 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES
Fiscal Year 2021-22
Sacramento City Unified School District

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	84,137	$22,520,329,493	$267,663	$223,293

2021-22 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	388	0.461%	0.461%	$6,532,344	0.029%	0.029%
25,000 -49,999	3,162	3.758	4.219	128,738,058	0.572	0.601
50,000 - 74,999	5,075	6.032	10.251	318,735,448	1.415	2.016
75,000 - 99,999	6,286	7.471	17.722	550,706,445	2.445	4.461
100,000 - 124,999	5,888	6.998	24.720	662,111,828	2.940	7.401
125,000 - 149,999	5,775	6.864	31.584	793,844,443	3.525	10.926
150,000 - 174,999	5,657	6.724	38.308	918,764,433	4.080	15.006
175,000 - 199,999	5,205	6.186	44.494	975,158,214	4.330	19.336
200,000 - 224,999	4,921	5.849	50.343	1,044,646,272	4.639	23.975
225,000 - 249,999	4,945	5.877	56.220	1,173,687,748	5.212	29.187
250,000 - 274,999	4,799	5.704	61.924	1,258,143,022	5.587	34.773
275,000 - 299,999	4,055	4.820	66.744	1,163,713,911	5.167	39.941
300,000 - 324,999	3,692	4.388	71.132	1,152,112,375	5.116	45.057
325,000 - 349,999	3,145	3.738	74.870	1,060,160,130	4.708	49.764
350,000 -374,999	2,778	3.302	78.171	1,005,656,944	4.466	54.230
375,000 - 399,999	2,343	2.785	80.956	906,858,027	4.027	58.257
400,000 - 424,999	2,150	2.555	83.511	886,162,173	3.935	62.192
425,000 - 449,999	1,881	2.236	85.747	822,288,481	3.651	65.843
450,000 - 474,999	1,595	1.896	87.643	736,710,312	3.271	69.114
475,000 - 499,999	1,392	1.654	89.297	678,461,116	3.013	72.127
500,000 and greater	9,005	10.703	100.000	6,277,137,769	27.873	100.000
	84,137	100.000%		$22,520,329,493	100.000%	

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

Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District, and amounts delinquent as of June 30, for fiscal years 2011-12 through 2020-21.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2011-12 through 2020-21
Sacramento City Unified School District

	Secured Tax Charge[(1)]	Amt. Del. June 30	% Del. June 30
2011-12			
2012-13			
2013-14			
2014-15			
2015-16			
2016-17	36,846,021	307,015	0.83
2017-18	38,637,596	388,774	1.01
2018-19	39,103,684	328,227	0.84
2019-20	41,260,741	496,589	1.20
2020-21	45,154,083	407,237	0.90

(1) Debt service levy only.
Source: California Municipal Statistics, Inc.

Pursuant to Revenue and Taxation Code Section 4985.2, the Director of Finance may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due. See also "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Alternative Method of Tax Apportionment - Teeter Plan

In June of 1993, the County Board approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Under the Teeter Plan, typically, each county apportions secured property taxes on an accrual basis (irrespective of actual collections) to local political subdivisions, for which such county acts as the tax-levying or tax-collecting agency.

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 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 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 30th 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* property 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 taxes to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied to pay all of the outstanding general obligation bonds, irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See "DISTRICT FINANCIAL MATTERS – Considerations Regarding COVID-19" herein. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes within the District sufficient to pay the Bonds when due.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District from 2017-18 through 2021-22.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 3-005)[(1)]
Fiscal Years 2017-18 through 2021-22
Sacramento City Unified School District

	2017-18	2018-19	2019-20	2020-21	2021-22
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0130	.0131	.0232	.0223	.0249
Sacramento City Unified School District	.1235	.1164	.1139	.1171	.0918
Total Tax Rate	1.1365%	1.1295%	1.1371%	1.1394%	1.1167%

(1) 2021-22 assessed valuation of TRA 3-005 is $12,430,393,259, representing approximately 29.32% of the District total assessed valuation.

Source: California Municipal Statistics, Inc.

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Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within any of the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table presents information on the largest property taxpayers within the District for fiscal year 2021-22. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST 2021-22 LOCAL SECURED TAXPAYERS
Sacramento City Unified School District

	Property Owner	2021-22 Primary Land Use	% of Assessed Valuation	Total[(1)]
1.	City of Sacramento & The Sacramento Kings	Sports Arena	$320,347,451	0.78%
2.	M&H Realty Partners VI LP	Commercial	262,679,728	0.64
3.	Pac West Office Equities LP	Office Building	209,324,277	0.51
4.	Hancock SREIT Sacramento LLC	Office Building	200,809,050	0.49
5.	SRI Eleven 621 Capitol Mall LLC	Office Building	169,239,744	0.41
6.	Prime US-Park Tower LLC	Office Building	167,214,577	0.41
7.	HP Hood LLC	Industrial	153,697,178	0.38
8.	GPT Properties Trust	Office Building	150,974,102	0.37
9.	500 Capitol Mall LLC	Office Building	148,973,958	0.36
10.	300 Capitol Associates NF LP	Office Building	130,882,033	0.32
11.	BRE Depot PK LLC	Industrial	130,014,551	0.32
12.	Oakmont Properties The Press LLC	Apartments	118,306,000	0.29
13.	Kaiser Foundation Health Plan Inc.	Office Building	115,418,736	0.28
14.	Sacramento CA I FGF LLC	Office Building	106,706,547	0.26
15.	GSA Sacramento Newco LLC	Office Building	99,929,179	0.24
16.	Greenery Apartments LP & DLC Sacramento LLC	Apartments	98,339,177	0.24
17.	Gem Crossings LLC	Apartments	94,216,070	0.23
18.	CA Sacramento Commons LLC	Apartments	90,571,613	0.22
19.	1415 Meridian Plaza Investors LP	Office Building	86,500,000	0.21
20.	NB Element DST	Apartments	86,075,752	0.21
			$2,940,219,723	7.18%

(1) 2021-22 local secured assessed valuation: $40,932,044,833.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of February 22, 2022 for debt outstanding as of March 1, 2022. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report 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.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Sacramento City Unified School District

2021-22 Assessed Valuation: $42,389,941,073

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 3/1/22**
Los Rios Community College District	18.386	$91,595,375
Sacramento City Unified School District	**100.000**	**488,647,966**[(1)]
City of Sacramento Community Facilities Districts	0.009-100	25,605,451
City and Special District 1915 Act Bonds (Estimate)	Various	144,481,193
Southgate Recreation and Park Benefit Assessment District	16.163	1,311,604
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$751,641,589
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	22.150	$28,413,434
Sacramento County Pension Obligation Bonds	22.150	138,482,095
Sacramento County Board of Education Certificates of Participation	22.150	583,653
Sacramento City Unified School District Lease Revenue Bonds	**100.000**	**55,030,000**
City of Elk Grove General Fund Obligations	0.287	104,257
City of Rancho Cordova Certificates of Participation	9.599	1,235,391
City of Sacramento General Fund Obligations	58.150	326,896,040
Cordova Recreation and Park District General Fund Obligations	25.969	1,691,711
Cosumnes Community Services District Certificates of Participation	0.251	76,068
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	5.766	2,232,019
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$554,744,668
Less: City of Elk Grove supported obligations		23,247
Sacramento County supported obligations		3,042,824
City of Sacramento supported obligations		239,120,232
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$312,558,365
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$122,185,373
GROSS COMBINED TOTAL DEBT		$1,428,571,630[(2)]
NET COMBINED TOTAL DEBT		$1,186,385,327

Ratios to 2020-21 Assessed Valuation

Direct Debt ($488,647,966)	**1.15%**
Total Direct and Overlapping Tax and Assessment Debt	1.77%
Combined Direct Debt ($543,677,966)	**1.28%**
Gross Combined Total Debt	3.37%
Net Combined Total Debt	2.80%

Ratios to Redevelopment Incremental Valuation ($8,136,496,525):

Total Overlapping Tax Increment Debt	1.50%

(1) Excludes the Bonds but includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds will be payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIII A, XIII B, XIII C and XIII D, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy property taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the voters of the District in compliance with Article XIII A, Article XIII C, and all applicable laws.*

Article XIII A of the State Constitution

Article XIII A limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuation" herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) 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 fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any state taxes for the purpose of increasing tax revenues.

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 relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the

Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIII B of the State Constitution

Article XIII B ("Article XIII B") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "Propositions 98 and 111" below.

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 (respectively, "Article XIII C" and "Article XIII D"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school 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 and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and

explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one percent *ad valorem* property tax levied and collected by the County pursuant to Article XIII A. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 6, 2012, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be

excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget for any given fiscal year.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, was recalculated beginning in fiscal year 1990-91. It was based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. A complex adjustment in the formula was enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by fifty-five percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current one percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to one percent of the value of property. Property taxes may only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The fifty-five percent vote requirement would apply only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by fifty-five percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary or high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Jarvis v. Connell

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 6, 2012, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund

spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the

10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as a an emergency within the meaning of Article XIII B of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also required the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

SB 858. Senate Bill 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 PSSSA, 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 ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the 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 ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 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 PSSSA 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 ADA.

The Bonds are payable from *ad valorem* property 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 and Article XIII D of the State Constitution and Propositions 98, 39, 22, 26, 30, and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the California Department of Education (the "State Department of Education"). In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91"), established the current system for funding school districts, charter schools and county offices of education.

The primary component of AB 97 was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "—State Budget Measures" for information on the adjusted Base Grants provided by current budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2020-21, together with projections of such figures for fiscal year 2023-24.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2023-24
Sacramento City Unified School District

	Average Daily Attendance[1]					Enrollment[2]	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment[3]
2013-14							
2014-15							
2015-16							
2016-17							
2017-18							
2018-19							
2019-20	12,190	9,171	6,566	10,575	38,201		
2020-21							
2021-22[4]							
2022-23[4]							
2023-24[4]							

Note: ADA figures rounded to the nearest whole number.

