



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item #10.7

Meeting Date: November 21, 2013

Subject: **Resolution No. 2767: Authorizing the Issuance and Sale of Not to Exceed \$52 Million Sacramento City Unified School District General Obligation Refunding Bonds and Approving Certain Actions and Documents in Connection Therewith**

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

Division: Business Services

Recommendation: Approve Resolution No. 2767 authorizing the issuance and sale of refundin

Board of Education Executive Summary



Business Services

Resolution No. 2767: Issuance and Sale of Not to Exceed \$52,000,00

General Obligation Refunding Bonds

November 21, 2013

The District received authorization at an election held on November 5, 2002, by more than 55% of the votes cast by eligible voters, to issue General Obligation bonds in an aggregate principal amount not to exceed \$225 million. On July 19, 2005 the District issued the Election of 2002, Series 2005 General Obligation Bonds. The Bonds were sold with optional redemptions, which allows the District to call the bonds earlier than their stated maturities for economic reasons, in order to take advantage of lower interest rate environments.

Since early 2013, the interest rate environment has been very low. This environment allows the District an opportunity to issue refunding bonds by calling the existing bonds and issuing new bonds at a lower interest rate reducing debt service and creating tax savings to the District taxpayers. Preliminary numbers indicate that a refunding of a portion of the Bonds produce savings on a present value basis of approximately 5.1 percent of the par amount of the bonds. This equates to approximately \$172,000 a year on a future value basis or over \$1.7 million over the life of the bonds. Three percent is the industry benchmark for minimum savings for a refunding.

Board of Education Executive Summary



Business Services

Resolution No. 2767: Issuance and Sale of Not to Exceed \$52,000,000

General Obligation Refunding Bonds

November 21, 2013

IV. Goals, Objectives and Measures:

As part of the process, the District will present the refunding opportunity.

V. Major Initiatives:

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

VI. Results:

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

VII. Lessons Learned/Next Steps:

- x



5 H I L Q D Q F H R I W K H ' L V W U Series 2005 Measure I General Obligation Bonds

Board Item #11.3

November 7, 2013



Agenda

Background



Refinance Opportunity



Next Steps

Background

1 R Y H P E H U
Measure I

‡A \$225 million bond measure

W K H ' L V W U L F W ¶ V Y P

In July 2005, the District issued \$80 million of
Measure I Bonds

‡Bonds allow prepayment prior to maturity

Current interest rates are low

‡An opportunity to refinance a portion of the Series
2005 Bonds for savings
‡All savings is passed on to the taxpayers

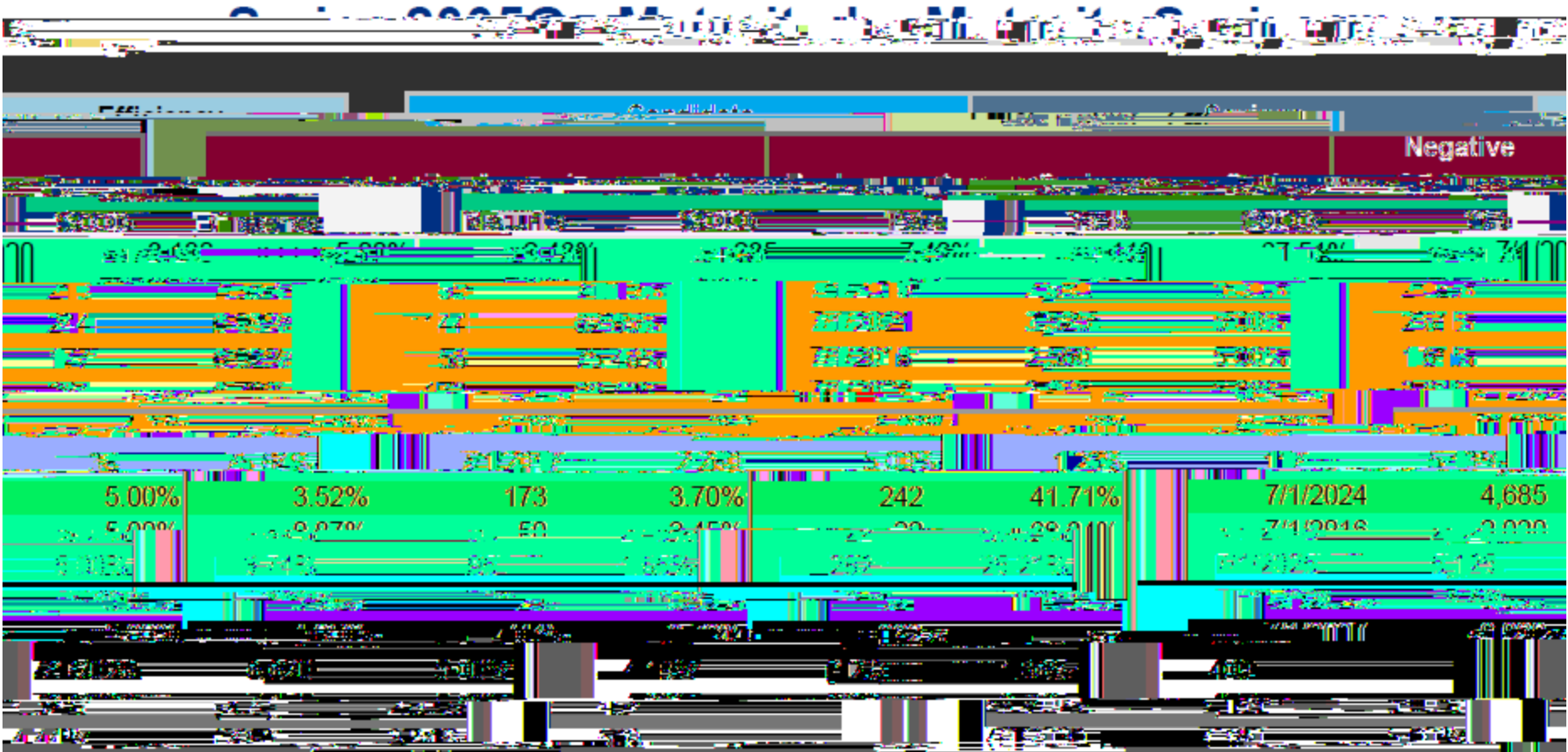


Plan of Refinance

‡ Approximately \$71 million of Series 2005 bonds are outstanding

± At least 3% savings or 50% escrow efficiency can be achieved by refinancing the \$29.3 million of bonds maturing in 2016 through 2024

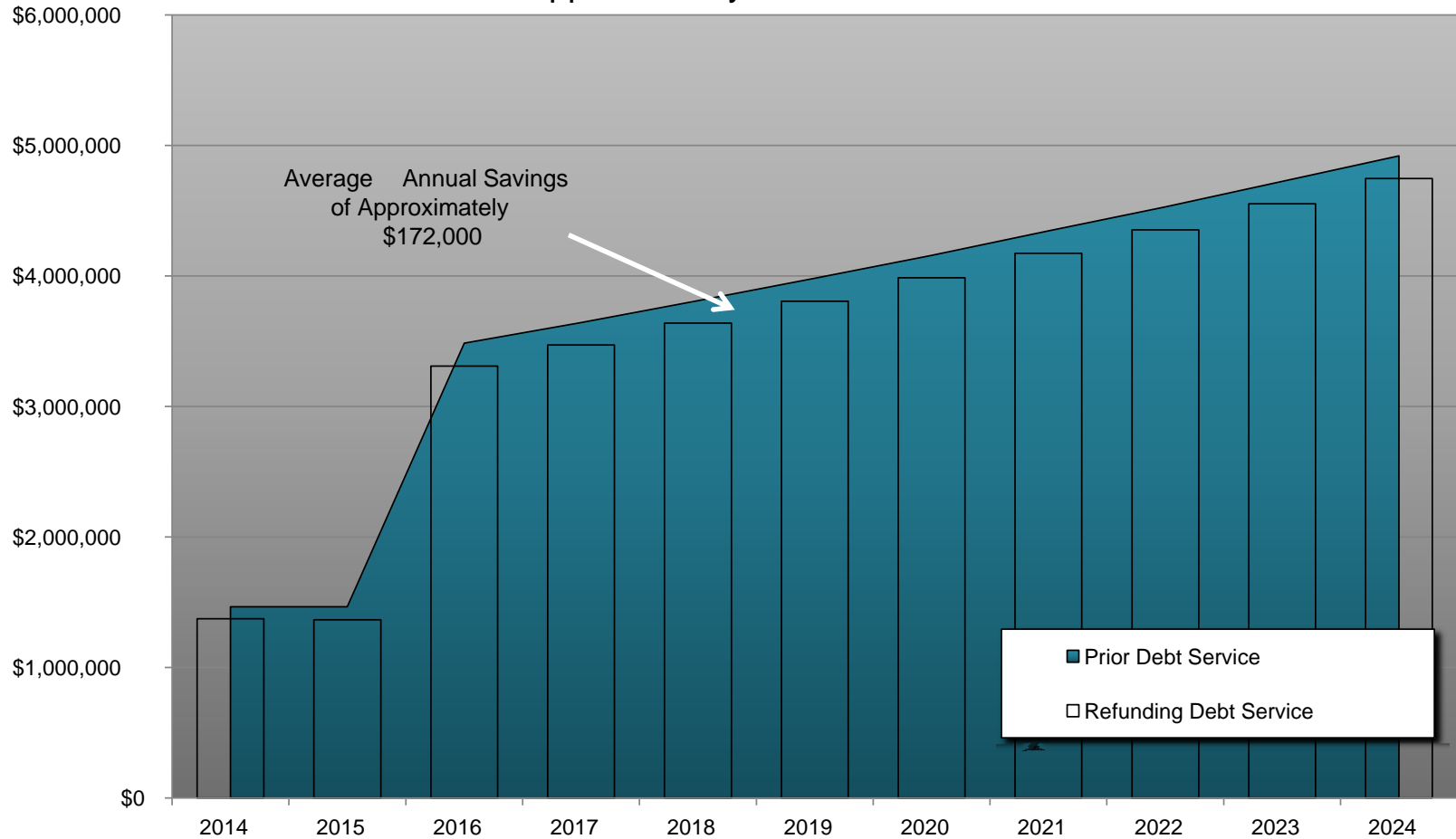
³/₄ Escrow efficiency refers to a calculation that takes into consideration any loss due