(1) Except for fiscal year 2021-22, reflects as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school for a particular school district. For the 2019-20 school year, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See "—Considerations Regarding COVID-19" herein.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool students.

(3) 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 total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI 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 has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) ADA is projected. Based upon the District's second interim financial report for fiscal year 2021-22, approved on March ___, 2022. Funded ADA for fiscal years 2022-23 and 2023-24 assumes COLAs of __% and ___%, respectively. See also "—Budgets – *Fiscal Year 2021-22 Second Interim Report*" herein.

Source: Sacramento City Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

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

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

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

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and

weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a State agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

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

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal Government and Other Local Revenues. The federal government provides funding for several school district programs, including specialized programs such as No Child Left Behind, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, portions of a school district's budget can come from local sources other than property taxes, including but not limited to interest income, leases and rentals, interagency services, developer fees (as further described herein), foundations, donations and sales of property.

The California lottery is another source of funding for school districts, providing approximately 1% to 3% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery mandates the funds be used for instructional purposes, and prohibits their use for capital purposes.

Developer Fees. The District maintains a fund, separate and apart from its general fund, to account for developer fees assessed by the District on residential and commercial development. Currently, the District levies $3.36 per square foot for residential housing and $0.54 per square foot for commercial or industrial development. Developer fee revenue may only be used to construct or modernize school facilities to accommodate growths in enrollment. The following table lists the historical developer fees received by the District from fiscal years 2016-17 through 2020-21, and a projected amount for fiscal year 2021-22. District developer fees contribute to the payment of annual debt service on the District's outstanding Lease Revenue Bonds (as defined herein). See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT – District Debt Structure – Lease Revenue Bonds" herein.

DEVELOPER FEES
Fiscal Years 2016-17 through 2021-22
Sacramento City Unified School District

Fiscal Year	Developer Fees Collections
2016-17	$4,496,567.59
2017-18	4,753,306.71
2018-19	2,730,954.39
2019-20	6,208,728.19
2020-21	
2021-22[(1)]	

(1) Projected.

Source: Sacramento City Unified School District.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the current coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriated over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Coronavirus Relief and Response Supplemental Appropriations Act, 2021 ("CRRSA"), which included approximately $900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The CRRSA provided approximately $82 billion of COVID-19 related relief for education, including $54.3 billion for K-12 schools (largely through Title I funding), $22.7 billion for higher education and $4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American

Rescue Plan Act of 2021 (the "American Rescue Plan"), which provides approximately $1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor has enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlined the process of applying for such waivers for closures related to COVID-19 and (ii) directed school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

In response to the COVID-19 pandemic, on March 17, 2020, Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117") were signed by the Governor, both of which took effect immediately. SB 89 amended the Budget Act of 2019 by appropriating $500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specified that for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevented the loss of funding related to an instructional time penalty because of a school closed due to the COVID–19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID–19, (iii) required a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriated $100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. Additionally, the Governor, on March 4, 2021, signed into law Assembly Bill 86 ("AB 86"), urgency legislation which provided approximately $6.6 billion to accelerate the return of in-person school instruction and expand student support. See also "—State Budget Measures – Assembly Bill 86" herein.

[TO BE REVISED] The District has received, or expects to receive, approximately (i) $40,438,566 of learning-loss mitigation funding under the CARES Act, (ii) $15,876,567 of elementary and secondary school emergency relief funding under the CARES Act, (iii) $68,898,154 under the CRSSA and (iv) $154,311,760 under the American Rescue Plan.

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order"). The District closed its schools commencing March 12, 2020, and extended this closure through the end of the 2019-20 school year and into the beginning of the 2020-21 school year. During such periods of closure the District implemented distance learning programs for its students.

To date there have been thousands of confirmed cases of COVID-19 in the County, although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools), as well as supply chain issues as these restrictions and closures have been lifted. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. Stock

markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("Executive Order N-60-20"), which directed the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The order provided that stages would be phased in gradually, and counties which met readiness criteria and worked with the State Department of Public Health could open more public spaces and workplaces, as outlined by the State, with variances allowed by county. Pursuant to Executive Order N-60-20, local jurisdictions could issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State budget, was signed by the Governor, which took effect immediately. SB 98 provided that distance learning could be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provided requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers.

On August 28, 2020, the Governor released a revised system of guidelines for reopening – "Blueprint for a Safer Economy" (the "Blueprint"). The Blueprint placed each of the State's 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties were required to remain in a tier for at least three weeks before advancing to the next one. To move forward, a county was required to meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fell into different tiers, the county remained in the stricter tier. The County was last in the orange tier.

Under the Blueprint, schools could reopen for in-person instruction in accordance with the California Department of Public Health's "COVID-19 and Reopening In-Person Instruction Framework & Public Health Guidance for K-12 Schools in California, 2020-2021 School Year" (the "Guidelines"). The Guidelines consolidated and updated prior State public health guidance and orders related to schools. Pursuant to the Guidelines, prior to reopening for in-person instruction, all schools were required to complete and post to their website a COVID-19 Safety Plan ("CSP"), and, if in the purple tier, submit the CSP to the local health department and the State Safe Schools for All Team. Schools in the red, orange and yellow tiers could reopen for in-person instruction at all grades. Schools serving grades 7-12 in the purple tier could not reopen for in-person instruction. Schools serving grades K-6 could open for in-person instruction in the purple tier if the adjusted case rate was less than 25 cases per 100,000 of population. Schools had a three-week period to open, starting the day the county met the criterion for reopening, even if the county stops meeting the criterion during that window. If a school opened while the county was in the red, orange, or yellow tier, and the county reverted to the purple tier, or if a school opened while the county was in the purple tier, and the county case rate later exceeded the criteria described above, individual school sites could not be required to close. K-6 schools in the purple tier that

had received a waiver under previous guidance from the State and had subsequently begun their reopening of in-person instruction could also continue to offer in-person instruction.

The District began its 2021-22 academic year on August 23, 2021 with in-person instruction, while also offering an independent study program to qualifying students. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the current and coming academic year.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the "Regional Stay at Home Order"), and a supplemental order, signed December 6, 2020, which divides the State into fiver regions (Norther California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which went into effect at 11:59 PM the day after a region was announced to have less than 15% ICU availability. The orders prohibited private gatherings of any size, closed sector operations except for critical infrastructure and retail, and required 100% masking and physical distancing in all others. Guidance related to schools remained in effect and unchanged. Schools that had reopened for in-person instruction may remain open, and schools could continue to bring students back for in-person instruction under the existing elementary school waiver process or cohort guidance provided by the California Department of Public Health. The Regional Stay at Home Order went into effect in the County on December 16, 2020 and was lifted on January 29, 2021.

On June 11, 2021, the Governor issued two executive orders. The first order rescinded several previous executive orders effective June 15, 2021, including the Stay Home Order and the order that led to the establishment of the Blueprint. The second order began the process of winding down the State's COVID 19-related executive orders in several phases: by June 30, 2021 (including most of Order N-26-20); by July 31, 2021; and by September 30, 2021. Under the order's timeline, by September 30, 2021, nearly 90% of the executive actions taken since March 2020 will have been lifted. In addition, on June 11, 2021, the California Department of Public Health issued an order was to take effect on June 15, 2021. The order replaced the previous public health orders, allowing all sectors to return to usual operations, with limited exceptions for events characterized by large crowds (greater than 5,000 attendees indoors and 10,000 attendees outdoors), which will require (indoors) or recommend (outdoors) vaccine verification and/or negative testing through October 1, 2021. Face coverings are required in certain settings, such as on public transit, indoors in schools and childcare settings, and in healthcare settings, as well as, for unvaccinated individuals, in all indoor public settings and businesses. Additionally, Californians are required to follow existing guidance for K-12 schools, childcare programs, and other supervised youth activities. On February 16, 2022, the State-wide mask mandate was lifted for vaccinated individuals in most settings, although masks are still currently being required in schools, and individual counties may still require masks to be worn. The Governor has announced that the mask mandate for schools will be allowed to lapse after March 11, 2022.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT –

Retirement Programs" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov), California Department of Public Health (https://covid19.ca.gov/) and the County Department of Health (https://dhs.saccounty.gov/PUB/Pages/PUB-Home.aspx). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding SB 117 or the Blueprint, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF THE BONDS –Assessed Valuations" herein.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable solely from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

2021-22 State Budget. On July 16, 2021, the Governor signed a series of bills representing the State budget for fiscal year 2021-22 (the "2021-22 Budget"). The Governor's signing followed negotiations between the Governor and the State Legislature regarding the final provisions of the 2021-22 Budget, including the expenditure of a large projected State general fund surplus. The State Legislature passed temporary budgetary legislation in June of 2021 to meet the required constitutional deadline. The following is drawn from the DOF and LAO summaries of the 2021-22 Budget.

The 2021-22 Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021, continued stock market appreciation, and a significantly upgraded economic forecast from the prior fiscal year. The 2021-22 Budget also reports that the State has received approximately $285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For fiscal year 2020-21, the 2021-22 Budget projects total general fund revenues and transfers of $188.8 billion and authorizes expenditures of $166.1 billion. The State is projected to end the 2020-21

fiscal year with total reserves of $39.8 billion, including $25.1 billion in the traditional general fund reserve, $12.3 billion in the BSA, $1.9 billion in the PSSSA and $450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the 2021-22 Budget projects total general fund revenues and transfers of $175.3 billion and authorizes expenditures of $196.4 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $25.2 billion, including $4 billion in the traditional general fund reserve, $15.8 billion in the BSA, $4.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The balance in the PSSSA in fiscal year 2021-22 is projected to trigger school district reserve caps beginning in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at $93.7 billion. This results in per-pupil funding of $13,976 from Proposition 98 funding, growing to $21,555 when accounting for all funding sources. The 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, setting them at $79.3 billion and $93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $47 billion from the level projected by the 2020-21 State budget. In addition, Test 1 is projected to be in effect over this three year period.

Other significant features relating to K-12 school district funding include the following:

- *Local Control Funding Formula*: The 2021-22 Budget funds a compounded COLA of 4.05%, representing an adjustment of 2.31% allocable to fiscal year 2020-21 and a fiscal year 2021-22 adjustment of 1.7%. Additionally, to assist local educational agencies address ongoing fiscal pressures, the 2021-22 Budget also includes $520 million in Proposition 98 funding to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in a 5.07% growth in LCFF funding over 2020-21 levels. As result, the adjusted Base Grants for fiscal year 2021-22 are as follows: (i) $8,093 for grades Kindergarten through 3, (ii) $8,215 for grades 4 through 6, (iii) $8,458 for grades 7 and 8, and (iv) $9,802 for grades 9 through 12. To increase the number of adults providing direct services to students on school campuses, the 2021-22 Budget also includes an ongoing increase to the LCFF Concentration Grant of $1.1 billion, an increase from 50% to 65%. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. Local educational agencies that are recipients of these funds will be required to demonstrate in their LCAPs how these funds are used to increase the number of certificated and classified staff on their campuses, including school counselors, nurses, teachers, paraprofessionals, custodial staff, and other student support providers.

- *Deferrals:* The State budget for fiscal year 2020-21 deferred approximately $1.9 billion in K-12 apportionments in fiscal year 2019-20, growing to more than $11 billion in fiscal year 2020-21. The 2021-22 Budget eliminates in its entirety all K-12 deferrals in fiscal year 2021-22.

- *Universal Transitional Kindergarten:* The 2021-22 Budget includes a series of provisions intended to incrementally establish a universal transitional kindergarten for four-year-old children. Full implementation is expected by fiscal year 2025-26. Local educational agencies will be able to use fiscal year 2021-22 for planning and infrastructure development. The 2021-22 Budget indicates that the costs to the State general fund of the plan are projected to be approximately $600 million in fiscal year 2022-23, growing to approximately $2.7 billion in fiscal year 2025-26. The 2021-22 Budget includes $200 million in one-time Proposition 98 funding for planning and implementation grants for all local educational agencies and $100 million in one-time Proposition 98 funding to train and increase the

number of early childhood educators. To build on and enhance the quality of the existing transitional kindergarten program, the 2021-22 Budget also proposes new ongoing Proposition 98 funding beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom, reducing adult-to-child ratios from 1:24 to 1:12.

- *Student Supports:* $3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. In addition, the 2021-22 Budget provides $547.5 million in one-time Proposition 98 funding to assist high school students, particularly those that are eligible for free and/or reduced priced meals, English learners or foster youth, to graduate having completed certain classes required for admission to the California State University and University of California systems.

- *County Offices of Education:* In recognition of the disproportionate impact of the COVID-19 pandemic on youth in foster care, the 2021-22 Budget provides $30 million in one-time Proposition 98 funding to county offices of education to work with local partners to coordinate and provide direct services to these students.

- *Expanded Learning Time:* $1.8 billion of Proposition 98 funding as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their number of low-income students, English language learners, and youth in foster care, with local educational agencies with the highest concentrations of these students receiving a higher funding rate. All local educational agencies will be required to offer expanded learning opportunities to the students generating the funding, with the local educational agencies receiving the higher funding rate required to offer expanded learning opportunities to all students. Students will have access to no-cost after school and summer programs, which when combined with regular instructional time, is expected to provide these students with the opportunity for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for six weeks each summer. Additionally, these programs will be required to maintain adult-to-student ratios of no less than 1:10 for Transitional Kindergarten and Kindergarten students and 1:20 for students in first through sixth grades.

- *Educator Preparation, Retention and Training:* $2.9 billion to support a variety of initiatives intended to further expand the State's educator preparation and training infrastructure, including meeting the needs of early childhood educators.

- *Nutrition:* $54 million in additional Proposition 98 funding to reimburse all meals served to students, including those who would not normally qualify for reimbursement under the State's existing meal program. Beginning in fiscal year 2022-23, all public schools will be required to provide two free meals per day to any student who requests one, regardless of income eligibility. Further, all schools eligible for the federal universal meals provision program will be required to apply for it, and the State will cover any remaining unreimbursed costs up to the federal free per-meal rate, at an estimated annual cost of $650 million in Proposition 98 funding. Additionally, the 2021-22 Budget provides $150 million in one-time

Proposition 98 funding for school districts to upgrade kitchen infrastructure and equipment, and to provide training to food service employees.

- *Remote Learning:* The 2021-22 Budget requires that all districts return to full-time in-person instruction for the 2021-22 school year. Consistent with all school years prior to fiscal year 2020-21, this mode of instruction will be the default for all students, and generally one of only two ways in which local educational agencies can earn State apportionment funding in fiscal year 2021-22. However, to give families a high-quality option for non-classroom based instruction, and to provide local educational agencies with an option to generate state funding by serving students outside the classroom in response to parent requests, the Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the State's existing independent study programs.

- *Special Education:* $1.7 billion to invest in and improve instruction and services for students with disabilities to provide, among other things, learning recovery support, an increase in the State-wide base funding rate for special education funding, a 4.05% COLA to State special education funding, and early intervention services for preschool-aged children.

- *Career Technical Education (CTE):* An increase of $150 million in ongoing Proposition 98 funding to augment opportunities for local educational agencies to participate in the CTE Incentive Grant Program. The 2021-22 Budget also provides an increase of $86.4 million in one-time Proposition 98 funding for CTE regional occupational centers or programs operated by joint powers authorities to address costs associated with the COVID-19 pandemic.

For additional information regarding the 2021-22 Budget, see the DOF and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Assembly Bill 86. On March 4, 2021, the Governor signed into law Assembly Bill 86 ("AB 86"), urgency legislation which provided approximately $6.6 billion to accelerate the return of in-person school instruction and expand student support. Specifically, AB 86 provided $2 billion for in-person instruction grants to local educational agencies (with the exception of non-classroom based charter schools and independent study programs) that can be used for, among other things, personal protective equipment, ventilation upgrades and COVID-19 testing. To qualify for the funding, local educational agencies were required to offer in-person instruction for Kindergarten through second grade, and all grade levels for high-needs students, by March 31, 2021, losing 1% of eligible funds for every day thereafter if they did not. Schools in the Blueprint's red, orange or yellow tiers were required to offer in-person instruction to all elementary grades and at least one middle or high school grade or risk losing the same amount of funding. Local educational agencies forfeited eligibility for all funding if they did not resume in-person instruction by May 15, 2021. Funding will be allocated proportionally on the basis of LCFF funding entitlements, determined as of the fiscal year 2020-21 second principal apportionment certification.

The remaining $4.6 billion was allocated for supplemental instruction and support for social and emotional well-being. Schools will be able to use the funds for, among other things, providing more instructional time (including summer school), tutoring, learning recovery programs, mental health services, access to school meal programs, programs to address pupil trauma and supports for credit-deficient students. Funding will be allocated proportionally on the basis of LCFF funding entitlements, determined as of the fiscal year 2020-21 second principal apportionment certification. Local educational agencies will also receive an additional $1,000 for each homeless pupil enrolled in the 2020-21 fiscal year.

AB 86 also codified several State programs that support the safe re-opening of schools, including (i) setting aside 10% of available vaccines for education workers, (ii) COVID-19-related data reporting requirements, and (iii) additional funding for the State's "Safe Schools Team," which provides technical assistance and oversight to schools that experience COVID-19 outbreaks.

Proposed 2022-23 State Budget. On January 10, 2022, the Governor released his proposed State budget for fiscal year 2022-23 (the "Proposed 2022-23 Budget"). The following information is drawn from the DOF and LAO overviews of the Proposed 2022-23 Budget.

The Proposed 2022-23 Budget reports that, since the passage of the prior year's budgetary legislation, the State's economy has continued to recover from the recession occasioned by the COVID-19 pandemic. Before accounting for certain required transfers (such as those to the BSA), State revenues are higher than the projections included in the 2021-22 Budget by almost $28.7 billion over a three-year span from 2020-21 through 2022-23. The Proposed 2022-23 Budget attributes this increase to four main factors: (1) a more robust economic recovery, (2) a greater share of wage gains going to high-wage sectors, (3) a stronger-than-forecast stock market, and (4) higher inflation. The Proposed 2022-23 Budget identifies several risk factors that could affect the current economic and revenue forecasts, including the impact of the COVID-19 Omicron variant or other potential future COVID-19 variants, persistent supply chain issues, increased inflation, stock market volatility and the lack of affordable housing.

For fiscal year 2021-22, the Proposed 2022-23 Budget projects total general fund revenues and transfers of $196.7 billion and authorizes expenditures of $210 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $47.4 billion, including $20.5 billion in the traditional general fund reserve, $19.3 billion in the BSA, $6.7 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the Proposed 2022-23 Budget projects total general fund revenues and transfers of $195.7 billion and authorizes expenditures of $213 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $34.6 billion, including $3.1 billion in the traditional general fund reserve, $20.9 billion in the BSA, $9.7 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The projected balance in the PSSSA at the conclusion of fiscal year 2021-22 will trigger school district reserve caps in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The upward revisions of State general fund revenues results in significant increases to the Proposition 98 minimum funding guarantee. Proposition 98 funding for K-14 school districts for fiscal year 2022-23 is set at $102 billion (including $73.1 billion from the State general fund and $28.9 billion from other sources), an increase of $8.2 billion (or 8.8%) from the level set by the 2021-22 Budget. The Proposed 2022-23 Budget projects that Test 1 will be in effect in fiscal year 2022-23, as it has been in the prior two fiscal years. To accommodate expected enrollment increases related to the expansion of transition kindergarten (as described more fully below), the Proposed 2022-23 Budget would rebench the Test 1 percentage of State revenues allocated to education.