Preliminary - Subject to Change

As of 7/1/2024, the total number of... (text is partially obscured)

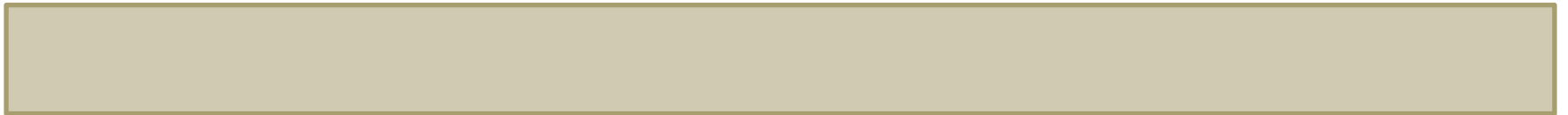
Based on Current Market Interest Rates, the District Can Achieve Savings of Approximately \$1.7 Million Over the Remaining 11 Year Life of the Bonds, A Savings of Approximately 5.11%



Estimated Sizing for Refunding of 2005 GO Bonds

Sources of Funds	
Par Amount	\$28,740,000
Premium	\$3,742,645
Total Sources	\$32,482,645
Uses of Funds	
Escrow Deposit	\$32,108,613
Costs of Issuance	\$200,000
Underwriter's Discount	\$172,440
Contingency	\$1,592
Total Uses	\$32,482,645

Summary of Legal Documents to be Considered by Resolution



Next Steps

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

RESOLUTION NO. 2767

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
REFUNDING BONDS AND APPROVING FORMS OF DOCUMENTS
AND AUTHORIZING AND DIRECTING ACTIONS OF OFFICERS OF
THE DISTRICT NECESSARY IN CONNECTION THEREWITH.

RESOLVED, that the Board of Education of the Sacramento City Unified School District, County of Sacramento, State of California, do hereby authorize the issuance and sale of Refunding Bonds in the amount of \$70,975,000, which \$70,975,000 remain outstanding (such outstanding portion is referred to herein as the "Outstanding Bonds") and the sale of such Refunding Bonds on a negotiated basis, and the Board of Education of the Sacramento City Unified School District, County of Sacramento, State of California, do hereby approve the forms of documents and authorize and direct the actions of officers of the District necessary in connection therewith.

WHEREAS, this Board has determined, and does hereby declare, that it is necessary and desirable and that the prudent management of the fiscal affairs of the District requires that all or a portion of the Outstanding Bonds now outstanding (such bonds to be referred to as the "Outstanding Bonds") be refunded, and the Board of Education of the Sacramento City Unified School District, County of Sacramento, State of California, do hereby authorize the issuance and sale of Refunding Bonds in the amount of \$70,975,000, which \$70,975,000 remain outstanding (such outstanding portion is referred to herein as the "Outstanding Bonds") and the sale of such Refunding Bonds on a negotiated basis, and the Board of Education of the Sacramento City Unified School District, County of Sacramento, State of California, do hereby approve the forms of documents and authorize and direct the actions of officers of the District necessary in connection therewith.

WHEREAS, pursuant to Articles 9 and 11 of Chapter 2 of Part 1 of Division 2 of Title 18 of the California Education Code and pursuant to the respective paying agent agreements or resolutions under which each series of the Outstanding Bonds was issued, the District is authorized to issue refunding bonds (the "Refunding Bonds") on a negotiated basis or on a negotiated sale basis;

WHEREAS, this Board has determined that because of the need for flexibility in timing and structuring the sale of the Refunding Bonds in order to achieve maximum interest cost savings, it is desirable to sell the Refunding Bonds on a negotiated basis;

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

WHEREAS, this Board acknowledges that the issuance of Refunding Bonds to refinance any of the Prior Bonds more than 90 days in advance of the date of redemption thereof shall preclude any advance refunding of the portion of the Refunding Bonds issued for such purpose;

WHEREAS, Wells Fargo Bank, National Association has been requested to issue the Refunding Bonds, and the Board of Education of the Sacramento City Unified School District, County of Sacramento, State of California, do hereby authorize the issuance and sale of Refunding Bonds in the amount of \$70,975,000, which \$70,975,000 remain outstanding (such outstanding portion is referred to herein as the "Outstanding Bonds") and the sale of such Refunding Bonds on a negotiated basis, and the Board of Education of the Sacramento City Unified School District, County of Sacramento, State of California, do hereby approve the forms of documents and authorize and direct the actions of officers of the District necessary in connection therewith.

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

WHEREAS, there have been submitted and are on file with the Secretary of this Board proposed forms of a Bond Purchase Contract, a Paying Agent Agreement, an Escrow Agreement, an Official Statement and a Continuing Disclosure Certificate, all with respect to the Refunding Bonds proposed to be issued and sold, and the Superintendent of the District has examined or caused to be examined each document and has approved the forms thereof, and has recommended that this Board approve and direct the completion, where appropriate, and the execution of the documents and the consummation of such financing;

WHEREAS, this Board desires that the Director of Finance of the County of Sacramento District sufficient to provide for payment of the Refunding Bonds, and intends the adoption of this Resolution to notify the Board of Supervisors, the Director of Finance and other officials of the County of Sacramento, that they should take such actions as shall be necessary to provide for the levy and collection of such a tax and payment of the Refunding Bonds and such portion, if any, of the Outstanding Bonds as shall remain outstanding following the issuance of the Refunding Bonds;

WHEREAS, this Board has appointed the firm of Orrick, Herrington & Sutcliffe LLP as bond counsel and disclosure counsel, Capital Public Finance Group as financial advisor, and Citigroup Global Markets Inc. as Underwriter, all in connection with the issuance and sale of the Refunding Bonds;

NOW, THEREFORE, the Board of Education of Sacramento City Unified School District does hereby RESOLVE, DETERMINE AND ORDER, as follows:

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

Section 2. Authorization of Refunding Bonds and of Redemption of Prior Bonds;
Application of Proceeds of Sale The Board hereby authorizes the sale and issuance of one or more series of refunding bonds of the District and the provisional designation of said bonds as Sacramento City Unified School District 2013 *HQUHDO 2EOLJDWLRQ 5HIXQ (herein called WKH 35HIXQGLQJ %RQGV´ LQ DQ DJJUHJDWH SU \$52,000,000 which amount shall be finally determined by the Superintendent of the District, the Chief Business Officer of the District, or such other officer of the District designated in Section 7 hereof and with the general laws of the State of California.

Proceeds from the sale of the Refunding Bonds are hereby authorized to be applied only as permitted by Article 9 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, including to acquire escrow securities or otherwise to pay or provide for payment of the principal of the Prior Bonds upon redemption thereof; to pay expenses incident to the calling, retiring or paying of the Prior Bonds and to the issuance of the Refunding Bonds, including: financial advisory fees, underwriting fees, printing fees bond and disclosure

counsel fees, charges of the Paying Agent in ~~connection~~ with the issuance and payment of the Refunding Bonds; charges of the Escrow Agent in connection with the redemption of the Prior Bonds; interest upon the Prior Bonds from the dated date of the Refunding Bonds to the maturity or earlier redemption ~~date~~ of the Prior Bonds; any premium payable upon the redemption of the Prior Bonds; and the costs of any bond insurance or other credit enhancement with respect to the Refunding Bonds. The Board hereby further determines that all interest or other ~~gain~~ derived from the investment of proceeds of the Refunding Bonds may be applied to pay such costs of issuance of the Refunding Bonds.

Section 3. Terms of Refunding BondsThe maximum nominal annual interest

Authorized District Representative may require or approve, such approval conclusively evidenced by the execution and delivery thereof.

Section 6. Official Statement The Official Statement relating to the Refunding Bonds, with such changes, additions and corrections as the Authorized District Representative may hereafter approve, and the Underwriter is hereby authorized to prepare and distribute copies of such Official Statement in preliminary form to persons who may be interested in purchasing the Refunding Bonds. The Authorized District Representative is hereby authorized to certify on behalf of the District that the preliminary Official Statement was deemed final as of its date, within the meaning of Rule 15c2 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule). The Authorized District Representative is hereby authorized and directed to sign said Official Statement in its final form, including the final pricing information, and to furnish the Underwriter with copies thereof, and the initial purchaser is hereby authorized and directed to deliver copies of such Official Statement in final form to subsequent purchasers of the Refunding Bonds.

Section 7. Bond Purchase Contract; Sale of Refunding Bonds The form of proposed Bond Purchase Contract is hereby approved and adopted as the contract for purchase and sale of the Refunding Bonds in substantially the form on file with the Secretary of the Board, and the Authorized District Representative is hereby authorized and directed to execute and deliver an instrument in substantially said form to Citigroup Global Markets Inc., the Underwriter for the transaction, completed with terms as the Authorized District Representative shall have agreed to in accordance with this Resolution, and with such other changes therein as the Authorized District Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that (i) the total net interest cost to maturity on the Refunding Bonds plus the aggregate principal amount of the Refunding Bonds shall be less than the total net interest cost to maturity on the Prior Bonds plus the aggregate principal amount of the Prior Bonds; (ii) the present value of the debt service savings with respect to the Prior Bonds shall be at least 3% of the aggregate principal amount of such Prior Bonds; (iii) the Refunding Bonds shall be issued at a rate of 6.70% for the aggregate principal amount of the Refunding Bonds; and (iv) the Refunding Bonds shall otherwise conform to the limitations specified herein and imposed by the general laws of the State.

Section 8. Request for Necessary County Action (a) The Board of Supervisors, the Director of Finance and other officials of the County, are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property of the District sufficient to provide for the principal of, redemption premium, if any, and interest on the Refunding Bonds as well as the necessary to the payment of the Refunding Bonds, pursuant to the Paying Agent Agreement, and to the payment of any Prior Bonds which are to remain outstanding, pursuant to the respective paying agent agreement under which such bonds were issued. The Secretary of the Board is hereby authorized and directed to deliver certified copies of this Resolution to the Clerk of the Board of Supervisors of the County and the Director of Finance. The Board hereby agrees to

or verification agent services with respect to the Refunding Bonds, or escrow services with respect to the Prior Bonds, as such officers deem necessary and desirable to accomplish the purposes of this Resolution.

Section 14. Ratification of Actions All actions heretofore taken by the officers and agents of the District with respect to the sale, execution and delivery of the Refunding Bonds, the acquisition of escrow securities, and the other transactions authorized and contemplated herein, are hereby approved, confirmed and ratified.

Section 15 Indemnification The District shall indemnify and hold harmless, to WKH H[WHQW SHUPLWWHG E\ ODZ WKH &RXQW\ DQG LWV R against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject because of action or inaction related to the Refunding Bonds, except with respect to such actions which said Indemnified Parties are exclusively authorized and required to perform on behalf of the District pursuant to law. The District shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

Section 16. Effective Date This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this day November 21, 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

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

ATTEST:

Secretary of the Board of Education
of the Sacramento City Unified School District

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I, Jonathan Raymond, Secretary of ~~Board~~ of Education of the Sacramento City Unified School District County of Sacramento, California, hereby certify as follows:

The attached is a full~~l~~ true and correct copy of a resolution duly adopted at a regular meeting of the ~~Board~~ of Education of said District duly and regularly held at the regular meeting place thereof on November 21, 2013 and entered in the minutes thereof, of which meeting all ~~o~~ the members of said ~~Board~~ of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. 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.

WITNESS my hand this ___ day of November, 2013.

Secretary of the ~~B~~oard of Education
of the Sacramento City Unified School District

This Preliminary Official Statement and the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion and ame

MATURITY SCHEDULE

\$[_____]
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

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

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30-day months. Bonds authenticated and registered on any date prior to the close of business on June 15, 2014, will bear interest from the date of their delivery. Bonds authenticated during the period between ~~the 15th~~ the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check or draft mailed to such owner at such owner's address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of \$1,000,000 or more of Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

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

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not

the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Right to Rescind Notice The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

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

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or
-1.7(r)-317.5(o)-52(in)-29(s)]TJ ET Q q BT / Q q BT / Q q BTo151(i)-76.0(e)11.2(s)-285.6(th11.2((d)-319.2(f)7.7(b72 584.16

PLAN OF REFUNDING

A portion of the proceeds from the sale of the Bonds will be deposited in an escrow fund (the "Escrow Fund") to be created and maintained by Wells Fargo Bank, National Association, acting as escrow agent (the "Escrow Agent") under that certain Escrow Agreement, tentatively dated as of December 1, 2013 (the "Escrow Agreement"), by and between the District and the Escrow Agent, and applied to pay all principal of and redemption premium on the Prior Bonds on the applicable date designated for their redemption as tentatively set forth below. Causey Demgen & Moore Inc, Denver, Colorado, a Certified Public Accountant licensed to practice in the State of

Combined Debt Service

The District has previously issued its General Obligation Bonds, Election of 1999, Series A, Series B, Series C, and Series D and its General Obligation Bonds Election of 2002, Series A, Series 2005 and Series 2007, its General Obligation Bonds, Election of 2012, 2013 Series A and its General Obligation Bonds, Election of 2012, 2013 Series B (Taxable Qualified School Construction Bonds). In addition, refunding bonds were issued in 2001, 2011 and 2012 which were used to pay prior outstanding bonds. See “APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION—FINANCIAL AND DEMOGRAPHIC INFORMATION—District Debt Structure.” Prior to issuance of the Bonds, annual debt service obligations for all outstanding bonds of the District (without regard to redemption prior to maturity) will be as follows:

Total Annual Debt Service

Year Ending July 1	<u>The Bonds</u>	<u>Outstanding Election of 1999 Bonds</u>	<u>Outstanding Election of 2002 Bonds</u>	<u>Outstanding Election of 2012 Bonds</u>	<u>Outstanding Refunding Bonds</u>	<u>Total Annual Debt Service</u>
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
TOTAL	_____	_____	_____	_____	_____	_____

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County (the “Board of Supervisors”) is empowered and is obligated by law to levy valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District’s Interest and Sinking Fund, which is required by law to be maintained by the County and to be used solely for the payment of bonds of the District.

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

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to

County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the District as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Appeals of Assessed Valuation State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may request a reduction in assessment directly from the County Assessor (the "Assessor"), who may grant or refuse the request, and may appeal an assessment directly to the Sacramento County Board of Equalization, which rules on appealed assessments whether or not settled by the Assessor. The Assessor is also independently authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding bonds) may be paid. Proposition 8, adopted in 1978, amended Article XIII A of the State Constitution and added Section 51(a)(2) to the Revenue and Tax Code. Proposition 8 permits the County Assessor to reduce the full cash value of real property for property tax purposes to reflect substantial damages, destruction or other factors causing a decline in value. The District can not predict how changing economic conditions may affect real property values in the future, and can not predict how the County Assessor may respond to such conditions, or whether the County Assessor would reduce the full cash value of real property pursuant to Proposition 8 as discussed above. Declines in the full cash value of real property, including those caused by Proposition 8 reductions, would cause an increase in the tax rate. The District can not predict if or when such increases in the tax rate may occur. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the County Director of Finance against all taxing agencies who received tax revenues, including the District.

Tax Levies, Collections and Delinquencies

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the Director of Finance.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (a) a civil action against the taxpayer; (b) filing a certificate in the office of the County Clerk specifying certain facts (e)-254.7(3-466.3(o)-5.9(5.68 Tm [(C)4.4(o)-5.9(u))-12.8(x).)-906.5(T)-15.4(h)6.0(e)-459.5(ta

The following table shows ad valorem property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 3-005). TRA-3-005 comprises approximately 28.3% of the total assessed value of taxable property in the District.

Sacramento City Unified School District
 Summary of Ad Valorem Tax Rates
 \$1 Per \$100 of Assessed Valuation
 TRA 3-005

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14⁽¹⁾</u>
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Los Rios Community College Dist. Bonds	.0124	.0090	.0192	.0193	.0181
Sacramento City Unified School Dist. Bonds	<u>.0911</u>	<u>.0979</u>	<u>.0982</u>	<u>.0999</u>	<u>.1225</u>
Total	\$1.1035	\$1.1069	\$1.1174	\$1.1174	1.1406

(1)

Direct and Overlapping Debt. Set forth below is a schedule of direct and overlapping debt prepared by

Sacramento City Unified School District
Direct and Overlapping Bonded Debt

2013-14 Assessed Valuation \$26,311,745,537

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT
Los Rios Community College District

% Applicable
17.951%

Debt 11/1/13
\$ 66,467,168

Assessed Valuation by Land UseThe following table provides a distribution of taxable property located in the District by principal purpose for which the land is used, showing the assessed valuation and number of parcels for each use.

Sacramento City Unified School District
2013-14 Taxable Assessed Valuation and Parcels by Land Use⁽¹⁾

<u>Non-Residential</u>	<u>2013-14 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
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Largest Taxpayers

The 20 largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2013-14.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. In 2013-14, no single taxpayer owned more than 0.82% of the total taxable property in the District.

Sacramento City Unified School District Major Taxpayers 2013-14

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total ⁽¹⁾
1.	Hines Sacramento Wells Fargo Center	Office Building	\$ 206,543,650	0.82%
2.	Campbell Soup Supply Co. LLC	Industrial	130,894,819	0.52
3.	621 Capitol Mall LLC	Office Building	124,810,426	0.50

of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

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

OTHER LEGAL MATTERS

Legal Opinion

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

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2012-13 fiscal year (which is due no later than March 31, 2014) and to provide notice of the occurrence of certain

No Litigation

Pursuant to the Purchase Contract, the obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions to be satisfied by the District. The Purchase Contract provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions to be satisfied by the District.

The Underwriter have certified the public reoffering prices or yields set forth on the inside cover hereof, and the District takes no responsibility for the accuracy of those prices or yields. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

Additional Information

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

* * *

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Chief Business Officer

APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION

The information in this Appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of a ~~property~~ ^{property} tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the Official Statement.