As a result of increased revenues, the Proposed 2022-23 Budget would also make certain retroactive adjustments to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at $95.9 billion and $99.1 billion, respectively. Together with the funding level for fiscal year 2022-23, this represents a three-year increase in the guarantee of $16.1 billion over the level included in the 2021-22 Budget.

The Proposed 2022-23 Budget would set total funding for K-12 education at $119 billion, including $70.5 billion from the State general fund and $48.5 billion from other sources. K-12 per-pupil

funding would total $20,855 from all sources, including $15,261 from Proposition 98 sources. Other significant features relating to K-12 school district funding include the following:

- *Local Control Funding Formula*: The Proposed 2022-23 Budget funds a COLA of 5.33% to LCFF apportionments for K-12 school districts and county offices of education. The Proposed 2022-23 Budget acknowledges that demographic trends which existed prior to the COVID-19 pandemic have been exacerbated over the past two fiscal years. To allow K-12 school districts to adjust to enrollment-related funding declines and minimize the impacts of single-year drops in enrollment, the Proposed Budget would amend the LCFF calculation to consider the greater of a school district's current year, prior year or average of three prior years' ADA. The Proposed 2022-23 Budget also indicates that the administration intends to engage in outreach and discussions with interested parties to explore options for providing declining enrollment protections to charter schools. Ongoing costs associated with these funding changes are estimated to be approximately $1.2 billion in Proposition 98 funds.

- *Categorical Programs:* An increase of $295 million in ongoing Proposition 98 funding to provide a 5.33% COLA for categorical programs that remain outside the LCFF.

- *Universal Transitional Kindergarten*: $639.2 million to expand eligibility for transitional kindergarten to include all children turning five years old between September 2 and February 2, beginning in the 2022-23 fiscal year. These funds will increase the Proposition 98 minimum guarantee through a rebenching process, as described above. Additionally, the Proposed 2022-23 Budget includes $383 million in Proposition 98 funding to add one additional certificated or classified employee to every transitional kindergarten class, which is expected to reduce student-to-adult ratios to more closely align with the State's preschool program.

- *Literacy*: The Proposed Budget provides a series of measures to provide access to literacy support systems, including (i) $500 million in one-time Proposition 98 funding for grants to high-needs schools to train and hire literacy coaches and reading specialists, and (ii) $200 million in one-time Proposition 98 funding to enable local educational agencies to create and expand multi-lingual school or classroom libraries.

- *Educator Preparation, Retention and Training:* $54.4 million in Proposition 98 funding and other State funds to continue to support a variety of initiatives intended to further expand the State's educator preparation and training infrastructure.

- *Expanded Learning Time:* $3.4 billion in ongoing Proposition 98 funding to continue funding a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students. The Proposed 2022-23 Budget also includes $937 million in one-time Proposition 98 funding to support expanded learning opportunities infrastructure, with a focus on integrating arts and music programming into enrichment opportunities for students.

- *Special Education:* $500 million to increase in the State-wide base funding rate for special education funding.

- *College and Career Pathways*: $1.5 billion in one-time Proposition 98 funding, over four years, to support the development of college and career pathways for high schoolers focused on technology (including computer science, green technology and engineering), health care, education and climate-related fields. Additionally, the Proposed 2022-23 Budget includes

$500 million in one-time Proposition 98 funding, also available over four years, to strengthen and expand student access and participation in dual enrollment opportunities that are also coupled with student advising and support services. These funds are intended to complement $45 million in higher education funding for pathways and partnerships for STEM, education and health care career preparation.

- *Transportation*: $1.5 billion in one-time Proposition 98 funding, available over three years, to support school transportation programs with a focus on greening school bus fleets. These funds would include grants of (i) $500,000 for local educational agencies with high concentrations of low-income, foster youth and English-learning students, and (ii) $500,000 for local educational agencies to acquire electric school buses and associated infrastructure.

- *Nutrition:* $596 million in additional Proposition 98 funding to build on prior budgetary legislation to create universal access to subsidized school meals. Additionally, the Proposed 2022-23 Budget provides $450 million in additional, one-time Proposition 98 funding to upgrade school kitchen infrastructure and equipment to incorporate fresh, minimally-processed, California-grown foods in school meals. Finally, the Proposed 2022-23 Budget provides an additional $30 million in one-time Proposition 98 funding to support a farm-to-school program which connects local producers and school food buyers, increases food education opportunities at schools, gardens and farms, and engages schools and students with the agricultural community.

- *Facilities:* $1.4 billion in State general obligation bond funding to support school construction projects. This represents the final installment available to K-12 school districts under Proposition 51. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51" herein. The Proposed 2022-23 Budget also provides $1.3 billion in one-time State general funds in fiscal year 2022-23, and $925 million of such funds in 2023-24, to support new construction and modernization projects through the State's school facility program. Finally, the Proposed 2022-23 Budget includes $30 million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program.

For additional information regarding the Proposed 2022-23 Budget, see the DOF and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict 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 over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem*

property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

District Budgets and County Oversight

State Budgeting Requirements. The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than October 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that

will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

For fiscal years 2018-19 through 2019-20, as well as the first interim report for fiscal year 2020-21, the District reported, and the County Office of Education accepted, negative certifications on the interim financial reports submitted for such years. The District reported, and the County Office of Education accepted, qualified certifications on the second interim report for fiscal year 2020-21 and the first interim financial report in fiscal year 2021-22.

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* 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 Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee at the direction of the county superintendent to serve the school district until it has adequate fiscal systems and controls in place. In connection with appointing such a trustee, some or all of the legislative powers of the governing board of such a school district can be suspended until the district achieves fiscal stability.

The District's current Fiscal Recovery Plan does not project the need for an emergency apportionment in fiscal year 2021-22. However, on-going reductions of $26.2 million are projected to be required in order to balance the District's budget, meet the minimum required reserve levels and maintain fiscal solvency. The District can make no representation that an emergency apportionment will not be required in future fiscal years.

Disapproval of Fiscal Year 2018-19 Budget and Initial County Oversight. By letter dated August 22, 2018, the County Office of Education disapproved the District's fiscal year 2018-19 adopted budget, citing concerns regarding the District's on-going structural deficit. The County Office of Education disapproved the District's revised budget for that year on October 11, 2018. Pursuant to Education Code Section 42127.6(e), the Sacramento County Superintendent of Schools (the "County Superintendent") was authorized to implement increased oversight procedures, including (i) developing and imposing budget revisions to enable the District to meet its financial obligations, (ii) staying and rescinding any actions by the District determined to be inconsistent with meeting the District's financial obligations, (iii) assist in the development of a multi-year financial plan, (iv) assist in the development of the following fiscal year's budget, and (v) the assignment of a fiscal advisor (the "Fiscal Advisor") to assist the District develop a balanced budget. The District's subsequent adopted budgets for fiscal years 2019-20 and 2020-21 were similarly disapproved, with the County Office of Education citing in each instance ongoing concerns regarding the structural deficit, projected negative ending fund balances, and projected failures to maintain minimum general fund reserves. The Fiscal Advisor continues to be in place, and, as a result of conditionally approving the District's current budget, the County Superintendent continues to be authorized to implement the increased oversight procedures authorized by Education Code 42127.6(e). See "—Conditional Approval of Fiscal Year 2021-22 Budget" below.

Conditional Approval of Fiscal Year 2021-22 Budget. By letter dated September 15, 2021, the County Office of Education conditionally approved the District's adopted budget for Fiscal Year 2021-22 (the "2021-22 District Budget"). The County Office of Education concluded that the 2021-22 District Budget did not provide adequate assurance that the District was a going concern and could meet its future obligations. The County Office of Education noted that the 2021-22 District Budget projected a significant

drop in funded ADA in fiscal year 2021-22, as result of the expiration of the hold-harmless provisions instituted by State budgetary legislation in response to the COVID-19 pandemic, with continuing projected decreases in fiscal years 2022-23 and 2023-24. Coupled with projected increases in ongoing costs, the unrestricted general fund balance was projected to decrease by $6.7 million in fiscal year 2021-22, and by $18.2 million and $24.9 million in fiscal years 2022-23 and 2023-24, respectively. Recognizing that the District required additional time to identify mea to eliminate the structural deficit, the County Office of Education issued a conditional approval in lieu of disapproving the 2021-22 District Budget, with a requirement that the District submit a board-approved financial plan that would enable the District to meet its future obligations, including (i) identifying areas of overstaffing and aligning staffing with enrollment and associated revenues, (ii) identifying areas of significant cost growth and strategies to reduce them, and (iii) identifying additional cost savings to eliminate the structural deficit over the multi-year forecast period. This financial plan was required to be delivered no later than December 15, 2021.

First Interim Report for Fiscal Year 2021-22 and Fiscal Recovery Plan. On December 16, 2021, the District Board approved the 2021-22 First Interim. The 2021-22 First Interim projected District general fund revenues of $711.3 million (an increase of $152.1 million from the 2021-22 District Budget) and expenditures of $715.7 million (an increase of $125.8 million from the 2021-22 District Budget). In particular, federal revenues increased approximately $132 million from the prior level, while the most significant increases in expenditures were on books and supplies (an increase of $48.6 million from the prior level) and other services and operating expenses (an increase of $51.8 million from the prior level). The 2021-22 First Interim reflected the major assumptions built into the State budget for the current year. See "—State Budget Measures" herein.

The 2021-22 First Interim projected a current-year operating deficit of $2.35 million. For fiscal years 2022-23 and 2023-24, the 2021-21 First Interim projected deficits of $19.5 million and $26.2 million, respectively. The District was projected to satisfy the minimum required general fund reserve level of 2% in all three years. The projected deficits are primarily due to declining enrollment, and funding levels included in the 2021-22 First Interim do not reflect any increased costs from any bargaining unit settlement that the District might reach. See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT – Bargaining Units" herein.