FINANCIAL AND DEMOGRAPHIC INFORMATION

General

The Sacramento City Unified School District (the "District"), located in Sacramento County, California (the "County"), is the 12th largest school district in the State of California (the "State") as measured by student enrollment. The District provides educational services to the residents in and around the City of Sacramento (the "City"), the State capital. The District operates under the jurisdiction of the Superintendent of Schools of

District Revenues

Under the education code of the State of California (the "Education Code") Section 42238 and following, each school district is determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance ("A.D.A.").

The base revenue limit is calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district is the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

The District's undeficit base revenue limit per A.D.A. is projected to be \$7,643 for fiscal year 2013-14, compared to an amount of \$6,707 for 2012-13. However, the amount received is less; in recent years, the State has exercised its authority to apply a "deficit factor." The State may apply deficit factors to revenue limits and categorical programs when the appropriation to the State School Fund or any categorical program is insufficient based on the funding formulas specified by law. For fiscal year 2013-14, the deficit factor is ____%.

The District's recent A.D.A. history for grades K-12, including special education, is set forth in the table below:

Sacramento City Unified School District
Total Grades K-12 Second Period (P-2)
Average Daily Attendance, 2005-06 to 2013-14

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>
2005-06	47,452
2006-07	42,431
2007-08	42,220
2008-09	41,997
2009-10	41,864
2010-11	41,610
2011-12	41,598
2012-13	40,638
2013-14	39,539

⁽¹⁾ Source Sacramento City Unified School District 2013-14 budget.

The principal component of local revenues is the District's property tax revenues; that is, the District's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of

For basic aid districts, the State will not make the district whole for loss of tax increment to the redevelopment agency unless and only to the extent that such loss reduces the district's local property tax revenues below the district's revenue limit. In addition, the basic aid district may be entitled to a pass-through payment from the redevelopment agency: for any redevelopment project plan adopted or amended after 1993, a basic aid district is entitled to its pre-plan share of taxes collected district-wide, plus the lesser of (i) property tax revenues from the incremental growth in assessed valuation in that part of the district not included in the project area, and (ii) property tax revenues on 80% of the incremental growth in assessed valuation within the project area. For any redevelopment plan adopted before 1994 and not subsequently amended, either a revenue limit district or a basic aid district may continue to receive pass-through payments at the level negotiated with the redevelopment agency instead of the statutory pass-through; such payments do not count against the district's revenue limit for State aid purposes, but must generally be used for capital facilities improvements. Although there are redevelopment agencies within the District's territory, the District does not receive any tax-increment pass-through payments.

The 2013-14 State budget (the "2013-14 State Budget") dissolved redevelopment agencies and community development agencies, as of February 1, 2013, and designates successor agencies to wind down the affairs of the dissolved redevelopment agencies. At this time the District cannot predict what effect the dissolution of redevelopment agencies will have on the District's property tax receipts. For more information on the dissolution of redevelopment agencies, see "—State Funding of Education; State Budget Provisions Dissolution of Redevelopment Agencies" below.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In its fiscal year 2013-14 budget, the District estimates that it will expend approximately \$321.1 million in salaries and benefits, or approximately 83.4% of its general fund expenditures. This amount represents an increase of 3.4% from the \$310.5 million the District expended in fiscal year 2012-13.

Labor Relations. The District currently employs 2,403 full-time-equivalent ("FTE") certificated employees, 1,718 FTE classified employees, and 22 FTE management and supervisory/other employees. Certificated and classified employees are represented for collective bargaining purposes as shown below:

Sacramento City Unified School District Labor Organizations

<u>Labor Organization</u>	<u>Employees Represented</u>
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Sacramento City Unified School District
General Fund
Revenues, Expenditures and Fund Balances
Fiscal Year 2009-10 through Fiscal Year 2013-14

District Debt Structure

Tax and Revenue Anticipation Notes To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District has issued tax and revenue anticipation notes in recent years as shown in the table below. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys.

<u>Issuance Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Due Date</u>
12/01/05	\$25,000,000	4.50%	3.150%	12/01/06
12/14/06	24,475,000	4.00	3.300	12/14/07
11/28/07	30,000,000	3.75	3.270	11/28/08
05/01/11	50,000,000	2.25	1.875	11/02/11
04/05/12	75,000,000	2.00	0.480	10/01/12
04/09/13	60,000,000	1.00	0.250	09/26/13

General Obligation Bonds On October 19, 1999, voters in the District approved a bond measure authorizing the District to issue \$195,000,000 in general obligation bonds, colloquially known as "Measure E"

Certificates of Participation On April 18, 2001, Certificates of Participation ("COPs") of \$43,580,000 were issued with fixed interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with a remaining principal obligation of \$29,590,000) and to provide additional capital for construction projects. With the payment of \$30,000,000 to the Escrow Agent to advance refund and defease the District's 1999C COPs, the 1999C COPs are considered to be defeased, and the obligations have been removed from the District's financial statements.

On July 11, 2002, the District issued \$58,000,000 of Variable Rate COPs for the advance refunding of 1998 Series A COPs (with a remaining principal amount of \$13,750,000) and 1999 Series D COPs (with a remaining obligation of \$15,480,000) and to provide additional capital for construction projects. With the payment of \$29,230,000 to the Escrow Agent to advance refund and defease the District's 1998 Series A COPs and the 1999

Pension Program and Pension Program Revenue Bonds below and “APPENDIX C—FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011” Note 11.

CASA Pension Program and Pension Program Revenue Bonds

Formation of CASA and the Pension System. June 2000, the District entered into a joint exercise of powers agreement with the Yolo County Office of Education to form CASA, a State “joint powers authority,” in

Capital Lease

The District leases office equipment, computers and buses under long-term lease purchase agreements,

appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State

The 2013-14 State Budget projects that budgetary debt, which was approximately \$35 billion at the end of fiscal year 2010-11 and \$27 billion at the end of fiscal year 2012-13, will be reduced to less than \$5 billion by the end of fiscal year 2016-17. Although the 2013-14 State Budget is a balanced budget, the 2013-14 State Budget notes that substantial risks, uncertainties and liabilities remain, including the pace of the economic recovery, the State's needs to address its other significant liabilities and the federal budget for federal fiscal year 2014.

With the passage of Proposition 30 in November 2012, The Schools and Local Public Safety Protection Act

- x Special Education Funding Reform The 2013-14 State Budget includes several consolidations for various special education programs in an effort to simplify special education finance and provide Special Education Local Plan Areas with additional funding flexibility.

With respect to the implementation of Proposition 39 (The California Clean Energy Jobs Act), which was approved at the November 6, 2012 election, the 2013-14 State Budget allocates \$381 million in Proposition 98 general funds to K-12 local education agencies to support energy efficiency projects approved by the California Energy Commission. Of this amount, 85% will be distributed based on A.D.A. and 15% will be distributed based on free and reduced-price meal eligibility. The 2013-14 State Budget establishes minimum grant levels of \$15,000 and \$50,000 for small and exceptionally small local education agencies and allows these agencies to receive an advance on a future grant allocation. Other local education agencies would receive the greater of \$100,000 or their weighted distribution amount. The 2013-14 State Budget also provides \$28 million for interest-free revolving loans to assist eligible energy projects at schools and community colleges.

The complete 2013-14 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Local Control Funding Formula. The Local Control Funding Formula replaces the existing revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base funding grant ("Base Grant") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth, beginning in fiscal year 2013-14. The Local Control Funding Formula has an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. The Local Control Funding Formula includes the following components:

- x A Base Grant for each local education agency, equivalent to \$7,643 per unit of A.D.A. in fiscal year 2013-14. Such Base Grant per unit of A.D.A., adjusted by grade span variation and to be adjusted annually for

All school districts, county offices of education and charter schools will be required to develop and adopt local control and accountability plans, which will identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement and school climate. Such local control and accountability plans are to be developed in accordance with a template to be provided by the State Board of Education. County superintendents will review and provide support to the school districts under their jurisdiction, while the Superintendent of Public Instruction will perform a corresponding role for county offices of education. In addition the 2013-14 State Budget creates the California Collaborative for Education Excellence (the "Collaborative") to advise and assist local education agencies in achieving the goals identified in their plans. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the Superintendent of Public Instruction would have authority to make changes to a local education agency's plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is persistent and acute as to warrant revocation.

State Cash Management Legislation On March 1, 2010, the Governor signed a bill (and on March 4, 2010, subsequently signed a clean-up bill to clarify certain provisions of such bill) to provide additional cash management flexibility to State fiscal officials (the "Cash Management Bill"). The Cash Management Bill authorized deferral of certain payments during the 2010-11 fiscal year for school districts (not to exceed \$2.5 billion in the aggregate at any one time, and a maximum of three deferrals during the fiscal year). The Cash Management Bill permitted deferrals of payments to K-12 schools in July 2010, October 2010 and March 2011, for not to exceed 60, 90 and 30 days, respectively, but depending on actual cash flow conditions at the time, and allowed the Controller, Treasurer and Director of Finance to either accelerate or delay the deferrals up to 30 days or reduce the amounts deferred. The Cash Management Bill also permitted the State to move a deferral to the prior month or to a subsequent month upon 30 days written notice by the State Department of Finance to the Legislative Budget Committee, except that the Cash Management Bill provided that the deferral for March 2011 was required to be paid prior to April 30. The Cash Management Bill provided for exceptions to the deferrals for school districts that could demonstrate hardship. The Cash Management Bill made it necessary for many school districts (and other affected local agencies) to increase the size and/or frequency of their cash flow borrowings during fiscal year 2010-11. Similar legislation was enacted for fiscal year 2011-12. The legislation, however, sets forth a specific deferral plan for K-12 education payments. In the legislation, the July 2011 and August 2011 K-12 payments of \$1.4 billion and the October 2011 payment of \$2.4 billion were deferred. In September 2011, \$700 million of the July deferral was paid, in January 2012, \$4.5 billion from the remaining July, August and October deferrals was paid, and in March 2012, \$1.4 billion was deferred and paid in April 2012.

Future Budgets and Budgetary Actions The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact

deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

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

Dissolution of Redevelopment Agencies Under California law, a city or county could, and did, prior to California legislation dissolving redevelopment agencies as described below, create a redevelopment agency in territory within one or more school districts. Upon formation of a "project area" of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as "tax increment") belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including school districts, from that time forward. However, special ad valorem property taxes (in excess of the 1% general fund levy) collected for payment of debt service on school bonds are based on assessed valuation before reduction for redevelopment increment and such special ad valorem property taxes are not affected or diverted by the operation of a redevelopment agency project area.

As to operating revenues, any loss of local property taxes that contribute to the revenue limit target of a revenue limit district is made up by an increase in State equalization aid, until the base revenue limit is reached. "Pass-through" payments of local tax revenues required by law to be paid to the school district by a local redevelopment agency will count toward the revenue limit, except for any portion dedicated to capital facilities or deferred maintenance.

The adopted State budget for fiscal 2011-12, as signed by the Governor on June 30, 2011, included trailer bill Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Assembly Bill No. AB 1484 ("AB1X 1484"), signed into law by the Governor on June 27, 2012, modified certain provisions enacted under AB1X 26, and together with AB1X 26, form the procedural framework for the dissolution of the redevelopment agencies.

Commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in Part 1.85 (commencing with Section 34170) of Division 24 of the State Health and Safety Code (the "Health and Safety Code"). The Health and Safety Code generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 2 and June 1 thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

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

- x To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;
- x To the former redevelopment agency's successor agency for payment of administrative costs; and
- x Any remaining balance to school entities and local taxing agencies.

The District projects it will receive approximately \$1,360,163 in pass-through payments in fiscal year 2013-14, the same amount it received in fiscal year 2012-13.

District Revenues

The 2013-14 State Budget replaces the current K-12 finance system, with a new Local Control Funding Formula (the "LCFF"). The LCFF creates base, supplemental and concentration grants as the new general purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. The 2013-14 State Budget provides an additional \$2.1 billion of funding to school districts and charter schools to support the first-year implementation of the LCFF. Until full implementation, however, school districts will receive roughly the same amount of funding they received in 2012-13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. The 2013-14 State Budget projects the time frame for full implementation of the LCFF to be eight years. For more information on the LCFF, see "STATE BUDGET PROCESS; STATE FUNDING OF EDUCATION – Local Control Funding Formula" above.

The California Department of Education (the "CDE") cannot immediately determine how much a school district is entitled to receive under the LCFF because funding is based on current year attendance data not known until the end of the fiscal year, and because the CDE must reprogram its apportionment systems to reflect the new formula calculations.

However, because the greater part of a school district's funding is based on what the school received in fiscal year 2012-13, the CDE will apportion funds during the advance principal apportionment and first principal apportionment periods based on fiscal year 2012-13 funding, and according to the fiscal year 2012-13 model (not the LCFF), plus a portion of the \$2.1 billion appropriated to begin implementation of the provisions of the LCFF. The CDE has indicated that the second principal apportionment will be based on the LCFF. The fiscal

The District's 2013-14 total base revenue limit per A.D.A. is budgeted to be \$7,643, compared to \$6,707 for 2012-13. However, the amount received is less; in recent years, the State has exercised its authority to apply a "deficit factor." The state may apply deficit factors to revenue limits and categorical programs when the appropriation to the State School Fund or any categorical program is insufficient based on the funding formulas specified by law.

SCHOOL DISTRICT BUDGET PROCEDURES AND REQUIREMENTS

District Budget Process and County Review

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

Under current law, a school district governing board must adopt and file with the county superintendent of

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Eo

seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

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

Article XIII C and Article XIII D of the California Constitution . On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, 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. 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. Article XIII C also provides that no tax may be assessed on property other than ~~the~~ ^{the} ~~valore~~ ^{valore} property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

requirement. State laws that conflict with Proposition 26, unless they are approved again by two-thirds of each house of the Legislature, are repealed effective November 2011.

Expenditures and Appropriations

Article XIII B of the California Constitution. In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes" which consist of revenues

certainty

other funds, including

"Proceeds of taxes" means tax revenues

authorized by January 1, 1979, or subsequently authorized by the voters

APPENDIX B

THE ECONOMY OF THE DISTRICT

The District encompasses a large portion of the city of Sacramento, small portions of the cities of Rancho Cordova and Elk Grove, and adjacent unincorporated areas of Sacramento County. The following economic data for the City and County are presented for information purposes only. The Bonds are not a debt or obligation of the City or the County, and taxes to pay the Bonds are levied only on taxable property located within the District.

Population

The population of the City and County is provided in the table below.

POPULATION GROWTH

Employment

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

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT
County of Sacramento
2008 Through 2012

Industry	Employment ⁽¹⁾				
	2008	2009	2010	2011	2012
Agriculture	2,700	2,700	2,700	2,500	2,600
Mining & Logging	100	100	100	100	200
Construction	34,400	26,900	23,500	22,600	22,800
Manufacturing	22,700	20,500	19,700	20,400	21,300
Transportation, Warehousing & Public Utilities	90,100	82,900	81,700	11,500	12,300
Information	15,000	14,200	13,200	12,600	11,600
Financial Activities	39,900	36,000	32,100	30,500	30,900
Professional and Business Services	80,700	75,400	76,300	78,000	83,100
Education and Health Services	69,400	69,500	68,300	70,300	71,400

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
County of Sacramento
Annual Averages, 2001 Through 2011

Year	Civilian Labor Force	Employed Labor Force ⁽¹⁾	Unemployed Labor Force ⁽²⁾	Unemployment Rate ⁽³⁾
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Major Employers

The table below represents the largest employers in the City for the Fiscal Year ended June 30, 2012.

LARGEST EMPLOYERS City of Sacramento

<u>Company</u>	<u>Type of Business</u>	<u>Employees</u>
State of California	Government	69,763
Sacramento County	Government	11,450
University of California, Davis Health System	Healthcare	7,725
Dignity Health	Healthcare	7,069
Intel Corporation	Technology	6,633
Kaiser Permanente	Managed Healthcare	6,360
Sutter Health Sacramento Sierra Region	Managed Healthcare	5,765
Elk Grove Unified School District	Education	5,021
Sacramento City Unified School District	Education	5,000
San Juan Unified School District	Education	4,700
City of Sacramento	Government	4,083

Source: City of Sacramento Comprehensive Annual Financial Report.

Construction Activity

The following tables provide a summary of annual building permit valuations and number of residential building permits for calendar years 2006 through 2010, for the City and for the County.

BUILDING PERMIT ACTIVITY City of Sacramento 2008 Through 2012

BUILDING PERMIT ACTIVITY
County of Sacramento
2008 Through 2012

	2008	2009	2010	2011	2012
Valuation (\$000)					
Residential	\$704,570	\$381,628	\$412,765	425,498	440,750
Non-Residential	1,165,508	507,903	353,973	402,839	366,948
TOTAL	<u>\$1,870,078</u>	<u>\$889,531</u>	<u>\$766,738</u>	<u>\$828,637</u>	<u>\$807,698</u>
 Dwelling Units					
Single Family	1,933	881	843	727	1,290
Multiple family	1,231	92	338	606	343
TOTAL	<u>3,164</u>	<u>973</u>	<u>1,181</u>	<u>1,333</u>	<u>1,633</u>

Commercial Activity

The following table shows taxable sales within the City and the County for 2008 to 2012.

TAXABLE SALES
 County of Sacramento
 2008 Through 2012

	2008	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾
Apparel Stores	\$673,787	\$772,262	\$786,230	\$800,952
General Merchandise	2,301,556	1,904,847	1,959,729	2,016,537
Food Stores	821,614	5,543,299	5,854,870	6,208,349
	1,713,915	838,995	1,665,337	1,743,327
	577,869	852,142	846,734	849,995

Income

Total personal income in the County increased by 48% between 2000 to 2010, representing an average annual compound growth rate of 4%. Per capita personal income in the County grew by 28% during this time, representing an average annual compound growth of 2.5%. The following tables summarize personal income for the County.

PER CAPITA PERSONAL INCOME
2000 Through 2012

Year	Sacramento County	California	United States
2000	\$29,406	\$33,398	\$30,318
2001	30,491	33,890	31,145
2002	30,979	34,045	31,461
2003	32,039	34,977	32,271
2004	33,569	36,903	33,881
2005	34,952	38,767	35,424
2006	36,629	41,567	37,698
2007	38,064	43,240	39,461
2008	38,782	43,853	40,674
2009	37,184	42,395	39,635
2010	37,700	42,514	39,937
2011	38,202	43,647	41,560
2012	N/A	44,980	42,693

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

PERSONAL INCOME
2000 Through 2011
(in thousands)

Year	Sacramento County	Annual Percent Change
2000	\$36,168,192	—
2001	38,609,037	6.7%
2002	40,305,530	4.4
2003	42,564,972	5.6
2004	45,282,367	6.4
2005	47,563,421	5.0
2006	50,165,916	5.5
2007	52,572,684	4.8
2008	54,078,812	2.9
2009	52,377,247	(3.1)
2010	53,612,730	2.4
2011	54,861,602	2.3

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

APPENDIX C

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

See following page.

APPENDIX D
PROPOSED FORM OF OPINION OF BOND COUNSEL

[TO COME FROM BOND COUNSEL]

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[TO COME FROM BOND COUNSEL]

APPENDIX F

COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT

The following information has been furnished by the Director of Finance, County of Sacramento. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Director of Finance, 700 H. Street, Suite 1710, Sacramento, California 95814.

The Board of Supervisors (the "Board") of the County last adopted an investment policy (the "County Investment Policy") in 2011. State law requires the Board to approve any changes to the investment policy. The Board is currently reviewing changes to the County Investment Policy and is expected to approve them in the near future.

See following page.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX G has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do

BOND PURCHASE CONTRACT

\$ _____
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2013 GENERAL OBLIGATION REFUNDING BONDS

December __, 2013

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

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets Inc. (the "Underwriter"), hereby offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Board of Education of

as escrow agent (the “Escrow Agent”). The sufficiency of the amounts deposited in and the investment earnings on the Escrow Fund to pay the principal and the redemption price of, the Prior Bonds will be verified by Causey Demgen & Moore Inc., certified public accountants, as verification agent (the “Verification Agent”).

The District acknowledges and agrees that (i) the purchase and sale of the Refunding Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussion, undertakings

Underwriter and the District, not less than three Business Days prior to the Closing Date, as

(f) The Underwriter has reasonably determined that the District's undertaking pursuant to Sections 4(h) and 6(a)(12) hereof to provide continuing disclosure with respect to the Refunding Bonds is sufficient to effect compliance with Rule 15c2-12.

6. Conditions to Closing (a) At or before the Closing Date, and contemporaneously with the acceptance of delivery of the Refunding Bonds, the District will provide to the Underwriter:

(1) A certificate, signed by an official of the District, confirming to the Underwriter that the Preliminary Official Statement as of its date did not, and the Official Statement as of its date and at the time of Closing did not and does not, to the best of the knowledge of said official, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition or affairs of the District which would make it unreasonable for the purchaser of the Refunding Bonds to rely upon the Official Statement in connection with the resale of the Refunding Bonds; excluding in each case any information contained therein relating to DTC or its book-entry only system; information contained therein describing the investment policy of the County, its current portfolio holdings, and valuation procedures (as they relate to funds of the District held by the Director of Finance); information provided by the Underwriter regarding the underwriting of the Refunding Bonds, the CUSIP numbers or the prices or yields at which the Refunding Bonds were re-offered to the public, as to all of which the District expresses no view.

(2) A certificate or certificates, signed by an official of the County, confirming to the Underwriter that the Preliminary Official Statement as of its date did not, and the Official Statement as of its date and at the Closing Date did not and does not, to the best of the knowledge of said official, solely with respect to the information contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures (as they relate to funds of the District held by the Director of Finance), contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(3) A certificate, signed by an official of the District (or an opinion of counsel to the District), confirming to the Underwriter that, as of the date of this Purchase Contract and on the Closing Date, there is no litigation pending, with service of process completed, or, to the best of the knowledge of said person, threatened, concerning the validity of the Refunding Bonds, the levy of taxes to repay the Refunding Bonds or the application of tax proceeds to that purpose, the corporate existence of the District, or the entitlement of the officers of the District who have signed the Refunding Bonds and the various certificates and agreements of the District relating to the issuance and sale of Refunding Bonds, to their rest es.0(da)4.0(t)-2.0(9(e)-

(5) The Verification Report of the Verification Agent, verifying the sufficiency of the deposit of net proceeds of the Refunding Bonds and the investment earnings

Bonds to the Underwriter and the satisfaction of all conditions and terms of this Purchase Contract by the District, and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Contract are true, complete and correct in all material respects.

(2) the certification of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Refunding Bonds have been reoffered to the public, as described in Section 3 hereof.

7. Termination (a) By District. In the event of the District's failure to deliver the Refunding Bonds on the Closing Date, or inability of the District to satisfy the conditions to the obligations of the Underwriter contained herein (unless waived by the Underwriter), or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate.

(b) By Underwriter

(1) Excused The Underwriter may terminate this Purchase Contract, without any liability therefor, by notification to the District if as of the Closing Date any of the following shall have had a material adverse effect on the marketability or market price of the Refunding Bonds, in the reasonable opinion of the Underwriter, upon consultation with the District:

(i) There shall have occurred and be continuing the declaration

by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of Bond Counsel, has the effect of requiring the contemplated distribution of the Refunding Bonds to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Resolution or the Paying Agent Agreement to be qualified under the Trust Indenture Act of 1939, as amended;

(v) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose and there shall be in effect, as to the Refunding Bonds or obligations of the general character of the Refunding Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, underwriters; and

(vi) Congress shall have made a formal declaration of war, or the President of the United States shall have ordered a new major engagement in or escalation of military hostilities, or there shall have occurred a declared national emergency that interrupts or causes disorder to the operation of the financial markets in the United States.

(2) Unexcused In the event the Underwriter shall fail (other than for a reason permitted by this Purchase Contract) to pay for the Refunding Bonds upon tender of the Refunding Bonds at the Closing, the Underwriter shall have no right in or to the Refunding Bonds.

8. Closing At or before 9:00 a.m., California time, on December __, 2013, or at such other date and time as shall have been mutually agreed upon by the District and the Underwriter, the District will deliver or cause to be delivered to the Underwriter the Refunding Bonds in book-entry form duly executed by the District, together with the other documents described in Section 6(a) hereof; and the Underwriter will accept such delivery and pay the purchase price of the Refunding Bonds as set forth in Section 1 hereof in immediately available funds by federal funds wire, in an aggregate amount equal to such purchase price, plus accrued interest, if any, on the Refunding Bonds from the date thereof to the date of such payment, and shall deliver to the District the other documents described in Section 6(b) hereof, as well as any other documents or certificates Bond Counsel shall reasonably require.

Payment for the delivery of the Refunding Bonds as described herein shall be made by the Underwriter to the Escrow Agent and the Director of Finance, as appropriate. The Refunding Bonds will be delivered through the facilities of DTC in New York, New York, or at such other place as shall have been mutually agreed upon by the District and the Underwriter. All other documents to be delivered in connection with the delivery of the Refunding Bonds shall be delivered at the offices of Orrick, Herrington & Sutcliffe, San Francisco, California.

9. Expenses (a) The District shall pay the expenses incident to the performance of its obligations hereunder from the proceeds of the Refunding Bonds (or from any other source of available funds of the District) which expenses may include: (i) the cost of the preparation and

reproduction of the Resolution and the Paying Agent Agreement; (ii) the fees and disbursements of District counsel; (iii) the fees and disbursements of Bond and Disclosure Counsel; (iv) the costs of the preparation, printing and delivery of the Refunding Bonds; (v) the costs of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto in the quantity requested by the Underwriter in accordance herewith; (vi) initial rating fees of Moody's and Fitch; (vii) fees and expenses of the Paying Agent for the Refunding Bonds; (viii) fees and expenses of the Escrow Agent with respect to the Prior Bonds; (ix) fees and expenses of the Financial Advisor; (x) fees of the escrow bidding agent, if any; and (xi) fees and expenses of the Verification Agent.

(b) All other costs and expenses incurred by the Underwriter as a result of or in connection with the purchase of the Refunding Bonds and their public offering and distribution shall be borne by the Underwriter, including, but not limited to (i) clearing house fees; (ii) DTC fees; (iii) CUSIP fees; (iv) fees required to be paid to the California Debt and Investment Advisory Commission ("CDIAC"); (v) fees payable to The Securities Industry and Financial Markets Association ("SIFMA"); (vi) MSRB fees; and (vii) costs or fees of qualifying the Refunding Bonds for offer and sale in various states chosen by the Underwriter and the costs or fees of preparing Blue Sky or legal investment memoranda to be used in connection therewith.

10. Notices Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the introductory paragraph hereof) may be given to the District or the Underwriter by delivering the same in writing to the District or the Underwriter at the addresses given below, or such other address as the District or the Underwriter may designate by notice to the other party.

To the District: Sacramento City Unified School District
5735 4th Avenue
Sacramento, CA 95824
Attn: Chief Business Officer

To the Underwriter: Citigroup Global Markets Inc.
One Sansome Street, 2nd Floor
San Francisco, California
Attn:

11. Governing Law The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

12. Parties in Interest This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter, and is solely for the benefit of the District and the Underwriter (including the successors or assigns thereof). No other person shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Purchase Contract of each of the parties hereto shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Refunding Bonds hereunder, or (b) any termination of this Purchase Contract.

13. Headings The headings of the paragraphs and sections of this Purchase Contract are inserted for convenience of reference only and shall not be deemed to be a part hereof.

14. Effectiveness This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authorized District Underwriter, and shall be valid and enforceable at the time of such acceptance.

15. Counterparts This Purchase Contract, for the purchase and sale of the Sacramento City Unified School District 2013 General Obligation Refunding Bonds, may be executed in several counterparts, which together shall constitute one and the same instrument.

Respectfully submitted,

CITIGROUP GLOBAL MARKETS INC., as
Underwriter

By: _____
Authorized Officer

Accepted: _____, 2013.
Time of Execution: _____ a.m./p.m.

SACRAMENTO CITY UNIFIED SCHOOL
DISTRICT

By: _____
Ken A. Forrest
Chief Business Officer

PURCHASE CONTRACT APPENDIX A

TERMS OF THE
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2013 GENERAL OBLIGATION REFUNDING BONDS

Interest Rates See attached Pricing Report from Underwriter as Schedule A.

Principal Payments See attached Pricing Report from Underwriter as Schedule A.

Terms of Redemption Optional Redemption of Bonds The Bonds maturing on or before July 1, 20__ shall not be subject to redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on and after July 1, 20__, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after _____ 1, 20__, at a redemption price of par plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption The Bonds maturing on July 1, 2029, are subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 2026, 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

SCHEDULE A

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Section 1. Establishment and Maintenance of Escrow Fund; Deposit
The Escrow Agent hereby agrees to establish and maintain a fund until all of the Prior Bonds have been paid as provided herein, designated as the "Escrow Fund," and to hold the securities, investments and moneys therein at all times as a special fund and separate trust account. All securities, investments and moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 6 hereof, to secure the payment of the Prior Bonds.

On the date of delivery of the Refunding Bonds, the Escrow Agent shall deposit the sum of \$_____ in the Escrow Fund, consisting of the amounts received by the Paying Agent from the Underwriter, representing certain proceeds of the sale of the Refunding Bonds.

Section 2. Investment of Money in the Escrow Fund

Except as set forth below, the Escrow Agent shall not reinvest any cash portion of the Escrow Fund; provided however that after obtaining an unqualified legal opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the tax-exempt status of interest on the Refunding Bonds under Section 103 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and will not result in the breach of any covenant of the District contained in the Indenture or the Paying Agent Agreement, the Escrow Agent may reinvest, at the written direction of the District, any cash portion of the Escrow Fund in escrow securities. Any such reinvestment shall be made in Escrow Securities the principal of and interest on which are payable at such times and in such amounts as will be sufficient (together with the other securities, investments and moneys in the Escrow Fund) to pay the Prior Bonds in accordance with Section 3 and consistent with the then-currently applicable report of a certified public accountant licensed to practice in the State of California, delivered with respect to the Escrow Fund. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 3. Payment and Redemption of Prior Bonds
The District hereby irrevocably directs the Escrow Agent, and the Escrow Agent hereby agrees, to collect and deposit in the Escrow Fund the principal of and interest on all Escrow Securities held for the account of the Escrow Fund promptly as such principal and interest become due, and to apply such principal and interest, together with other moneys and the principal of and interest on other securities deposited in the Escrow Fund, to the payment of the principal and redemption premiums of the Prior Bonds on that date, pursuant to each respective datrom tactAgent AgreAld in the

payment of the Series 2005 Bonds callable on July 1, 2015, in the time, form and manner specified by the Prior Resolution and any Continuing Disclosure Certificate relating to the Series 2005 Bonds.

On [December 1, 2013], at the direction of the District, the Escrow Agent prepared and submitted the notice for all of the Prior Bonds callable on July 1, 2015.

Section 5. Unclaimed Moneys Any moneys held by the Escrow Agent in trust for the payment and discharge of the Prior Bonds which remain unclaimed for two years after the date when such Prior Bonds are to have been retired or redeemed in accordance with Section 3 shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Section 6. Substitution of Securities Upon the written request of the District,

Section 8. Liabilities and Obligations of Escrow Agent(a) The Escrow Agent shall have no obligation to make any payments or disbursement of any type or incur any

(i) The Escrow Agent may at any time resign by giving written notice to the District of such resignation. The District shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the District does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe, and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the District shall immediately and without further act be replaced by the successor Escrow Agent so appointed.

(j) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Agent. Neither the Escrow Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Escrow Agreement or in connection herewith except to the extent caused by the Escrow Agent's negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

Section 9. Merger or Consolidation Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Escrow Agent, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 10. Amendment This Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the District and the Escrow Agent (i) a written opinion of nationally recognized bond counsel stating that such amendment will not adversely affect the exclusion from gross income for federal income tax

purposes of interest evidenced by the Prior Bonds or the Refunding Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Prior Bonds, as evidenced by an opinion of counsel, the written consent of all the registered owners of the Prior Bonds then outstanding.

Section 11. Notices All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows. Any written instruction given hereunder may be given by fax or other electronic means.

If to the District:

Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824
Attention: Chief Business Officer

If to the Escrow Agent:

Wells Fargo Bank, National Association
333 Market Street, 18th Floor
San Francisco, CA 94105
Attn: Corporate Trust Services

Section 12. Severability If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 13. Governing Law This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 14. Execution This Escrow Agreement may be executed in any

SCHEDULE I

ESCROW SECURITIES

1. CASH in the amount of \$_____.

2. Securities as shown in the schedule below.

Escrow Descriptions
Sacramento City Unified School District
2013 General Obligation Refunding Bonds

Purchase Date	Type of Security	Final Numbers		First Int Pmt Date	Par Amount	Rate	Max Rate
		Type of SLGS	Maturity Date				
December __, 2013:							

SLGS Summary

SLGS Rates File
Total Certificates of
Indebtedness
Total Notes

Total original SLGS

SCHEDULE II

SCHEDULE OF BONDS TO BE DEFEASED

	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
<hr/> GO Bonds Election of 2002, Series 2005:					
SERIAL	7/1/2016	5.000%	2,020,000.00	7/1/2015	100.000%
	7/1/2017	5.000%	2,280,000.00	7/1/2015	100.000%
	7/1/2018	5.000%	2,560,000.00	7/1/2015	100.000%
	7/1/2019	5.000%	2,860,000.00	7/1/2015	100.000%
	7/1/2020	5.000%	3,180,000.00	7/1/2015	100.000%
	7/1/2021	5.000%	3,525,000.00	7/1/2015	100.000%
	7/1/2022	5.000%	3,885,000.00	7/1/2015	100.000%
	7/1/2024	5.000%	8,960,000.00	7/1/2015	100.000%
			<hr/> 29,270,000.00		
<hr/> <hr/>					

PAYING AGENT AGREEMENT

by and between the

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SACRAMENTO COUNTY, CALIFORNIA

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Paying Agent

Dated as of December 1, 2013

Relating to the

\$ _____
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2013 GENERAL OBLIGATION REFUNDING BONDS

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 EXHIBIT A FORM OF BOND	

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

“Escrow Agent” shall mean Wells Fargo Bank, National Association, as initial escrow agent under the Escrow Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place in accordance with the Escrow Agreement.

“Escrow Agreement” shall mean that certain agreement dated as of December 1, 2013, by and between the District and the Escrow Agent, regarding the outstanding Prior Bonds.

“Escrow Fund” shall mean that certain fund created and maintained by the Escrow Agent pursuant to the Escrow Agreement to provide for the payment of all amounts due with respect to the Prior Bonds.

“Holder” See “Bondowner” defined herein.

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

“Interest Payment Date” shall mean January 1 and July 1 of each year. The first

“Record Date” shall mean the 15th day of the month preceding any Interest Payment Date. The first Record Date shall be June 15, 2014.

“Refunding Bonds” shall mean the Sacramento City Unified School District 2013 General Obligation Refunding Bonds, issued hereunder.

“Redemption Date” shall mean any date on which the Refunding Bonds or any of them are called for redemption, as provided in Article IV hereof.

“Request of the District,” “Certificate of the District,” or “Order of the District” shall mean a written request, certificate or order, respectively, authorized and signed by an Authorized District Representative.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Refunding Bonds, executed and delivered by the District on the date of issuance of the Refunding Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

ARTICLE II

THE REFUNDING BONDS

SECTION 2.01 Authorization; Date; Payment of Principal and Interest; Denominations The Refunding Bonds shall be issued for the purpose of providing funds to pay

The Refunding Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 principal amount or any integral multiple thereof, provided that no Refunding Bond shall mature on more than one maturity date.

The Refunding Bonds shall mature on the dates, in the principal amounts, and bear interest at the annual rates of interest, shown below:

Maturity (July 1)	Principal Amount	Interest Rate
2014		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		

The principal and any premium of the Refunding Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the office of the Paying Agent designated for the purpose pursuant to Section 6.01(b).

The interest on the Refunding Bonds shall be payable in like lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date, whether or not such day is a Business Day. Payment of the interest on any Refunding Bond shall be made by check or draft mailed by first class mail on each Interest Payment Date (or on the following Business Day, if the Interest Payment Date does not occur on a Business Day).

AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.”).

(b) The Refunding Bonds when issued shall be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York, and shall be initially issued as one bond for each of the maturities of the Refunding Bonds, in the principal amounts set forth in the table in Section 2.01. The Depository Trust Company is hereby appointed depository for the Refunding Bonds and registered ownership of the Refunding Bonds may not thereafter be transferred except as provided in Sections 2.04 and 2.05 hereof.

SECTION 2.03 Execution and Authentication of Refunding Bonds The Refunding Bonds shall be signed by the manual or facsimile signature of the President or any member of the Board and the Secretary of the Board or his or her designee. The Refunding Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent.

Only such of the Refunding Bonds as shall bear thereon a certificate of authentication and registration in the form given in Appendix A hereto, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Refunding Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Paying Agent Agreement.

SECTION 2.04 Book-Entry System (a) The Refunding Bonds shall be initially issued and registered as provided in Section 2.02(b) hereof. Registered ownership of the Refunding Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a “substitute depository”); ~~provided that~~ any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii)

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a)

like aggregate principal amount and bearing the same rate or rates of interest. The Paying Agent shall require the payment by the Bondowner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of Refunding Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or Redemption Date to and including such Interest Payment Date or Redemption Date.

SECTION 2.06 Exchange of Refunding Bonds Refunding Bonds may be exchanged at the office of the Paying Agent designated for that purpose, for a like aggregate principal amount of Refunding Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Refunding Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or Redemption Date to and including such Interest Payment Date or Redemption Date.

SECTION 2.07 Bond Register (a) The Paying Agent will keep or cause to

- (ii) \$_____ to the Costs of Issuance Account, which is hereby created and which shall be held and administered by the Cost Administrator.

Mandatory Sinking Fund Redemption Date (July 1)	Principal Amount to be Redeemed
---	------------------------------------

\$

† Maturity.

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of the Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

(d) Selection of Bonds for Redemption If less than all of the Refunding Bonds are called for redemption, Refunding Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of Bonds of a given maturity to be redeemed shall be determined by lot.

(e) Notice of Redemption Notice of redemption of any Refunding Bonds shall be given by the Paying Agent. Notice of any redemption of Refunding Bonds shall be mailed first class prepaid, not less than 20 nor more than 45 days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 2.07, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Refunding Bonds and the date of issue of the Refunding Bonds;
- (iii) the redemption date;
- (iv) the redemption price;
- (v) the dates of maturity of the Refunding Bonds to be redeemed;
- (vi) (if less than all of the Refunding Bonds of any maturity are to be redeemed) the distinctive numbers of the Refunding Bonds of each maturity to be redeemed;

- (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed;
- (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; and
- (x) notice that further interest on such Refunding Bonds will not accrue after the designated redemption date.

(f) Effect of Notice A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Refunding Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Refunding Bonds or the cessation of interest on the date fixed for redemption. Inclusion of CUSIP numbers in any notice of redemption shall not constitute a representation by the District or the Paying Agent as to the accuracy thereof and the notice may so state.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Refunding Bonds called for redemption is set aside for the purpose as described in subsection (g) of this Section, the Refunding Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Refunding Bonds at the place specified in the notice of redemption, such Refunding Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Refunding Bonds so called for redemption after such redemption date shall look for the payment of such Refunding Bonds and the redemption premium thereon, if any, only to the Interest and Sinking Fund or the escrow fund established for such purpose. All Refunding

have been satisfied on or prior to the redemption date stated in such notice, said notice shall be of no force and effect on and as of the stated redemption date, the redemption shall be cancelled, and the District shall not be required to redeem the Bonds that were the subject of the notice. The Paying Agent shall give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

(i) Redemption Fund Prior to or on the redemption date of any Refunding Bonds there shall be available in the Interest and Sinking Fund of the District, or held in trust for such purpose as provided by law, moneys for the purpose and sufficient to redeem, at a price equal to 100% of the principal amount thereof, without premium, the Refunding Bonds designated in said notice of redemption. Such moneys so set aside in any such escrow fund shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Refunding Bonds to be redeemed upon presentation and surrender of such Refunding Bonds, provided that all moneys in the Interest and Sinking Fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Interest and Sinking Fund of the District, unless otherwise provided

(b) In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Paying Agent or the Director of Finance on behalf of the District, the District shall so instruct the Paying Agent or Treasurer in writing.

(c) Notwithstanding any provision of this Section, if the District shall obtain and provide to the Paying Agent or the Director of Finance, as appropriate, an Opinion of Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Refunding Bonds, the Paying Agent and Treasurer may conclusively rely on such Opinion of Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

ARTICLE VI

THE PAYING AGENT

SECTION 6.01 Appointment; Acceptance; Designated Office

(a) Appointment and Acceptance of Duties Wells Fargo Bank, National Association is hereby appointed Paying Agent, and hereby accepts and agrees to perform the duties and obligations of the Paying Agent, registrar and transfer agent specifically imposed upon it by this Paying Agent Agreement, and no implied duties shall be read into this Paying Agent Agreement against the Paying Agent.

The Paying Agent is hereby authorized and hereby agrees to pay or redeem the Refunding Bonds when duly presented for payment at maturity, or on prior redemption, and to cancel all Refunding Bonds upon payment thereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Refunding Bonds paid and discharged.

(b) Office of the Paying Agent The Paying Agent, and any successor Paying Agent, shall designate each place or places where it will conduct the functions of transfer, registration, exchange, payment, and surrender of the Bonds. If no office is so designated for a particular purpose, such functions shall be conducted at the principal corporate trust office of the Paying Agent, or the principal corporate trust office of any successor Paying Agent.

SECTION 6.02 Protection of Paying Agent The Paying Agent hereby agrees, provided sufficient immediately available funds have been provided to it for such purpose by or on behalf of the District, to use the funds deposited with it solely for payment of the principal of and interest on the Refunding Bonds as the same shall become due or become subject to earlier redemption.

SECTION 6.03 Reliance on Documents, Etc.

(a) The Paying Agent may conclusively rely, 9(ve)4.0(l)-12.0(y)-570.0(r)2.9(e)4

(b) The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or

SECTION 6.07 Other Transactions The Paying Agent may engage in or be interested in any financial or other transaction with the District.

SECTION 6.08 Interpleader The Paying Agent may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Paying Agent has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

SECTION 6.09 Indemnification The District shall indemnify the Paying Agent, its officers, directors, employees, and agents for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Paying Agent's acceptance or administration of the Paying Agent's duties hereunder or under the Refunding Bonds (except any loss, liability or expense as may be adjudicated by a court of competent jurisdiction to be attributable to the Paying Agent's negligence or willful misconduct), including without limitation the cost and expense (including its counsel fees and disbursements, including the allocated costs and disbursements of internal counsel) of defending itself against any claim or liability (except such action as may be brought against the Paying Agent by the District, unless the Paying Agent did not commit willful misconduct or negligence) in connection with the exercise or performance of any of its powers or duties under this Paying Agent Agreement. The provisions of this Section 6.09 shall survive termination of this Paying Agent Agreement and shall continue for the benefit of any Paying Agent after its resignation as Paying Agent hereunder.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01 Counterparts

or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the District:

Sacramento City Unified School District
5735 47th Ave
Sacramento, California 95824
Attn: Chief Business Officer

If to the Paying Agent:

Wells Fargo Bank, National Association
333 Market Street, 18th Floor
San Francisco, CA 94105
Attn: Corporate Trust Services

If to the County:

Director of Finance
County of Sacramento
700 "H" Street, Room 3650
Sacramento, California 95814

SECTION 7.04 Governing Law This Paying Agent Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this PAYING AGENT AGREEMENT, relating to the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT 2013 GENERAL OBLIGATION REFUNDING BONDS, to be duly executed by their officers duly authorized as of the date first written above.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Authorized District Representative

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Paying Agent

By _____
Authorized Representative

Approved as to form and legality:

By _____
County Counsel

EXHIBIT A
[FORM OF BOND]

Number
R-___ UNITED STATES OF AMERICA Amount
STATE OF CALIFORNIA \$_____
SACRAMENTO COUNTY

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2013 GENERAL OBLIGATION REFUNDING BONDS

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>	<u>CUSIP NO.</u>
____%	July 1, ____	December __, 2013	_____

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT of Sacramento County, State of California (herein called the "District"), acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns, but only from taxes collected by the County of Sacramento (the "County") for such purpose pursuant to Section 15250 of the Education Code of the State of California, on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable on January 1 and July 1 of each year, commencing July 1, 2014, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on June 15, 2014, it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the 15th day of the month preceding an interest payment

with the provisions of the Paying Agent Agreement and of the Constitution and laws of California, specifically under the authority of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

The Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Paying Agent Agreement, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same maturity and interest rate of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same maturity, interest rate, and same aggregate principal amount will be issued to the transferee in exchange herefor.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Sacramento City Unified School District 2013 General Obligation Refunding Bonds described in the within-mentioned Paying Agent Agreement authenticated and registered on November __, 2013.

COUNTY OF SACRAMENTO, as Paying Agent/Registrar
and Transfer Agent

By _____
Authorized Officer

DTC LEGEND

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

I.D. Number

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

Dated: _____

Signature Guarantee: _____
Notice: Signature must be guaranteed by an eligible guarantor institution.

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 \$_____ aggregate principal amount of Sacramento City Unified School District 2013 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on November 21, 2013, and in

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

SECTION 3. Provision of Annual Reports

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District’s fiscal year (presently June 30), which date is April 1, commencing with the Annual Report for the fiscal year of the District ending June 30, 2013, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

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

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

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

- * Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited

- * Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.
- * District average daily attendance.
- * District outstanding debt.
- * Information regarding the top ten property tax payers within the District, if and to the extent provided to the District by the County.
- * Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.
- * Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

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

SECTION 5. Reporting of Significant Events

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

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;

8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

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

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

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;

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

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

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

SECTION 7. Dissemination AgentThe District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given

in the same manner as for a Listed Event under Section 5(c), 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

SECTION 11. Beneficiaries This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial

CONTINUING DISCLOSURE EXHIBIT A

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

Name of District: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: SACRAMENTO CITY UNIFIED SCHOOL DISTRICT 2013
GENERAL OBLIGATION REFUNDING BONDS

Date of Issuance: December __, 2013