Concurrently with the 2021-22 First Interim, the District Board approved a revised Fiscal Recovery Plan to address the conditional approval of the current year budget. See "—Conditional Approval of Fiscal Year 2021-22 Budget" herein. The Fiscal Recovery Plan reported that, although an emergency State apportionment is not projected to be required in fiscal year 2021-22, on-going reductions of $26.2 million would be required in order to balance the District's budget, meet the minimum required reserve levels and maintain fiscal solvency. The District projects having a positive cash balance through June of 2024, however, due to deficit spending, cash balances are projected to decline. The Fiscal Recovery Plan includes the following proposed revenue and expenditure measures:

1. Approve non-negotiated staffing reductions to align with enrollment declines, as well as shifting certain one-time expenses to restricted sources, which would be effective July 1, 2022 ($7.9 million in projected savings).

2. Reserve one-time unrestricted general fund savings resulting from unexpended budget categories ($14.2 million in projected savings).

3. Apply any additional unrestricted general funds provided by the adopted State budget for fiscal year 2022-23 to the deficit, and refrain from allocating any such funds to expenses until the deficit is eliminated.

4. Implement budgetary measures requiring negotiation with the District's bargaining units, including reducing District contributions to health, visions and dental benefits (approximately $43.1 million in projected savings), as well as a 1% salary reduction and eliminating one furlough day.

5. Revisit central office and school site staffing reductions, as needed, to address the deficit ($14.1 million in projected savings).

No representation can be made that the proposed expenditure reductions and revenues measures in the Fiscal Recovery Plan can be achieved.

Second Interim Report for Fiscal Year 2021-22. The 2021-22 Second Interim was approved by the Board on March 17, 2022 with a "qualified" certification. Generally, the 2021-22 Second Interim reports that the District has made some progress in reducing the District's structural deficit and no longer has an imminent need for a State loan. This progress resulted from budgetary reductions, strategic use of restricted resources, aligning FTES counts to enrollment and budget monitoring to capture savings when possible.

The 2021-22 Second Interim projects a current-year operating surplus of $4.3 million, growing to $10.5 million in fiscal year 2022-23. However, the District is projecting a general fund deficit of $6.2 million in fiscal year 2023-24, necessitating the need for further budgetary solutions. The District is projected to satisfy the minimum required general fund reserve level of 2% in all three years, as well as the additional 3% reserve required by District Board policies. Finally, the District is projected to have a positive cash balance through June of 2024. The District's revenue projections are based on the funding levels built into the proposed State budget for fiscal year 2022-23 (see "—State Budget Measures" herein), including the proposal to amend the LCFF calculation to consider the greater of a school district's current year, prior year or average of three prior years' ADA. The District, however, can make no representation whether some or any of the Governor's proposals will be enacted.

Finally, the 2021-22 Second Interim continued to include a matrix showing the progress the District has made in addressing findings made by FCMAT. See "—FCMAT Fiscal Health Risk Analysis" herein. As of the date of the 2021-22 Second Interim, the District had reported that it had addressed 34 of FCMAT's recommendations, with 26 findings left to be fully addresse.

Recent Financial Trends. The on the next page summarizes the District's adopted general fund budgets for fiscal years 2018-19 through 2021-22, ending results for fiscal years 2017-18 through 2020-21, and projected results for fiscal year 2021-22.

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GENERAL FUND BUDGETING
Fiscal Years 2018-19 through 2021-22
Sacramento City Unified School District

	Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22	
REVENUES	**Budgeted[1]**	**Ending[1]**	**Budgeted[1]**	**Ending[1]**	**Budgeted[1]**	**Ending[1]**	**Budgeted[2]**	**Projected[3]**
LCFF	$398,504,903	$398,672,584	$411,797,231	$413,709,116	$412,231,565	$412,682,736	$432,750,059	$436,724,894
Federal	53,970,361	47,850,158	66,583,550	51,917,179	116,834,764	106,543,983	46,193,654	181,366,094
Other state	67,215,792	91,644,448	72,319,786	78,372,218	75,048,088	99,545,932	73,939,718	90,458,354
Other local	6,694,121	11,661,233	9,090,755	9,950,079	9,685,814	7,979,528	6,385,645	8,756,074
Total Revenues	526,385,177	549,828,423	559,791,322	553,948,592	613,800,231	626,752,179	559,269,075	717,305,415
EXPENDITURES								
Current								
Certificates salaries	210,175,812	211,749,238	222,800,621	209,808,827	215,532,888	213,345,658	225,805,852	231,715,946
Classified salaries	66,138,347	63,096,658	62,778,941	60,163,620	58,460,874	62,484,309	61,720,315	66,391,505
Employee benefits	172,109,818	186,303,443	177,606,806	175,948,151	181,174,974	177,007,077	189,329,145	189,585,230
Books and supplies	22,899,370	14,459,073	41,196,691	11,145,790	101,259,537	56,495,308	29,444,199	78,649,370
Contract services and operating expenditures	82,011,585	70,305,279	75,194,802	65,548,240	84,007,765	76,546,897	82,045,873	134,868,159
Other outgo	--	689,233	471,000	1,150,697	1,100,000	1,265,463	1,150,000	1,150,000
Transfers of indirect costs	--	--	--	--	--	--	(1,300,180)	(1,156,139)
Capital outlay	5,328,453	6,855,740	627,792	8,361,223	484,435	4,423,302	1,781,522	13,848,193
Debt service								
Principal retirement	2,626,713	31,643	10,300	2,820	--	--	--	--
Interest	2,378,333	808	--	--	--	--	--	--
Total Expenditures	563,668,431	553,491,115	580,686,953	532,129,368	642,020,473	591,568,014	589,976,725	715,052,263
(Deficiency) excess of revenues (under) over expenditures	(37,283,254)	(3,662,692)	(20,895,631)	21,819,224	(28,220,242)	35,184,165	(30,707,650)	2,253,152
Other financing sources (uses)								
Transfers in	4,208,003	3,850,573	4,022,539	3,598,304	3,798,264	3,181,213	2,316,301	2,291,754
Transfers out	(2,875,207)	(1,719,449)	(1,833,785)	(2,698,262)	(1,981,864)	(5,507,272)	(266,000)	(266,000)
Proceeds from the sale of land/buildings	--	1,360,162	--	--	--	--	--	--
Other Financing Sources (Uses)	1,332,796	3,491,286	2,188,754	900,042	1,816,400	(2,326,059)	2,050,301	2,025,754
Net Change in Fund Balances	(35,950,458)	(171,406)	(18,706,877)	22,719,266	(26,403,842)	32,858,106	(28,657,349)	4,278,906
Fund Balances – July 1	70,500,751	70,500,751	70,329,345	70,329,345	93,048,611	93,048,611	125,906,717	125,906,717
Fund Balances – June 30	$34,550,293	$70,329,345	$51,622,468	$93,048,611	$66,644,769	$125,906,717	$97,249,369	$130,185,623

(1) From the District's audited financial statements in each fiscal year.
(2) Reflects the District's original adopted budget for fiscal year 2021-22, approved on June 24, 2021.
(3) From the District's second interim financial report for fiscal year 2021-22, approved on March 17, 2022.
Source: Sacramento City Unified School District.

FCMAT Fiscal Health Risk Analysis

Following the disapproval of its 2018-19 budget, in September 2018 the District entered into an agreement for FCMAT to conduct a fiscal health risk analysis (the "FHRA") of the District. The FRHA is a metrics-based scorecard tool developed by FCMAT to evaluate a school district's fiscal health and risk of insolvency, and is composed of a series of questions in 20 specific areas. The FRHA assigns a total score to the participating district, with 100% being the highest total risk that can be scored. Not all questions within each section carry equal weight; some areas carry a higher risk and are weighted more heavily towards the total score. The District's FHRA also involved a one-day visit by FCMAT to conduct interviews, collect data and review documents. FCMAT issued a report of its conclusions (the "FCMAT Risk Analysis") dated December 12, 2018.

The District's total FRHA score was 44.8%, indicating a high probability of fiscal insolvency in the near future based on the topics covered by the FCMAT Risk Analysis. FCMAT recommended that the District take immediate action to avoid further erosion of the District's reserves. FCMAT identified several signs of fiscal distress for the District, including deficit spending, substantial reductions in fund balance, inadequate reserve levels, approval of a bargaining agreement beyond cost-of-living adjustments, large increases in contributions to restricted programs (especially in special education), lack of a strong position control system, and leadership issues.

The full FCMAT Risk Analysis is available at http://www.fcmat.org/, however the information presented on such website is not incorporated herein by any reference. In response to the FCMAT Risk Analysis, the District established its Fiscal Transparency and Accountability Committee to review the District's budget based on District priorities and goals, review and advise on budget versus actual expenditure variances, and evaluate the budget based on student performance and outcome indicators. This committee consists of three members of the Board and began meeting regularly in February 2019.

Although FCMAT's oversight and review of the District ended after the Fiscal Risk Analysis was presented to the Board, the District and FCMAT entered into an agreement for FCMAT to review the District's budget and develop independent multiyear financial projections and cash flow analysis for 2019-20 and the two subsequent fiscal years, to determine whether the District will need an emergency appropriation from the State. FCMAT issued a set of recommendations to the District and found that, without substantial corrective action to the District budget, an emergency appropriation from the State would be likely necessary in fiscal year 2021-22. The District does not project the need for such an emergency appropriation in the current fiscal year. The District's interim financial reports include a matrix showing the District's self-reported progress in addressing findings made by FCMAT. See "— District Budgets and County Oversight – *First Interim Report for Fiscal Year 2021-22 and Fiscal Recovery Plan*" herein.

State Audit

The California Joint Legislative Audit Committee directed that a California State Auditor conduct a performance audit (the "State Audit") of the District's finances for the fiscal year period of 2013-14 through 2019-20 and identify causes of the District's fiscal distress. The State Audit was released in December 2019, finding that the District failed to take sufficient action to control its costs in three main areas—teacher salaries, employee benefits, and special education. The State Audit found that the District (i) increased its spending by $31 million annually when it approved a new labor contract with its teachers union in 2017, despite warnings from the County Office of Education that this agreement was potentially unaffordable, (ii) failed to control the costs of its employee benefits, which increased by 52% from fiscal years 2013–14 through 2017–18, and (iii) lacked clear policies to guide staff on appropriate expenditures for special education, limiting its ability to control such costs.

To address the District's fiscal issues as of December 2019, the State Audit recommended that the District (i) adopt a detailed plan to resolve its fiscal crisis, (ii) revise its multiyear projections, with at least quarterly updates, until sufficient budgetary measures could be implemented to eliminate the structure deficit, (iii) adopt a multiyear projection methodology, with assumptions and rationale used to estimate changes in salaries, benefits, contributions, and LCFF revenue, and (iv) before it imposes an agreement on its teachers union or accepts state assistance, publicly disclose the likely effects that such actions will have on the District's students, faculty, and the community, and its plans to address these effects. The State Audit also recommended that the District (i) develop a long-term funding plan to address its retiree health benefits liability, (ii) adopt a policy that guides staff on steps they should take to ensure that special education expenditures are cost-effective, (iii) annually apply for available state funding for its extraordinary special education costs, (iv) develop and adopt a succession plan that ensures that it has staff who have the training and knowledge necessary to assume critical roles in the case of turnover, and (v) develop effective employee orientation programs, including mentorship.

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

The full State Audit is available at https://www.bsa.ca.gov/pdfs/reports/2019-108.pdf, however the information presented on such website is not incorporated herein by any reference.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the policies and procedures of the California School Accounting Manual. This manual, according to Education Code Section 4010, is to be followed by all California school districts.

Revenue is recorded on an accrual basis except for taxes allocable to the District, which are considered revenue in the year collections are made and, therefore, are fully reserved. Expenditures are recorded according to receipt of goods and services on an accrual basis. Differences between estimated and actual accounts receivable and payable, as of the beginning of the year, are reflected as adjustments to the fund balance.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2021, and prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business and Operations Officer, 5735 47th Avenue, Sacramento, California 95824, telephone: (916) 643-4700.

The table on the following page summarizes the District's audited statement of revenues, expenditures and fund balances for fiscal years 2016-17 through 2020-21.

STATEMENT OF GENERAL FUND REVENUES,
EXPENDITURES AND FUND BALANCES
Fiscal Years 2016-17 through 2020-21
Sacramento City Unified School District

	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
REVENUES					
Local Control Funding Formula (LCFF)					
State apportionment	$283,664,516	$287,546,461	$307,178,947	$313,649,770	$307,220,871
Local sources	79,238,343	85,807,376	91,493,637	100,059,346	105,461,865
Total LCFF	362,902,859	373,353,837	398,672,584	413,709,116	412,682,736
Federal	41,219,643	49,249,342	47,850,158	51,917,179	106,543,983
Other state	83,134,267	70,050,430	91,644,448	78,372,218	99,545,932
Other local	10,843,677	11,881,019	11,661,233	9,950,079	7,979,528
Total Revenues	498,100,446	504,534,628	549,828,423	553,948,592	626,752,179
EXPENDITURES					
Current					
Certificates salaries	192,501,260	196,143,370	211,749,238	209,808,827	213,345,658
Classified salaries	58,343,622	63,562,086	63,096,658	60,163,620	62,484,309
Employee benefits	141,343,139	160,839,811	186,303,443	175,948,151	177,007,077
Books and supplies	12,897,800	19,147,391	14,459,073	11,145,790	56,495,308
Contract services and operating expenditures	87,290,180	71,049,494	70,305,279	65,548,240	76,546,897
Other outgo	216,459	659,827	689,233	1,150,697	1,265,463
Capital outlay	23,010,286	2,202,829	6,855,740	8,361,223	4,423,302
Debt service					
Principal retirement	65,426	2,218,576	31,643	2,820	--
Interest	2,785	2,185,174	808	--	--
Total Expenditures	515,670,957	518,008,558	553,491,115	532,129,368	591,568,014
(Deficiency) excess of revenues (under) over expenditures	(17,570,511)	(13,473,930)	(3,662,692)	21,819,224	35,184,165
Other financing sources (uses)					
Transfers in	3,126,985	3,755,901	3,850,573	3,598,304	3,181,213
Transfers out	(2,022,282)	(1,248,027)	(1,719,449)	(2,698,262)	(5,507,272)
Proceeds from the sale of land/buildings	--	--	1,360,162	--	--
Other Financing Sources (Uses)	1,104,703	2,507,874	3,491,286	900,042	(2,326,059)
Net Change in Fund Balances	(16,465,808)	(10,966,056)	(171,406)	22,719,266	32,858,106
Fund Balances – July 1	97,932,615	81,466,807	70,500,751	70,329,345	93,048,611
Fund Balances – June 30	$81,466,807	$70,500,751	$70,329,345	$93,048,611	$125,906,717

Source: Sacramento City Unified School District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances are 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 and interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the revenues generated by an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District is located in the County and spans 70 square miles. The District was established in 1854 and is the 13th largest school district in the State, as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the City. The District operates 42 elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, 15 charter schools (including five dependent charter schools) and 42 children's centers/preschools. For fiscal year 2021-22, the District's funded ADA is projected to be _____ students and enrollment is projected to be ___ students. Taxable property within the District has a fiscal year 2021-22 total assessed valuation of $42,389,941,073. The District's actual ADA and enrollment, and the assessed valuation of taxable property within the District, may be affected by the ongoing COVID-19 pandemic. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the district and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824, Attention: Chief Business & Operations Officer.

Administration

The District is governed by a seven-member Board of Education, the members of which are elected by trustee areas to serve four-year terms. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their offices and the date each member's term expires, are listed below:

BOARD OF EDUCATION
Sacramento City Unified School District

Board Member	Office	Term Expires
Christina Pritchett	President	December, 2024
Leticia Garcia	First Vice President	December, 2022
Chinua Rhodes	Second Vice President	December, 2024
Lisa Murawski	Member	December, 2022
Lavinia Grace Phillips	Member	December, 2024
Jamee Villa	Member	December, 2024
Darrel Woo	Member	December, 2022

Day-to-day management and supervisory responsibilities with respect to District operations currently rest with the Superintendent. Brief biographies of the Superintendent, the Deputy Superintendent and the Chief Business Official follow:

Jorge A. Aguilar, Esq., Superintendent. Mr. Aguilar was appointed Superintendent of the District on July 1, 2017. Prior to serving as Superintendent, Mr. Aguilar served as the Associate Superintendent for Equity and Access at Fresno Unified School District. Mr. Aguilar also previously served as the Association Vice Chancellor for Educational and Community Partnerships, and Special Assistant to the Chancellor, at the University of California, Merced. His other prior positions include serving as a Spanish teacher at Los Angeles Unified School District and as a legislative fellow at the State capital. Mr. Aguilar has over 20 years of experience in education. He earned his Bachelor of Arts degree from the University of California, Berkeley, and a Juris Doctorate degree from Loyola Law School.

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

Rose Ramos, Chief Business and Operations Officer. Ms. Ramos has served as the Chief Business and Operations Officer of the District since September, 2019. Prior to the District, Ms. Ramos served as the Chief Business Officer of Mt. Diablo Unified School District. She previously served as the Vice-Chancellor of Finance for Los Rios Community College District, Assistant Superintendent of Business Services for Woodland Joint Unified School District and Chief Business Officer of River Delta Unified School District. She also previously served the District as the Director of Accounting. Ms. Ramos earned both her Bachelor of Science in Finance Degree and her Master of Business Administration Degree from California State University at Sacramento.

In the past, District leadership, staffing and turnover have been identified as potential weaknesses by both FCMAT and the State Auditor. See "DISTRICT FINCANCIAL INFORMATION – FCMAT Fiscal Health Risks Analysis" and "DISTRICT FINANCIAL INFORMATION – State Audit." The ability of the District to continue to reform past deficiencies and implement corrective actions will require both the ongoing commitment of the senior staff, as well as their ability to execute such corrective actions. No assurances can be given that the corrective actions described herein will be extended by any subsequent administrative team. Nor can any assurances be given that the District's current administrators will remain in their positions for any certain period of time. To the extent turnover occurs in senior level positions, no assurance can be given that any progress made in the District's fiscal recovery can be sustained.

Labor Relations

The District currently employs ___ full-time equivalent ("FTE") certificated employees and ___ FTE classified employees, as well as ___ management employees. District employees, except management and some part-time employees, are represented by two bargaining units as noted below.

BARGAINING UNITS
Sacramento City Unified School District

Labor Organization	Contract Expiration Date
Sacramento City Teachers Association[(1)]	June 30, 2020
Teamsters Classified Supervisor[(2)]	June 30, 2020
United Professional Educators [(3)]	June 30, 2019
Teamsters Union, Local 150[(4)]	June 30, 2020
Service Employee International Union, Local 1021[(5)]	June 30, 2017

(1) Represents certificated instructional employees. [Contract status to come].
(2) Represents certain classified employees. [Contract status to come].
(3) Represents certain District employees, including school site principals, assistant principals and coordinators. [Contract status to come].
(4) Represents food process workers, warehouseman and assistants. [Contract status to come].
(5) Represents certain service employees. [Contract status to come].

Source: Sacramento City Unified School District.

[TO BE UPDATED]. Currently, four out of five District labor unions have initiated contract negotiations with the District and formed a labor-management consortium ("LMC") focused on reducing spending on benefits. The LMC is comprised of Service Employee International Union, Local 1021, United Professional Educators, Teamsters Local 150 and Teamsters Classified Supervisor. The Sacramento City Teachers Association has not yet accepted the invitation to join the LMC.

Retirement Programs

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year

commencing July 1, 2021, the contribution rate is 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date, which remain unchanged the past two fiscal years.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and is 16.92% in fiscal year 2021-22. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to STRS were $_____ in fiscal year 2016-17, $_____ for fiscal year 2017-18, $_____ in fiscal year 2018-19, $_____ in fiscal year 2019-20, and $_____ in fiscal year

2020-21. The District has currently projects $_____ for its contribution to STRS for fiscal year 2021-22.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2021-22. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2021-22 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2021 included 1,608 public agencies and 1,329 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2021-22, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2021-22. See "— California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $_____ in fiscal year 2016-17, $_____ for fiscal year 2017-18, $_____ in fiscal year 2018-19, $____ in fiscal year 2019-20, and $_____ in fiscal year

2020-21. The District has currently projects $_____ for its contribution to PERS for fiscal year 2021-22.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) [1]
Fiscal Years 2010-11 through 2019-20

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[4]	--[4]
2014-15	73,325	56,814	16,511	--[4]	--[4]
2015-16	77,544	55,785	21,759	--[4]	--[4]
2016-17	84,416	60,865	23,551	--[4]	--[4]
2017-18	92,071	64,846	27,225	--[4]	--[4]
2018-19[5]	99,528	68,177	31,351	--[4]	--[4]
2019-20[6]	104,062	71,400	32,662	--[4]	--[4]

[1] Amounts may not add due to rounding.

[2] Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

[3] Reflects actuarial value of assets.

[4] Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

[5] For fiscal year 2020-21, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

[6] For fiscal year 2021-22, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on

February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the "2020 Experience Analysis"), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the "2019 STRS Actuarial Valuation"). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2020 (the "2020 STRS Actuarial Valuation") reports that the unfunded actuarial obligation increased by $172 million since the 2019 STRS Actuarial Valuation and the funded ratio increased by 1.1% to 67.1% over such time period. The increase in the funded ratio is primarily due to salary increases less than assumed, additional State contributions, and contributions to pay down the unfunded actuarial obligation under the STRS Board's valuation policy.

According to the 2020 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.6%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In the STRS 2020 Review of Funding Levels and Risks, STRS noted that COVID-19 has the potential to affect investment performance, the number of teachers working in California and the longevity of STRS members, which are the three main risks to long-term funding that STRS has been monitoring for the last few years. See also "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. In the 2020 STRS Actuarial Report, the actuary reports that a potential decline in the number of teachers and a slower growth in total payroll constitute the largest risk facing employers with respect to STRS. For the 2020 STRS Actuarial Valuation, the number of teachers actively working dropped from 451,000 on June 30, 2019, to about 448,000 on June 30, 2020. This drop in the number of working teachers, combined with salary increases, resulted in the payroll increasing by approximately 2.8% between 2019 and 2020, below the assumed 3.5% annual payroll growth. The actuary notes that the assumed growth in the total payroll was a key component of the employer contribution rate calculated in the 2020 STRS Actuarial Valuation, and that a slower growth will require a

higher employer contribution rate to be able to collect the same amount of contributions. The actuary notes that the number of active teachers could be impacted in the future by K-12 enrollment, as well as teacher retirements. Based on CDE reports, net enrollment in K-12 school districts decreased by 3% (160,000 students) in 2020-21, the largest drop in 20 years, and the Department of Finance projects enrollment will continue to decline in the State over the next decade. In addition, in the first half of the fiscal year, STRS has seen a 26% increase in the number of retirements, and while an increase in retirements would normally not impact long-term funding, decisions made by employers about whether or not to replace the teachers who have retired could impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17,

2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iii) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations. However, as of November 2021, PERS did not believe that the demographic impacts of COVID-19 would have a material impact on the system experience going forward.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The Schools Pool Actuarial Valuation as of June 30, 2020 (the "2020 PERS Actuarial Valuation"), reported that from June 30, 2019 to June 30, 2020 the funded ratio of the Schools Pool increased by 0.1% (from 68.5% to 68.6%), which was primarily due to the additional State contribution in July 2019 offset partially by the lower than expected investment return in fiscal year 2019-20. In addition, the 2020 PERS Actuarial Valuation reported that (i) the return on assets for fiscal year ending June 30, 2020, was approximately 4.7% reduced for administrative expenses, which was lower than the assumed return of 7.0%, leading to an investment experience loss, (ii) the overall demographic experience produced a nominal liability experience gain, and (iii) the normal cost declined slightly as the share of the active population of employees hired after the Implementation Date (defined below) continued to increase. On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and employees hired after the Implementation Date beginning in fiscal year 2022-23. In January 2022, an addendum to the 2020 PERS Actuarial Valuation (the "2020 PERS Actuarial Valuation Addendum") was produced to provide additional information on projected future contribution rates that take into account information that was not available when the 2020 PERS Actuarial Valuation was initially released. The 2020 PERS Actuarial Valuation Addendum reports that the contribution rate for fiscal year 2022-23 is projected to be 25.4%, the contribution rate for fiscal year 2023-24 is projected to be 25.2%, the contribution rate for fiscal year 2024-25 is projected to be 24.6%, the contribution rate for fiscal year 2025-26 is projected to be 23.6%, and the contribution rate for fiscal year 2026-27 is projected to be 22.5%. The projected contribution rates in the 2020 PERS Actuarial Valuation Addendum reflect the actual investment performance through June 30, 2021, the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers, as well as the demographic and economic assumptions adopted

through the 2021 Experience Study, including an investment return of 6.8% per year beginning with fiscal year 2021-22. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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

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

plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 20, 2021, the District's share of the net pension liabilities for the STRS and PERS programs were reported as $364,571,000 and $145,701,000, respectively. See also "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2020-21 – Note 8" and "—Note 9" attached hereto.

Other Post-employment Benefits

Benefits Plan. The District administers a single-employer defined benefit health care plan (the "Plan") pursuant to which the District provides medical insurance benefits (collectively, the "Post-Employment Benefits") to certain retirees of the District. Currently, eligible retirees receive benefits that are paid 100% by the District. District teachers qualify for benefits after reaching age 55 with at least five years of service to the District, age 50 with 30 years of service (if a member prior to January 1, 2013) or approved disability retirement with five years of service to the District. CalPERS employees qualify for benefits after attaining age 50 (or 52, if a member of CalPERS on or after January 1, 2013) with five years of State or public agency service, or approved disability. The Board retains the authority to establish or amend the terms offered by the Plan.

The District funds the Plan on a "pay-as-you-go" basis to cover cost of insurance premiums for current retirees, together with annual contributions to the OPEB Trust (defined herein) to begin funding its accrued liability for Post-Employment Benefits. For fiscal years 2018-19 through 2020-21, the District's contributions to the Plan were $_____, $_____ and $_____, respectively. For fiscal year 2021-22, the District estimates a contribution of $_____ to the Plan.

The District has established an irrevocable, GASB-qualifying trust (the "OPEB Trust") administered by CalPERS to begin funding its accrued liability for Post-Employment Benefits. As of _____, 2022, the balance in the OPEB Trust was $_____.

Accrued Liability. Pursuant to *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), the District has commissioned and received an actuarial study of its liability with respect to the Post-Employment Benefits. The requirements of GASB 74 and 75, as further discussed below, include biennial actuarial valuations for all plans. The District's most recent actuarial study, dated as of July 1, 2019 (the "Study"), calculated, among other things, the Total OPEB Liability (the "TOL"), Fiduciary Net Position ("FNP") and Net OPEB Liability ("NOL") of the District with respect to the Post-Employment Benefits, pursuant to GASB 75. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (or liability) of any qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the value of any trust assets. As of the June 30, 2020 valuation date, the District's TOL was $654,240,872, the FNP was $86,333,843 and the NOL was $567,907,029.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB Statement No. 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable such that trust assets are dedicated to providing other post-employment

benefits to plan members and are legally protected from creditors. GASB 74 and 75 will require a liability for post-employment obligations, the NOL, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an Other Post-Employment Benefit expense will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's NOL reconciliation and related ratios, and any actuarially determined contributions and investment returns, if any.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet GASB 74 requirements, a projection of the benefit payments and future FNP is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB 74.

GASB 74 had an effective date for plan fiscal years beginning after June 15, 2016 and GASB 75 became effective for employer fiscal years beginning after June 15, 2017. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2020-21 – Note 10" attached hereto.

Risk Management

The District is exposed to various risks of loss related to property, general liability, workers' compensation, cyber intrusions and employee benefits. These risks are mitigated through a combination of commercial insurance, self-insurance, and participation in certain public entity risk pools, as described below.

The District currently participates in a joint powers agreement with Schools Insurance Authority ("SIA") for excess general liability, property and workers compensation coverage. SIA enters into insurance agreements for coverage above certain self-insured retention lawyers, whereby it cedes various amounts of risk to other insurance companies. SIA's property, liability and workers compensation programs provide self-insured retention of $100,000, $750,000 and $1,000,000 per incident, respectively. The District pays a premium to SIA for excess coverage, and shares in SIA's deficits and surpluses in proportion to its participation therein. As such, SIA is not a component unit of the District for financial reporting purposes.

District Debt Structure

Short-Term Debt. [TO COME].

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2021 is show below.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Debt:				
General Obligation Bonds	$465,127,966	--	$28,705,000	$436,422,966
Accreted Interest	20,661,016	$2,208,384	--	22,869,400
Lease Revenue Bonds	60,550,000	--	2,695,000	57,855,000
Premium on Issuance	33,031,114	--	2,530,870	30,500,244
Other Long-Term Liabilities:				
Net Pension Liability	551,057,000	--	785,000	510,272,000
Net OPEB Liability	567,907,029	--	250,168,760	317,738,269
Compensated Absences	4,970,473	358,390	--	5,328,863
Total	$1,663,304,598	$2,566,774	$284,884,630	$1,380,986,742

_____
Source: Sacramento City Unified School District.

Lease Revenue Bonds. On February 4, 2014, the Sacramento City Schools Joint Powers Financing Authority (the "Authority") issued $44,825,000 of its Lease Revenue Refunding Bonds, 2014 Series A, and $29,460,000 of its Lease Revenue Refunding Bonds, 2014 Series B, (collectively, the "Lease Revenue Bonds"), to prepay certain outstanding certificates of participation of the District. The Lease Revenue Bonds are secured by certain base rental payments and additional payments to be made by the District pursuant to certain facility sublease agreements by and between the District and the Authority. Future payments in connection with the Lease Revenue Bonds are shown in the table below:

Year Ending June 30	Series A Lease Revenue Bonds	Series B Lease Revenue Bonds	Total Lease Payments

General Obligation Bonds. The District has previously issued general obligation bonds pursuant to several voter-approved authorizations, as well as refunding general obligation bonds to refinance portions of outstanding bonded indebtedness. The following table summarizes the outstanding general obligation bond issuances by the District.

Issuance	Initial Principal Amount	Principal Outstanding[1]	Date of Delivery
2002 Authorization (Measure I)			
Series 2007	$79,585,000		6/30/2011
2012 Authorizations (Measures Q and R)			
2013 Series A (Measures Q and R)[2]	30,000,000		7/16/2013
2013 Series B (Measures Q and R)[2][3]	40,000,000		7/16/2013
2015 Series C (Measure Q)	90,000,000		6/14/2015
2016 Series D (Measure Q)	14,000,000		6/8/2015
2017 Series E (Measure Q)	112,000,000		5/25/2017
2017 Series C (Measure R)	10,000,000		5/25/2017
2018 Series F (Measure Q)	10,000,000		7/25/2018
2019 Series D (Measure R)	30,000,000		12/12/2019
2021 Series G (Measure Q)	77,100,000		7/8/2021
Refunding Issuances			
2012 Refunding Bonds	113,245,000		6/14/2012
2014 Refunding Bonds	44,535,000		1/30/2014
2015 Refunding Bonds	32,740,000		1/28/2015
2021 Refunding Bonds	33,355,000		7/8/2021

(1) As of _____, 2022

(2) Composite issues that allocated portions of the initial principal amount amongst two outstanding bond authorizations.

(3) Designated as federally-taxable "Qualified School Construction Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code apply thereto. The District expects to receive a federal subsidy equal to a portion of the debt service due on the Bonds. See following page for additional information.

The following tables show the debt service schedules for all of the District's prior outstanding general obligation bonded debt (assuming no optional redemptions). For a combined debt service schedule including the Bonds, see "THE BONDS – Annual Debt Service" herein.

ANNUAL GENERAL OBLIGATION BOND DEBT SERVICE (MEASURES I, Q AND R)
Sacramento City Unified School District

Year Ending Aug. 1	2002 Series 2007[1]	2013 Series A[2]	2013 Series B[2][3]	2015 Series C[2]	2016 Series D[2]	2017 Series E[2]	2017 Series C[2]	2018 Series F[2]	2019 Series D[2]	2021 Series G[2]
2022										
2023										
2024										
2025										
2026										
2027										
2028										
2029										
2030										
2031										
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2039										
2040										
2041										
2042										
2043										
2044										
2045										
2046										
2047										
2048										
2049										
Total										

(1) Interest payable on January 1 and July of each year. Principal payable on July 1 of each year.

(2) Interest payable on February 1 and August 1 of each year. Principal payable on August 1 of each year.

(3) Represents gross debt service thereon. The 2013 Series B Bonds were designated as federally-taxable "Build America Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code apply thereto. The District expects to receive cash subsidy payments ("Subsidy Payments") from the United States Department of the Treasury equal to a portion of the interest payable on such bonds on or about each respective semi-annual interest payment date. Such Subsidy Payments are required to be deposited, as and when received, in the respective interest and sinking funds for such bonds, to be used as a credit against future debt service thereon. Subsidy Payments are subject to reduction (each, a "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended. In the absence of action by the United States Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County is empowered to levy an *ad valorem* property tax sufficient to pay principal of and interest on such bonds.

ANNUAL GENERAL OBLIGATION REFUNDING BOND DEBT SERVICE*[1]
Sacramento City Unified School District

Year Ending Aug. 1	2014 Refunding[2]	2015 Refunding[2]	2021 Refunding[3]	The Bonds
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				

* Preliminary, subject to change.

(1) Does not include debt service on the Refunded Bonds.

(2) Interest payable on January 1 and July of each year. Principal payable on July 1 of each year.

(3) Interest payable on February 1 and August 1 of each year. Principal payable on August 1 of each year.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent that the redemption price is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. PROPOSED LEGISLATIVE CHANGES OR OTHER CHANGES WHICH MIGHT BE INTRODUCED IN CONGRESS COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE INCOME TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The District Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, 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 school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

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 automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, 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, as long as the bankruptcy court determines that the alterations are fair and equitable. 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. Moreover, 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.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such 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. See "THE BONDS – Statutory Lien" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property 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* revenues 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. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance 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* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SACRAMENTO COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after

commencement of the bankruptcy), and if the County 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. Further, should those 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 the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights

LEGAL MATTERS

Legality for Investment in California

Under provisions of the State Financial Code, 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 depositors, and, under provisions of the Government Code, are eligible for security for deposits of public moneys in the State.

Enhanced Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Escrow Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriters relating to the adequacy of funds on deposit in the Escrow Fund to pay the redemption price of and interest on the Refunded Bonds.

Continuing Disclosure

Current Undertaking. Pursuant to the Continuing Disclosure Certificate, the District has covenanted for the benefit of the Owners 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 (which currently ends June 30), commencing with the report for the 2021-22 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Report and notices of listed events will be filed by the District in accordance with the requirements of the

Rule. The specific nature of the information to be contained in the Annual Report or the notices of listed events is included in "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Prior Undertakings. [TO COME].

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2021, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated January 27, 2022 of Crowe LLP, the Auditor, are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds are expected to be assigned a rating of "__" by S&P, based upon the issuance of the Policy by the Insurer at the time the Bonds are delivered. [Moody's][S&P] has also assigned an underlying rating of "___" to the Bonds. Such ratings reflects only the views of the rating agencies and any desired explanation of the significance of such rating should be obtained therefrom. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds. See the caption "LEGAL MATTERS – Continuing Disclosure" above and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from S&P and Moody's prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change pursuant to the Rule. Purchasers of the Bonds are directed to S&P and Moody's, their websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance thereof.

Considerations Regarding Bond Insurance

Concurrently with issuance of the Bonds, the Insurer will issue the Policy for the Bonds. The Policy unconditionally guarantees the payment of the principal of and interest on the Bonds that has become due for payment but that is unpaid. See "THE BONDS – Bond Insurance" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

In the event of a default in the payment of principal or interest on the Bonds, when all or some becomes due, any Owner of a Bond may have a claim under the Policy. The Policy would not insure against redemption premium, if any, with respect to the Bonds. In the event that the Insurer is unable to make payment of principal or interest on Bonds as such payments become due under the Policy, the Bonds will be payable solely as otherwise described herein. In the event that the Insurer becomes obligated to make payments on the Bonds, no assurance can be given that such event would not adversely affect the market price of the Bonds or the marketability (liquidity) of the Bonds.

Neither the District nor the Underwriters will make an independent investigation of the claims paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength thereof is being made by the District, the Municipal Advisor or the Underwriters in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds, assuming that the Policy is not available, and the claims-paying ability of the Insurer through final maturity of the Bonds.

Underwriting

[Senior Underwriter], on behalf of its self and [Co-Manager] (collectively, the "Underwriters") has agreed, pursuant to a bond purchase agreement relating to the Bonds, to purchase all of the Bonds for a price of $_____, which is equal to the initial principal amount of the Bonds of $_____, plus original issue premium of $_____, less $_____ of underwriting discount.

The purchase agreement relating to the Bonds provide that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchases being subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____

Jorge A. Aguilar
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect thereto substantially in the following form:

_____, 2022

Board of Trustees
Sacramento City Unified School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $_____ Sacramento City Unified School District (Sacramento County, California) 2022 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the "Resolution") of the Board of Education of the El Monte City School District (the "District") adopted on April 7, 2022.

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative

minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR 2020-21

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Sacramento City Unified School District (the "District") in connection with the issuance of the District's 2022 General Obligation Refunding Bonds (collectively, the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Education of the District adopted on April 7, 2022 (the "Resolution"). 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 Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, 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 (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Dale Scott & Company, Inc., or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

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

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"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.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2021-22 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 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. 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(d).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(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 filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Average daily attendance of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(E) Total assessed valuation of taxable property within the District, for the current fiscal year;

(F) Secured tax charges and delinquencies for *ad valorem* property tax levies for the District's outstanding bonded indebtedness, for the most recently completed fiscal year; and

(G) Assessed valuation of taxable property for the top twenty taxpayers within the District for the current fiscal year.

Any or all of the items listed above 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 Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(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 in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. 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.

10. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District 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 District, 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 District.

(b) Pursuant to the provisions of this Section 5(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:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. Bond calls.

4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

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 Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

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(a) or 5(b).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. 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 and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

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, 5(a) or 5(b), 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;

(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; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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(b), 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 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. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and 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.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: 2022 General Obligation Refunding Bonds

Date of Issuance:

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____[form only; no signature required]_____

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SACRAMENTO AND SACRAMENTO COUNTY

The following information regarding the City of Sacramento (the "City"), and Sacramento County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District or Bond Counsel. This Appendix includes information that is generally as of dates and for periods before the economic impacts of the COVID-19 (as defined in the front part of this Official Statement) pandemic and the measures instituted in response thereto. The COVID-19 pandemic is ongoing, and as result the geographic spread or mutation of the virus (notwithstanding the general availability of vaccines to combat the virus), the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate adverse impact of COVID-19 on the operations and finances of the District is unknown.

APPENDIX E

SACRAMENTO COUNTY TREASURY POOL

The following information concerning the Sacramento County Treasury Pool (the "Treasury Pool") has been provided by the Director of Finance, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriters. The District, the Municipal Advisor and the Underwriters have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Director of Finance, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Director of Finance at https://finance.saccounty.gov/Investments/Pages/RptMonthly.aspx, *however, the information presented on such website is not incorporated herein by any reference.*

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY