SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Items #2 and #3

Meeting Date: November 21, 2013

Subject: Sacramento City Schools Joint Powers Financing Authority Resolution Nos. 1 and 2: Authorizing the Conflict of Interest Code and Issuance of Lease Revenue Refunding Bonds to Refund the District's 2001 and 2011 Certificates of Participation

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

Division: Business Services

Recommendation: Discuss and approve Resolution No. 1 authorizing the District's joint exercise of powers agreement with the California Statewide Communities Development Authority to form the Sacramento City Schools Joint Powers Financing Authority. Discuss and approve Resolution No. 2 authorizing the issuance of Lease Revenue Refunding Bonds and certain related actions and documents.

Background/Rationale: Lease Revenue Refunding Bonds (LRBs) are the most advisable method for achieving the public benefit of refinancing the District' 2001 Certificates of Participation (2001 COPs) and restructuring the 2011 Certificates of Participation (2011 COPs). LRBs are issued through a conduit issuer such as a joint powers authority.

The District can retain control of the conduit issuer by forming the Sacramento City Schools Joint Powers Financing Authority (Authority). The District can form the Authority by entering into the agreement with California Statewide Communities Development Authority (CSCDA), a joint powers authority established to assist local agencies with issuing conduit borrowings.

Financial Considerations: All fees for forming the Authority will be paid from LRBs.

Documents Attached:

1. Executive Summary
2. Power Point
3. JPA Resolution No. 1 Approving Conflict Code
4. JPA By-laws Supporting Resolution No. 1
5. JPA Resolution No. 2 Authorizing Bonds
6. Trust Agreement
7. Facility Lease
8. Facility Sublease
9. Continuing Disclosure Certificate
10. Bond Purchase Agreement
11. Placement Agreement
12. Preliminary Official Statement

Estimated Time of Presentation: 10 Minutes
Submitted by: Ken A. Forrest, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent

Board of Education Executive Summary

Business Services

Sacramento City Schools Joint Powers Financing Authority Resolution Nos. 1 and 2 Authorizing the Conflict of Interest Code and Issuance of Lease Revenue Refunding Bonds to Refund the District's 2001 and 2011 COPs

November 21, 2013

I. Overview/History:

In order to assist with the refinancing of the 2001 COPs and a restructuring of the 2011 COPs, the District Board will be asked to approve a resolution authorizing the formation of the Sacramento City Schools Joint Powers Financing Authority (Authority) with the California Statewide Communities Development Authority (CSCDA). CSCDA is a joint powers authority itself, that exists for the purpose of assisting local agencies with their financing plans. Although CSCDA will become a member of the Authority, they will have no further role in the proposed financing. Specific actions required by the District Board in forming the Authority are as follows:

- The District Board approves the resolution that forms the Authority.
- The Authority's Board of Directors (Authority Board) will approve the resolution authorizing the issuance of the LRBs.

Once the Authority meeting is convened, the District Board, acting as the Authority's Board of Directors, will take the following actions:

- Authority Board adopts its Bylaws and conflict of interest policy by resolution.
- Authority adopts the resolution authorizing the issuance of the LRBs.

II. Driving Governance:

The Government Code and the joint powers agreement allow the Authority to issue LRBs for the purpose of financing and refinancing capital improvements whenever there are significant public benefits.

III. Budget:

The up-front cost of forming the JPA is budgeted as part of the costs of issuance. Ongoing responsibilities are straightforward, and should not be costly. They involve including the JPA in the District's audit report, and making an annual filing stating members of the board.

IV. Goals, Objectives and Measures:

The District maintains control of its conduit issuer.

V. Major Initiatives:

Assist with the refinancing of the 2001 COPs and a restructuring of the 2011 COPs.

VI. Results:

A successful result is to provide a relatively straightforward approach that is easy for the District to control and administer over time.

VII. Lessons Learned/Next Steps:

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

Sacramento City Unified School District
Putting Children First

Plan to Refinance/Restructure the District's Outstanding Certificates of Participation

Board Item #11.1 & 11.2

November 7, 2013

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Agenda

- Outstanding COPs
- Refinance/Restructuring Plan
- Repayment Sources
- Legal Structure
- Next Steps

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Outstanding COPs

2001 COP - $43,580,000

Currently Outstanding	• $32,655,000
Final Maturity	• March 1, 2031
Interest Rate Mechanism	• Fixed Rate
Average Interest Rate	• 4.98%
Debt Service Payments	• Level debt service with average payments of $2,788,990 per year

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2011 SIFMA Index Mode COP - $48,020,000

Currently Outstanding	• $47,505,000
Final Maturity	• March 1, 2040
Interest Rate Mechanism	• Variable, equal to 3% over the SIFMA Swap Index rate • Mandatory Tender on March 1, 2014
Debt Service Payments	• Principal is low initially, then escalates substantially after 2022 • Estimated 2013-14 payment of $2 million

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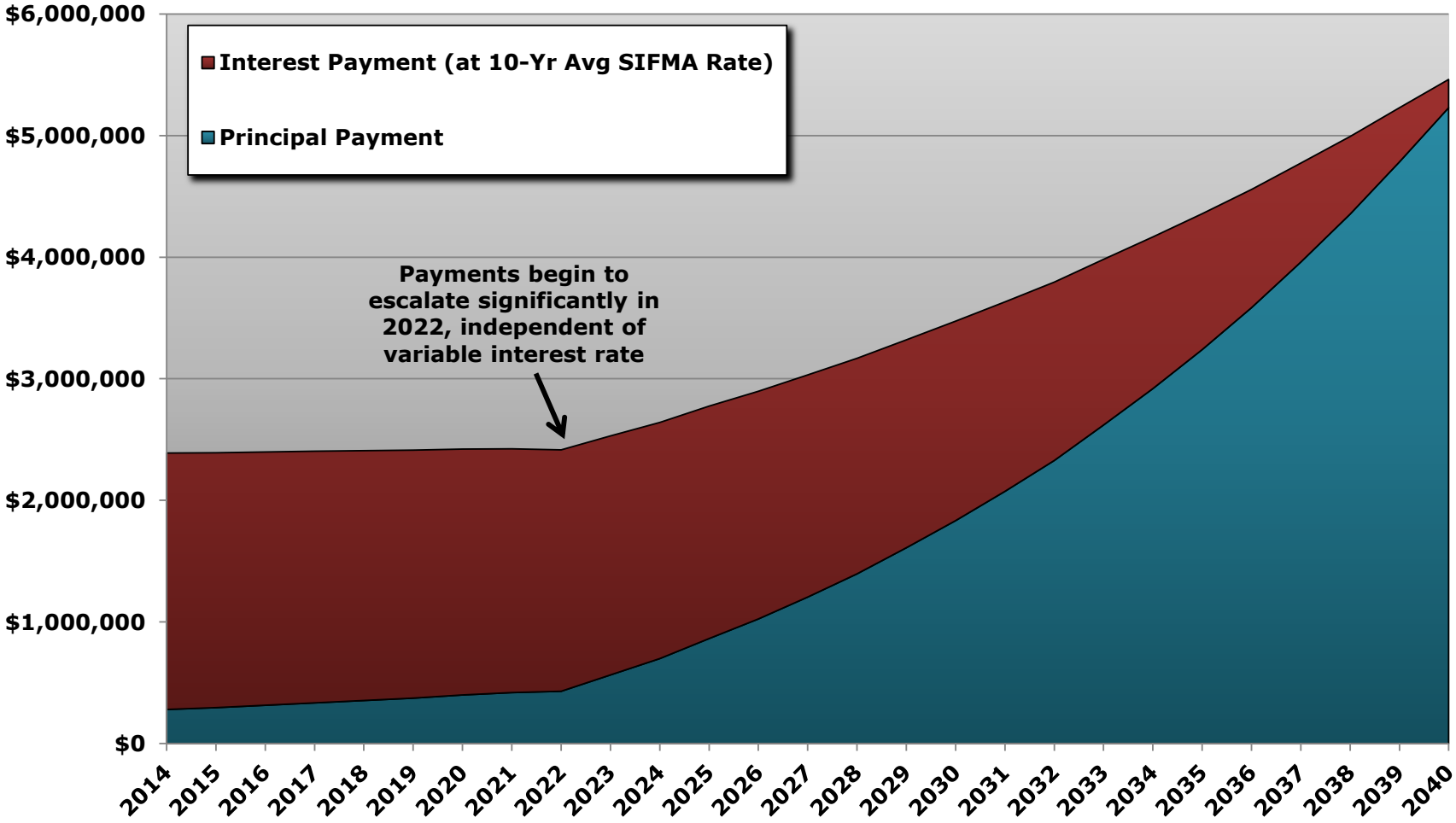
With the Currently Scheduled Principal & Estimated Interest Payments on the $47.5 Million of Outstanding 2011 SIFMA Index Mode COPs, Debt Service will Range from $2.4-$5.5 Million Per Year



Note: Estimed interest rate based on 10-year average SIFMA Swap Index of 1.44% plus 3%, per the 2011 COP Conversion documents. ***Actual rate is unknown at this time.***

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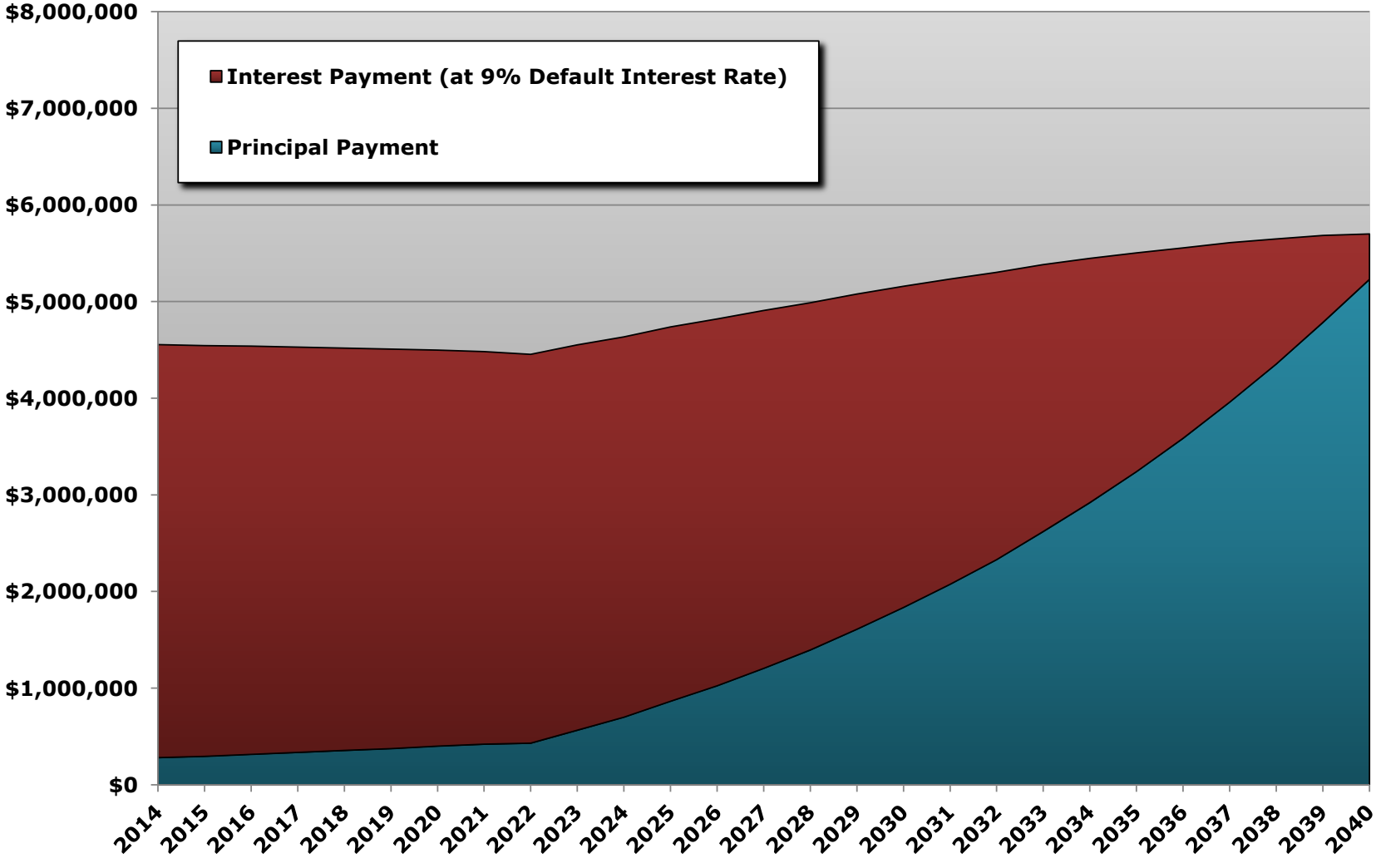
The District Must Refinance or Convert the 2011 COPs by March 1, 2014 to Avoid a 9% Default Interest Rate, Resulting in Payments of Approximately $4.5-$5.7 Million



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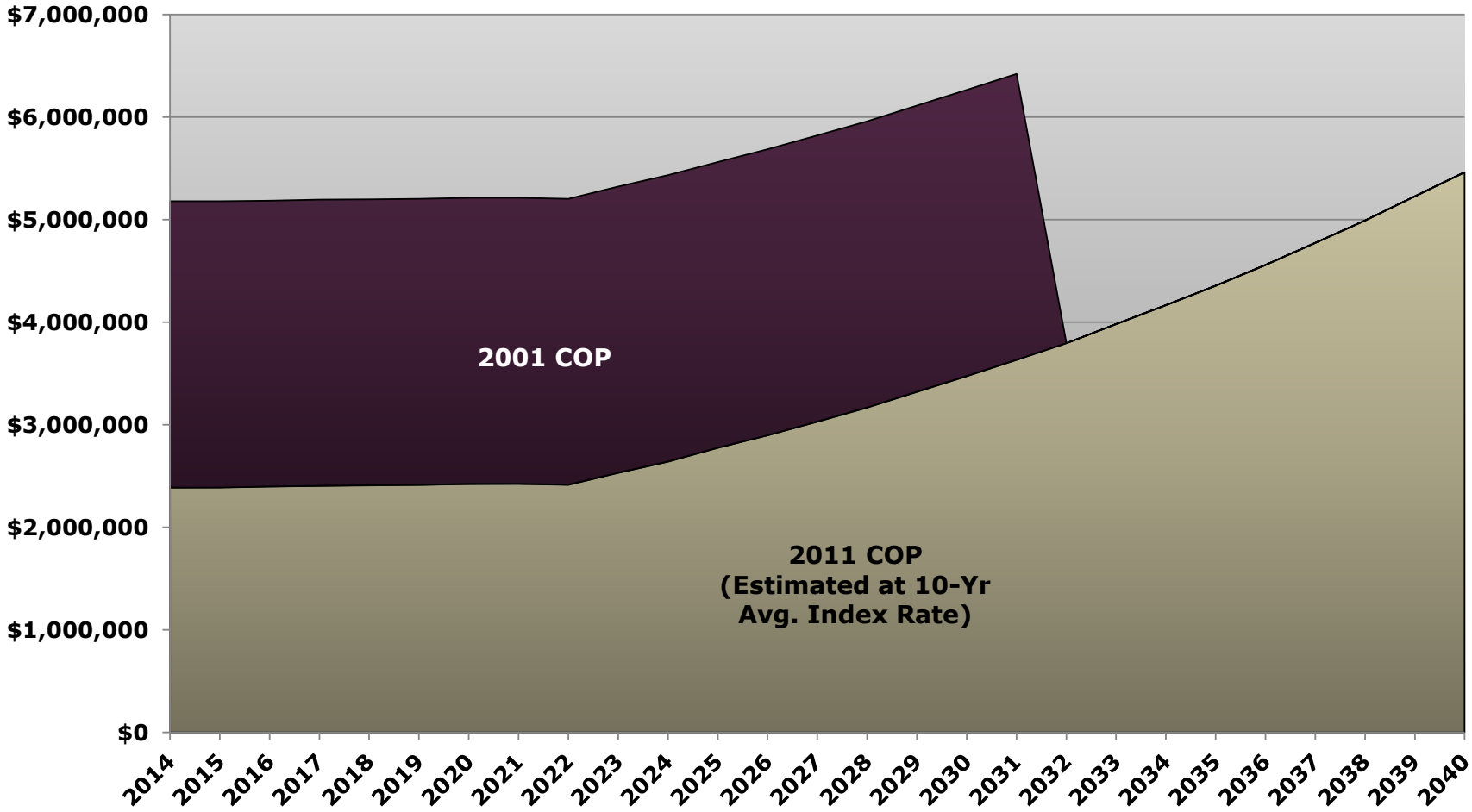
Combined Debt Service on the District's 2 Outstanding COPs is Estimated to Range from $5.2-$6.54 Million Until the 2001 COPs are Repaid in 2031, then Would Range from Approx. $3.8-$5.5 Million



Note: Estimed interest rate based on 10-year average SIFMA Swap Index of 1.44% plus 3%, per the 2011 COP Conversion documents. ***Actual rate is unknown at this time.***

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Refinance/ Restructuring Plan

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It is a Good Time to Refinance

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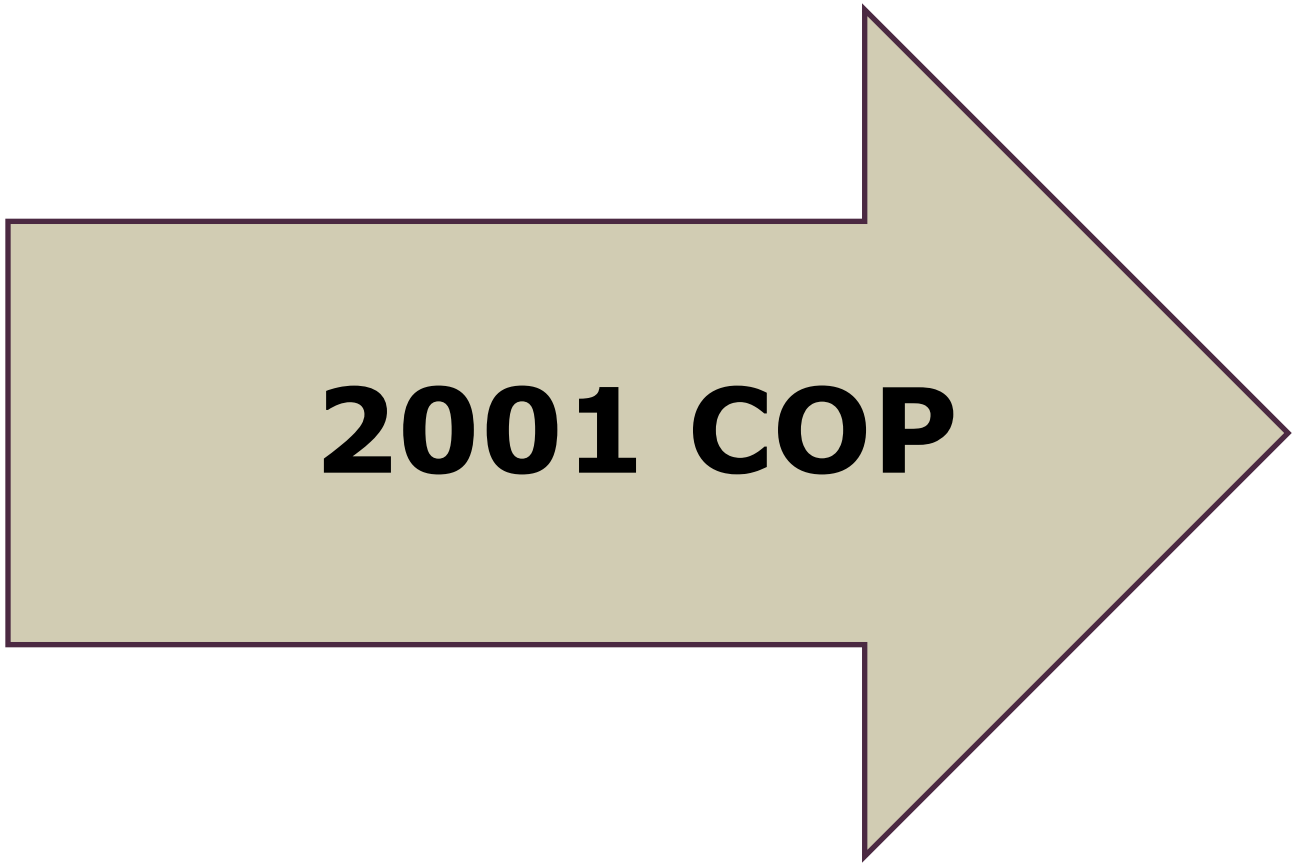
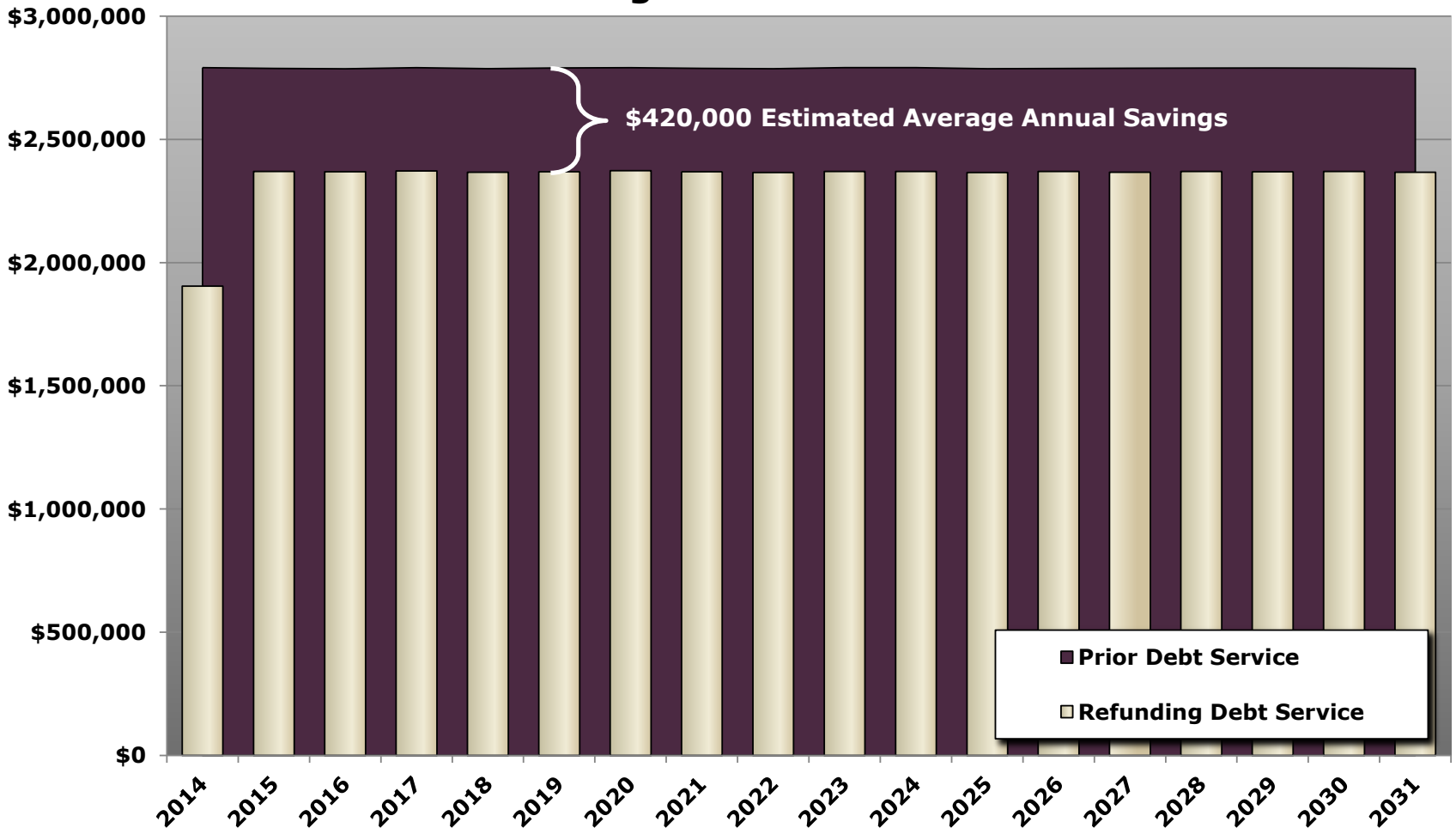

2001 COP

Based on Current Market Interest Rates, the District Can Achieve a Net Present Value Savings of Approximately $2.45 Million By Refinancing the 2001 COPs and Maintaining the Same Structure



Note: Savings Analysis Assumes an All-In TIC of 3.95%, for the remaining 18 year term of the COPs.

2011 COP

2011 COP Must be Converted or Refinanced by March 1, 2014

- No current refinance opportunity for savings
- Conversion of current variable rate to a long-term fixed rate
- Maintain same term
  - Through 2040
- Restructure annual repayment schedule
  - Fully amortized structure instead of the current principal deferred structure
  - Can offset higher annual payments with savings from refinance of 2001 COPs
    - Combined into one new issuance

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2013 Refinance/ Restructure

Can Achieve the Lowest Cost of Funds Through the Combination of:

- Traditional Public Offering, and
- Direct Placement

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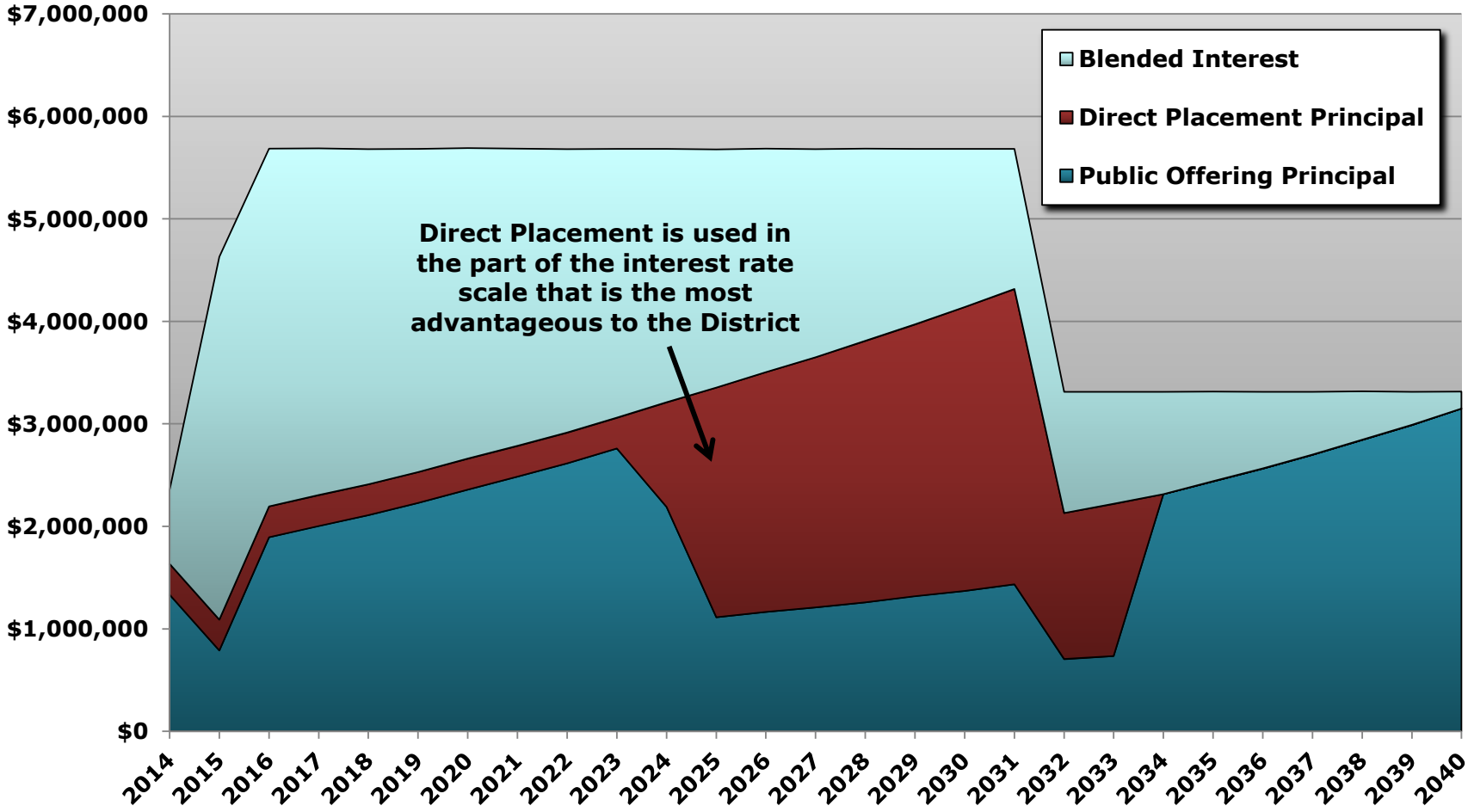
Estimated 2013 Lease Revenue Bond Sizing			
	Refunding of 2001 COPs	Refunding of 2011 COPs	Total
Sources of Funds			
Par Amount	$29,375,000	$47,520,000	$76,895,000
Premium	$1,772,344	$1,199,997	$2,972,341
Prior Reserve Fund	$2,791,250	$0	$2,791,250
Total Sources	**$33,938,594**	**$48,719,997**	**$82,658,591**
Uses of Funds			
Escrow Deposit	$33,397,931	$47,680,769	$81,078,699
Costs of Issuance	$168,198	$271,802	$440,000
Underwriter's Discount	$79,434	$151,040	$230,474
Bond Insurance	$201,574	$472,410	$673,984
Surety	$87,559	$141,938	$229,497
Contingency	$3,899	$2,039	$5,937
Total Uses	**$33,938,594**	**$48,719,997**	**$82,658,591**

In the event the District does not qualify for bond insurance, the line item for "Bond Insurance" and "Surety" will not be funded. However, a "Debt Service Reserve Fund" will be needed, increasing the overall borrowing amount.

Estimated Costs of Issuance

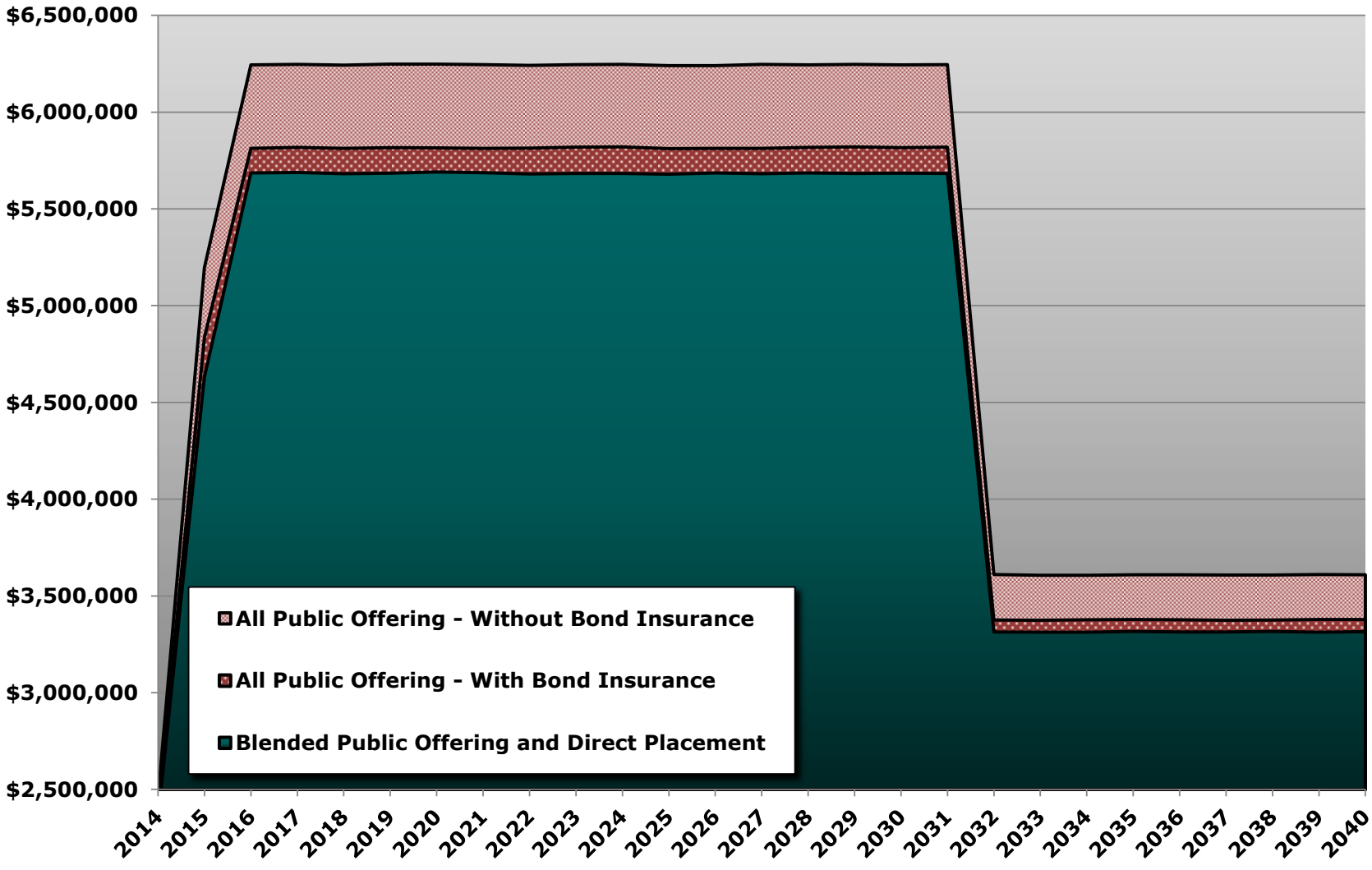
Description	Direct Placement	Public Offering
Orrick, Sutcliffe & Herrington		
Professional Services (Bond Counsel)	$35,000	$65,000
Professional Services & Expenses (Disclosure Counsel)	n/a	$35,000
Out-of-Pocket Expenses	$2,500	$2,500
Capitol Public Finance Group		
Professional Services (Financial Advisor)	$45,000	$65,000
Bond Planning	$17,500	$17,500
Out-of-Pocket Expenses	n/a	n/a
Other Expenses		
Credit Rating	n/a	$46,000
Title Insurance Policy	$25,000	$30,000
Lender Counsel	$25,000	n/a
California Statewide Development Authority (JPA)	$2,500	$3,500
Cal-Muni Statistics	n/a	$1,500
Trustee/Escrow/Paying Agent Services	n/a	$5,000
Verification Agent	$0	$5,000
AVIA (Printing and Freight)	n/a	$2,500
Contingency	$2,500	$6,500
Estimated Total Costs of Issuance	**$155,000**	**$285,000**

With a Combination Public Offering and Direct Placement, Annual Payments Will Be An Estimated $5.7 Million Through 2031, When the 2001 COP Would Have Been Repaid, Then $3.3 Milion Through 2040



Note: Assumes the District is able to obtain bond insurance and a surety bond. If bond insurance is not available, the annual payment will be higher.

Using the Blended Public Offering and Direct Placement Saves the District Approximately $2.9 Million Over 26 Year Term of the Bonds if Bond Insurance Is Available



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Prepayment Provisions

- Bond issued through a public offering are call protected for the first 10 years
- Bonds issued through the direct placement are callable at anytime
  - Call premium is based on a formula:
    - If rates are higher than the borrowing rate, the District receives a premium to refinance
    - If rates are lower than the borrowing rate, the District pays a premium to refinance

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Repayment Sources

Revenue Sources for Debt Repayment

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Capital Contributions from the General Fund

- A combination of Developer Fees, CFD Special Taxes and Redevelopment Pass-Through Funds can be applied toward annual debt payments
  - Anticipate approximately $2.8 million for 2013-14
- To the extent these capital revenue sources are not sufficient to meet debt obligations, the General Fund will need to fund debt service
  - **Assuming all non-bond capital revenues are used for debt repayment, $2.9 million from the General Fund will be required in 2016.**

Capital Revenue Sources Were Previously Used For…

See Handout Titled "5 Year Summary of Capital Funds"

Legal Structure

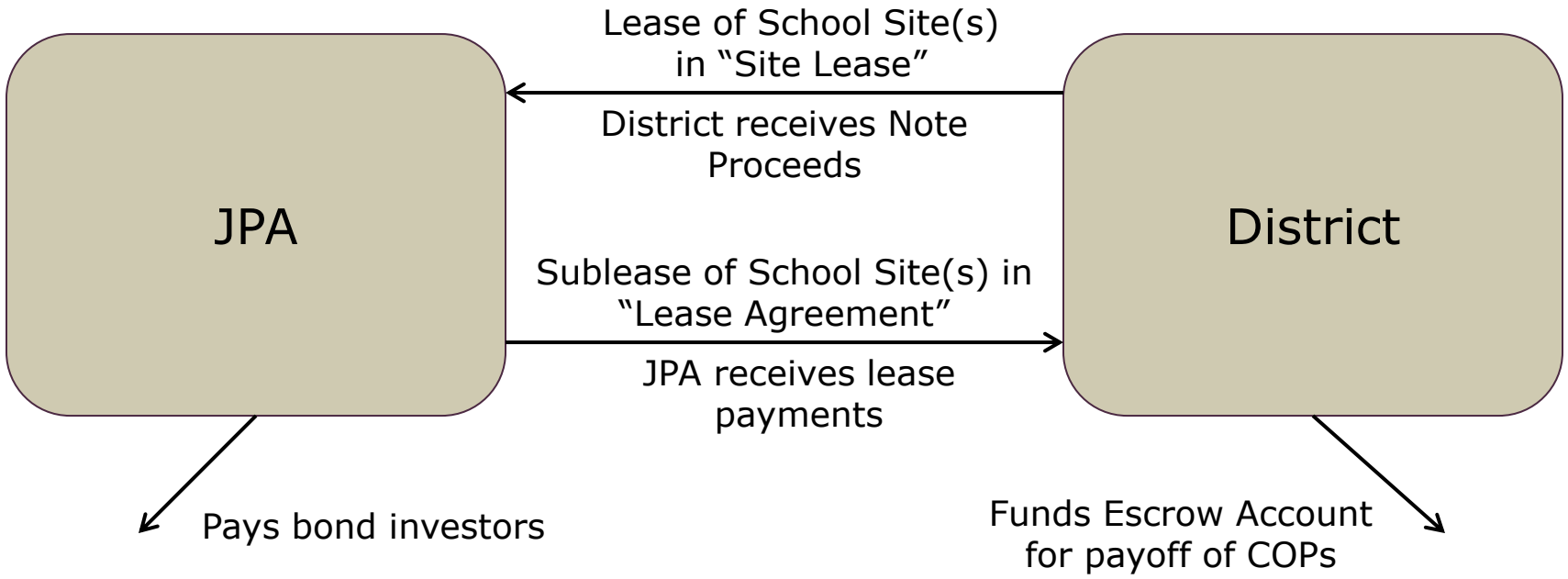
Lease Revenue Bonds

- Similar to COPs
  - Ultimately secured by the General Fund
- Issued by a joint powers authority (JPA) rather than a non-profit
  - JPA Board = District Board
    - Controls the operation, meetings and actions of the JPA
  - JPA Officers = District staff

✓ *Legally advisable structure*

- *Modern version of COP*
- *Better perception in financial markets*

Lease Revenue Refunding Bonds Structure



Board Actions for Consideration on November 21

- Board Resolution
  - Authorizing the issuance of lease revenue bonds
  - Forming a JPA that includes the District and California Statewide Communities Development Authority (CSCDA)
- JPA Resolutions:
  - Authorizing the Issuance of Bonds
  - Adopting Bylaws Governing the JPA

Summary of Legal Documents

Next Steps

Next Steps

Board information item on Nov. 7

Board action item on Nov. 21

Purchase Agreement signed on or about Dec. 7

Refinancing/Restructuring complete on Dec. 19

Redemption of 2011 COP in January	Redemption of 2001 COP in February

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SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. 1

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY ADOPTING CEQA GUIDELINES, ADOPTING BY-LAWS AND A CONFLICT-OF-INTEREST CODE, DESIGNATING POSITIONS AND DISCLOSURE CATEGORIES, AND DIRECTING CERTAIN OTHER MATTERS

WHEREAS, the Sacramento City Unified School District (the "District") and the California Statewide Communities Development Authority have heretofore entered into a Joint Exercise of Powers Agreement, dated as of November 21, 2013 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Sacramento City Schools Joint Powers Financing Authority (the "Authority"); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Powers Agreement, the Authority intends to issue bonds to assist the District; and

WHEREAS, in order to commence operation as a California joint powers authority, the Authority must establish certain policies and make certain determinations; and

WHEREAS, the Board of Directors of the Authority (the "Board") is fully advised in this matter;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE AUTHORITY HEREBY FINDS, DETERMINES, RESOLVES AND DECLARES:

Section 1. Recitals. The foregoing recitals are true and correct and this Board so finds and determines.

Section 2. CEQA Guidelines. The Board adopts the procedures used by the District to implement CEQA (as the same may be amended from time to time) as the Authority's procedures pursuant to Public Resources Code Section 21082 and Section 15022 of Title 14 of the California Administrative Code.

Section 3. Conflict-of-Interest Code. The Conflict-of-Interest Code of the District is incorporated herein by reference and adopted as the Conflict-of-Interest Code of the Authority.

Section 4. By-Laws. The By-Laws presented to this meeting are adopted as the By-Laws of the Authority, and this meeting is established thereby, and has been noticed as a regular meeting of the Authority.

Section 5. Designated Positions and Disclosure Categories. The duties of the Authority's Conflict-of-Interest Code shall apply to the Directors and Officers of the Authority based upon the positions they hold as board members, officers and employees of the District.

Section 6. Statements of Economic Interest. Persons holding designated positions shall file their Statements of Economic Interest with the Secretary of the Authority, and the Secretary shall retain the originals as the designated filing officer. A person holding a designated position may satisfy this filing requirement by providing the Secretary with a copy of his or her current Statement of Economic Interests filed with the Board Secretary. Upon receipt of Statements of Economic Interest, the Secretary, or his or her designee shall retain the original as the designated filing officer pursuant to Government Code Section 87500(k), and forward a copy to the Fair Political Practices Commission.

Section 7. 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:

_____

Chair of the Board of Directors of the
Sacramento City Schools
Joint Powers Financing Authority

ATTEST:

_____

Secretary of the Board of Directors of the
Sacramento City Schools
Joint Powers Financing Authority

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Board of Directors of the Sacramento City Schools Joint Powers Financing Authority, County of Sacramento, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said Authority duly and regularly held at the regular meeting place thereof on November 21, 2013, and entered in the minutes thereof, of which meeting all of the members of said Board of Directors 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 before said meeting at 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 _____, 2013.

_____

Secretary of the Board of Directors of the
Sacramento City Schools
Joint Powers Financing Authority

BY-LAWS

OF THE

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

Adopted November 21, 2013

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BY-LAWS OF THE
SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

ARTICLE I. - THE AUTHORITY

Section 1.01 Name. The official name of the Authority shall be the "Sacramento City Schools Joint Powers Financing Authority." The Authority was created pursuant to the Joint Exercise of Powers Agreement, dated November 21, 2013 (the "Joint Powers Agreement"), between the Sacramento City Unified School District (the "District") and the California Statewide Communities Development Authority (the "CSCDA").

Section 1.02 Authority Board Members. The Authority shall be administered by a governing Board of Governors (the "Board of Governors") whose members shall be, at all times, the Board of Education of the District. The term of office as a member of the Board of Governors shall terminate when such member of the Board of Governors shall cease to be a member of the Board of Education of the District, and the successor to such member of the Board of Education of the District shall become a member of the Board of Governors.

Section 1.03 Principal Office. The principal office of the Authority for the transaction of business shall be c/o Sacramento City Unified School District, 5735 47th Avenue, Sacramento, CA. The Board of Governors may from time to time, by resolution, change the principal office of the Authority from one location to another. Any such change of the principal office of the Authority shall not be deemed to be an amendment of the Agreement.

Section 1.04 Compensation. Board members shall not receive any compensation for serving as such, but may receive their actual and necessary expenses, including traveling expenses incurred in the discharge of their duties, but only when authorized by the Authority and if there are unencumbered funds available for such purpose.

Section 1.05 Conflicts of Interest. The Authority shall adopt the Conflict of Interest Code of the District as its Conflicts of Interest Code.

ARTICLE II. - OFFICERS

Section 2.01 Officers. The Officers of the Authority shall be the Chair, Vice Chair, Executive Director, Treasurer and Controller, Secretary and Director of Facilities of the Authority, and such other officers as the Board of Governors may appoint.

Section 2.02 Designation of Officers.

(a) Chair. The Chair of the Authority shall be the member who is the President of the Board of Education of the District. The term of office shall be the same as the term of the President of the Board of Education of the District. The Chair shall preside at all meetings of the Authority, and shall submit such information and recommendations to the Board of Governors as he or she may consider proper concerning the business, policies and affairs of the Authority.

(b) Vice Chair. The Vice Chair shall be the member who is the Vice President of the Board of Education of the District. The term of office shall be the same as the term of the Vice President of the Board of Education of the District. The Vice Chair shall perform the duties of the Chair in the absence or incapacity of the Chair. In case of the resignation or death of the Chair, the Vice Chair shall perform such duties as are imposed on the Chair, until such time as a new Chair is selected or appointed.

(c) Executive Director. The Superintendent of the District shall be the Executive Director of the Authority. The Executive Director shall always be the person then serving as the Superintendent, and each person who, currently or in the future, serves as the

Superintendent shall be, during the period in which he or she serves in such capacity, Executive Director of the Authority. A person shall become Executive Director of the Authority upon his or her becoming the Superintendent, without any further act by any person, body or entity. A person shall serve as Executive Director of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Superintendent, without any further act by any person, body or entity. If an interim Superintendent of the District is appointed by the Board of Education of the District, the interim Superintendent of the District shall be the interim Executive Director of the Authority.

(d) Treasurer and Controller. The Chief Business Officer of the District shall be the Treasurer and Controller of the Authority. The Treasurer and Controller of the Authority shall always be the person then serving as the Chief Business Officer of the District, and each person who, currently or in the future, serves as the Chief Business Officer of the District shall be, during the period in which he or she serves in such capacity, Treasurer and Controller of the Authority. A person shall become Treasurer and Controller of the Authority upon his or her becoming the Chief Business Officer of the District, without any further act by any person, body or entity. A person shall serve as Treasurer and Controller of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Chief Business Officer of the District, without any further act by any person, body or entity.

(e) Secretary. The Superintendent of the District shall be the Secretary of the Authority. The Secretary of the Authority shall always be the person then serving as the Superintendent, and each person who, currently or in the future, serves as the Superintendent shall be, during the period in which he or she serves in such capacity, Secretary of the Authority. A person shall become Secretary of the Authority upon his or her becoming the Superintendent,

without any further act by any person, body or entity. A person shall serve as Secretary of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Superintendent, without any further act by any person, body or entity

(f) Director of Facilities. The Associate Superintendent, Facilities Support Services of the District shall be the Director of Facilities of the Authority. The Director of Facilities of the Authority shall always be the person then serving as the Associate Superintendent, Facilities Support Services, and each person who, currently or in the future, serves as the Associate Superintendent, Facilities Support Services shall be, during the period in which he or she serves in such capacity, Director of Facilities of the Authority. A person shall become Director of Facilities of the Authority upon his or her becoming the Associate Superintendent, Facilities Support Services, without any further act by any person, body or entity. A person shall serve as Director of Facilities of the Authority until he or she resigns from the position of, is removed or for any other reason no longer serves as, the Associate Superintendent, Facilities Support Services, without any further act by any person, body or entity.

Section 2.03 Subordinate Officers. The Board of Governors may appoint such officers other than those hereinabove mentioned as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Agreement, or as the Board of Governors from time to time may authorize or determine.

Section 2.04 Executive Director. The Executive Director shall be the chief executive officer of the Authority and shall, subject to the control of the Board of Governors,

have general supervision, direction and control of the business and officers of the Authority. He or she shall have the general powers and duties of management of the Authority and shall have such other powers and duties as may be prescribed by the Board of Governors or the Agreement. Except as otherwise authorized by resolution of the Board of Governors, the Executive Director or the Executive Director's designee shall sign all contracts, deeds and other instruments executed by the Authority.

Section 2.05 Treasurer and Controller. Subject to the applicable provisions of any Agreement or resolution providing for a trustee or other fiscal agent, the Treasurer and Controller is designated as the depositary of the Authority to have custody of all the money of the Authority, from whatever source and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Act. The Treasurer and Controller, in his or her capacity as controller of the Authority, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Powers Act. The controller of the Authority shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

Pursuant to Section 4.05 of the Joint Powers Agreement, the Treasurer is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond in the amount of $25,000 as required by Section 6505.1 of the Joint Powers Act; provided, that such bond shall not be required if the Authority does not possess or own property or funds with an aggregate value of greater than $500.00 (excluding amounts held by a trustee or other fiduciary in connection with any Bonds). Such bond may be maintained as a part of or in conjunction with any other bond

maintained on such person by the District, it being the intent of this Section not to require duplicate or overlapping bonding requirements from those bonding requirements which are otherwise applicable to the District.

Section 2.06 Secretary. The Secretary shall keep or cause to be kept a book of minutes at the principal office of the Authority or at such other place as the Board of Governors may order, of all meetings of the Board of Governors, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board of Governors meetings and the proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Board of Governors, shall keep the Authority records in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Governors or the Agreement.

Section 2.07 Director of Facilities. The Director of Facilities shall have primary responsibility for accomplishing such tasks as may be necessary in connection with the facilities leased or purchased by the Authority.

Section 2.08 Assistant Officers. The Board of Governors may appoint such assistants to act in the place of the Treasurer and Controller, Secretary or other officers of the Authority as the Board of Governors shall from time to time deem appropriate.

Section 2.09 Confirmation of Officers. Confirmation of officers shall be the first order of business at the first meeting of the Authority, regular or special, held in each calendar year.

Section 2.10 Authority to Bind Authority. No member, officer, agent or employee of the Authority, without prior specific or general authority by a vote of the Board of Governors, shall have any power or authority to bind the Authority by any contract, to pledge its credit, or to render it liable for any purpose in any amount.

ARTICLE III. - EMPLOYEES AND AGENTS

Section 3.01 Appointment of Employees and Agents. The Authority may from time to time request from the District the services of such personnel, counsel or agents, permanent or temporary, as may be necessary to carry out the business and affairs of the Authority. The Board of Governors may in addition employ temporary professional and technical personnel on such terms and at such rates of compensation as the Board of Governors may determine, for the performance of Authority business and affairs, provided that adequate sources of funds are identified for the payment of such temporary professional and technical services.

ARTICLE IV. - MEETINGS

Section 4.01 Meetings of the Board of Governors.

(a) Call, Notice and Conduct of Meetings. All meetings of the Board of Governors, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, Section 54950 *et seq.* of the California Government Code. The procedures of the Board of Governors shall be, as nearly as possible, the procedures of the Board of Education of the District.

(b) Regular Meetings. Regular meetings of the Board of Governors are scheduled on November 21, 2013, and thereafter for the same time and place as the regular meetings of the Board of Education of the District, except that if no agenda items are scheduled for the Board of Governors' regular meeting, the meeting will be deemed to be cancelled without further action. No notice of any regular meeting of the Board of Governors need be given to the members of the Board of Governors.

(c) Special Meetings. Special meetings of the Board of Governors shall be held whenever called by the Chair of the Board of Governors, the Executive Director of the Authority or by a majority of the members of the Board of Governors.

Section 4.02 Actions of Board of Governors. Every act or decision done or made by a majority of the members of the Board of Governors present at, or otherwise participating in, any meeting duly called, noticed, held and conducted at which a quorum is present shall be the act or decision of the Board of Governors.

Section 4.03 Closed Sessions. Nothing contained in these bylaws shall be construed to prevent the Board of Governors from holding closed sessions during a regular or special meeting concerning any matter permitted by law to be considered in a closed session.

Section 4.04 Public Hearings. All public hearings held by the Board of Governors shall be held during regular or special meetings of the Board of Governors.

Section 4.05 Adjourning Meetings and Continuing Public Hearings to Other Times or Places. The Board of Governors may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members of the Board of Governors are absent from any regular meeting or adjourned regular

meeting the Secretary or Acting Secretary of the Authority may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided for special meetings unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings.

Any public hearing being held, or any hearing noticed or ordered to be held at any meeting may by order or notice of continuance be continued or recontinued to any subsequent meeting in the same manner and to the same extent set forth herein for the adjournment of the meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing a copy of the order or notice of continuance shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

Section 4.06 Meetings to be Open and Public. All meetings of the Board of Governors to take action or to deliberate concerning Authority business and its conduct shall be open and public. All persons shall be permitted to attend any such meetings except as otherwise provided or permitted by law.

Section 4.07 Quorum. A majority of the members of the Board of Governors shall constitute a quorum for the purpose of conducting its business and exercising its powers

and for all other official purposes, except that less than a quorum may adjourn from time to time until a quorum is obtained.

Section 4.08 Order of Business. At the regular meetings of the Authority, the following shall be the general order of business:

1. Roll Call

2. Approval of Minutes

3. Reports

4. Unfinished Business

5. New Business

6. Matters Not Appearing on the Agenda

7. Adjournment

Section 4.09 Parliamentary Procedure. The rules of parliamentary procedure set forth in Robert's Rules of Order shall govern all meetings of the Authority, except as otherwise herein provided.

ARTICLE V. - AMENDMENTS

Section 5.01 Amendments to By-Laws. These by-laws may be amended by the Board of Governors at any regular or special meeting by majority vote, provided that a description of the proposed amendment to any particular section is included in the notice of such meeting.

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. 2

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ITS 2014 LEASE REVENUE REFUNDING BONDS, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $95,000,000, AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, A FACILITY LEASE, A FACILITY SUBLEASE, AND A CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF AND DISTRIBUTION OF ONE OR MORE BOND PURCHASE AGREEMENTS, A PLACEMENT AGENT AGREEMENT, AND AN OFFICIAL STATEMENT FOR SAID BONDS; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the Sacramento City Unified School District (the "District") and the California Statewide Communities Development Authority have heretofore entered into a Joint Exercise of Powers Agreement, dated as of November 21, 2013 (the "Joint Powers Agreement"), which Joint Powers Agreement creates and establishes the Sacramento City Schools Joint Powers Financing Authority (the "Authority"); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing public capital improvements whenever there are significant public benefits; and

WHEREAS, the Board of Education of the District (the "District Board") has requested that the Authority issue lease revenue bonds in order to prepay all or a portion of its obligations under that certain Lease Agreement (the "2001 Lease") dated as of March 1, 2001, by and between the District and the Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and its obligations under that certain Lease Agreement (the "2002 Original Lease"), by and between the District and the Corporation, dated as of June 1, 2002, as amended by that certain First Amendment to Lease Agreement (the "2011 Lease Amendment") by and between the District and the Corporation, dated as of March 1, 2011 (the 2002 Original Lease as amended by the 2011 Lease Amendment, the "2002 Lease," and the 2002 Lease together with the 2001 Lease, the "Prior Leases," and the refinancing of all or a portion of the District's obligations under the Prior Leases hereinafter the "Project"); and

WHEREAS, the District Board has found that the issuance of bonds to finance the project will result in significant public benefits, as defined by California Government Code Section 6586; and

WHEREAS, the prior leases were entered into by the District in connection with certain certificates of participation, the proceeds of which the District used for certain capital projects within the District; and

WHEREAS, it is proposed that the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), enter into a trust agreement to be dated as of January 1, 2014 (the "Trust Agreement"), acknowledged by the District, pursuant to which the Authority will issue not to exceed $95,000,000 aggregate principal amount of its 2014 Lease Revenue Refunding Bonds (the "Bonds") in one or more series, and will use the proceeds thereof to lease certain property from the District pursuant to a Facility Lease, to be dated as of January 1, 2014 (the "Facility Lease"); and

WHEREAS, the District intends to use the proceeds from the Facility Lease and certain other funds to finance the Project; and

WHEREAS, it is proposed that the Authority enter into a Facility Sublease, to be dated as of January 1, 2014 (the "Facility Sublease"), pursuant to which it will lease back the Leased Property to the District; and

WHEREAS, under the Facility Sublease, the District will be obligated to make base rental payments to the Authority, which the Authority will use to pay debt service on the Bonds; and

WHEREAS, the Authority has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized; and

WHEREAS, Citigroup Global Markets, Inc. is acting as underwriter (the "Underwriter"), Citigroup Global Markets, Inc. and Southwest Securities, Inc., are acting as co-placement agents (the "Placement Agents") and WAB Investments Inc., a wholly owned subsidiary of Western Alliance Bank, is acting as direct purchaser (the "Direct Purchaser") of one or more series of the Bonds, and Capitol Public Finance Group, LLC is acting as financial advisor (the "Financial Advisor"), and Orrick, Herrington & Sutcliffe LLP is serving as bond and disclosure counsel ("Bond Counsel") in connection with the financing; and

WHEREAS, forms of an Official Statement describing the Bonds and forms of Bond Purchase Agreements and a form of Placement Agent Agreement relating to the Bonds have been presented to this meeting; and

WHEREAS, this Board of Directors of the Authority (the "Board") has been presented with the form of each document referred to herein relating to the Bonds, and each member of the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, the Board is fully advised in this matter;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE AUTHORITY HEREBY FINDS, DETERMINES, RESOLVES AND DECLARES:

Section 1. The foregoing recitals are true and correct and this Board so finds and determines.

Section 2. The issuance and sale of the Bonds by the Authority, in an aggregate principal amount of not to exceed $95,000,000 in one or more series for the financing of the Project is hereby authorized and approved.

Section 3. The form of Facility Lease, presented to this meeting, is hereby approved. Each of the Chair of the Authority, the Vice Chair of the Authority, and the Executive Director of the Authority or the Treasurer of the Authority or the Director of Facilities of the Authority or any designee of such officials is hereby designated as an "Authorized Signatory." The Authorized Signatory is hereby authorized and directed to approve the facilities to be leased by the District and to execute and deliver the Facility Lease leasing such property to the Authority in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term thereof (including any extensions) shall not extend beyond the year 2053.

Section 4. The form of Facility Sublease, presented to this meeting, is hereby approved. The Authorized Signatory is hereby authorized and directed to execute and deliver the Facility Sublease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Facility Sublease (including any extensions) shall not extend beyond the year 2053.

Section 5. The form of Trust Agreement by and between the Trustee and the Authority, on file with the Secretary, presented to this meeting, is hereby approved. The Authorized Signatory is hereby authorized and directed to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The form of Official Statement describing the Bonds, presented to this meeting, is hereby approved. The Executive Director, the Treasurer or the designee of either such officer, is hereby authorized and directed to execute and deliver a final Official Statement in substantially said form with such additions, corrections and revisions as may be determined to be necessary or desirable by the Underwriter, Bond Counsel or the Authority's general counsel. The Underwriter is hereby authorized and directed to cause to be supplied to prospective purchasers of the Bonds copies of a preliminary official statement in such form, and to supply the purchaser of the Bonds with copies of a final official statement, completed to include, among other things the interest rate or rates, and final sale information for the Bonds. The Authorized Signatory, or a designee of either, is hereby authorized and directed to execute a certificate confirming that the Preliminary Official Statement has been "deemed final" by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 7. The proposed public sale Bond Purchase Agreement (the "Public Sale Bond Purchase Agreement") among the Authority, the District and the Underwriter, and the

proposed direct purchase Bond Purchase Agreement, among the Authority, the District, the Direct Purchaser, or such other purchaser as may be selected by the Authorized Signatory in consultation with the Financial Advisor and the Placement Agents, (the "Direct Purchase Bond Purchase Agreement," and, together with the Public Sale Bond Purchase Agreement, the "Bond Purchase Agreements") both forms presented to this meeting, are hereby approved and adopted. The Authorized Signatories each are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver one or both of the Bond Purchase Agreements in substantially the forms presented, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the underwriter's discount shall not exceed 0.7% of the principal amount of the Bonds sold to the Underwriter, the aggregate true interest cost of all the Bonds sold thereunder shall not exceed 6%.

Section 8. The form of Placement Agent Agreement, presented to this meeting, is hereby approved. The Authorized Signatory is hereby authorized and directed to execute and deliver the Placement Agent Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof, provided that the aggregate fee for the Placement Agents shall not exceed 0.2% of the aggregate principal amount of the Bonds sold to the Direct Purchaser.

Section 9. The proposed form of Continuing Disclosure Certificate to be executed by the District and dated the date of issuance of the Bonds, presented to this meeting, is hereby approved, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including, but not limited to, executing and delivering signature certificates, no-litigation certificates, tax and rebate certificates and certificates concerning the contents of the Official Statement distributed in connection with the sale of the Bonds. The Authorized Signatories and other appropriate officers of the Authority are hereby authorized and directed to execute and deliver any and all certificates, instructions as to investments, investment agreements, written requests and other certificates necessary and desirable to administer the Bonds and the Trust Agreement or other documents authorized hereunder including executing Written Requests of the Authority authorizing disbursements from the Costs of Issuance Fund for payment of cost of issuance such as legal and financial advisor fees, bond insurance fees, trustee's fees, title insurance premiums, publication and printing costs, rating agency fees and similar expenses of the bond financing.

Section 11. All actions heretofore taken by the officers and agents of the Authority with respect to the issuance and sale of the Bonds are hereby approved and confirmed.

Section 12. 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:

_____

Chair of the Board of Directors of the
Sacramento City Schools
Joint Powers Financing Authority

ATTEST:

_____

Secretary of the Board of Directors of the
Sacramento City Schools
Joint Powers Financing Authority

SECRETARY'S CERTIFICATE

I, Jonathan Raymond, Secretary of the Board of Directors of the Sacramento City Schools Joint Powers Financing Authority, County of Sacramento, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said Authority duly and regularly held at the regular meeting place thereof on November 21, 2013, and entered in the minutes thereof, of which meeting all of the members of said Board of Directors 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 before said meeting at 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 _____, 2013.

_____

Secretary of the Board of Directors of the
Sacramento City Schools
Joint Powers Financing Authority

TRUST AGREEMENT

between the

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of ____ 1, 2014

$_____
Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series A

and
$_____
Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series B

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THIS TRUST AGREEMENT dated as of [____ 1, 201_] (the "Trust Agreement"), by and between the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY (the "Authority"), a joint exercise of powers authority duly organized and existing pursuant to an Agreement entitled "Joint Exercise of Powers Agreement" between the Sacramento City Unified School District and the California Statewide Communities Development Authority (the "CSCDA"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (hereinafter, the "Act"); and

WHEREAS, Article 4 of the Act authorizes and empowers the Authority to issue bonds to assist local agencies in financing or refinancing projects and programs consisting of certain public improvements or working capital or liability and other insurance needs whenever a local agency determines that there are significant public benefits from so doing; and

WHEREAS, the Sacramento City Unified School District (the "District") will lease to the Authority certain capital assets of the District (the "Facility") pursuant to the Facility Lease dated as of [____ 1, 201_]; and

WHEREAS, the District will lease back the Facility from the Authority pursuant to the terms of the Facility Sublease dated as of [____ 1, 201_]; and

WHEREAS, the Authority is empowered pursuant to the Facility Sublease and the aforementioned Article 4 of the Act to cause the lease of the Facility; and

WHEREAS, the District has determined to prepay all or a portion of its obligations under that certain Lease Agreement (the "2001 Lease") dated as of March 1, 2001, by and between the District and the Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and its obligations under that certain Lease Agreement (the "2002 Original Lease"), by and between the District and the Corporation, dated as of June 1, 2002, as amended by that certain First Amendment to Lease Agreement (the "2011 Lease Amendment") by and between the District and the Corporation, dated as of March 1, 2011 (the 2002 Original Lease as amended by the 2011 Lease Amendment, the "2002 Lease," and the 2002 Lease together with the 2001 Lease, the "Prior Leases," and the refinancing of all or a portion of the District's obligations under the Prior Leases hereinafter the "Project"); and

WHEREAS, the Authority intends to assist the District in financing the Project by issuing the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series A (the "Series A Bonds") and the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B (the "Series B Bonds," and, together with the Series A Bonds, the "Bonds"); and

WHEREAS, the Authority will use the proceeds from the issuance of the Bonds to pay the Facility Lease, and the District will use the proceeds of the Facility Lease to prepay its obligations under the Prior Leases; and

WHEREAS, the District has determined that the consummation of the transactions contemplated in the Facility Lease, the Facility Sublease and this Trust Agreement will result in significant public benefits; and

WHEREAS, on [November __ 2013], the Board of Education approved a resolution (the "District Resolution") approving the prepayment of all or a portion of the Prior Leases, and the execution and delivery of the Facility Lease, the Facility Sublease and other documents associated with the financing of the Project through the issuance of the Bonds and authorizing their execution on behalf of the District; and

WHEREAS, [the Board of Education has heretofore determined, pursuant to Section 5922 of the Government Code of the State, that the execution and delivery of this Agreement will result in a reduction in the amount or duration of payments and lower the cost of borrowing when used in combination with the Bonds]; and

WHEREAS, On [November __, 2013], the Board of Directors of the Authority (the "Board of Directors") approved a resolution authorizing the issuance of the Bonds (the "Authority Resolution"), in an aggregate principal amount of not to exceed $_____ to assist in financing the Project; and

WHEREAS, to reduce the borrowing costs of the Authority and the base rental payments of the District, and to help the financing of the Project from which significant public benefit will be achieved, the Bonds shall be issued pursuant to Article 4 of the Act; and

WHEREAS, to provide for the authentication and delivery of the Bonds (as hereinafter defined), to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the full and timely payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority and authenticated and delivered by the Trustee, duly issued and the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth, have been done and taken, and have been in all respects duly authorized;

NOW, THEREFORE, in order to secure the full and timely payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase

and acceptance of the Bonds by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, unless otherwise defined in such other document. Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Facility Sublease.

Act

The term "Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

Authority

The term "Authority" means the Sacramento City Schools Joint Powers Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Authorized Denominations

The term "Authorized Denominations" means $5,000 or any integral multiple thereof, and such other denominations as shall be set forth in a Supplemental Trust Agreement.

Board of Education

The term "Board of Education" means the legislative body of the District.

Bond or Bonds

The terms "Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, or any of them, authorized by and at any time Outstanding pursuant to this Trust Agreement and executed, issued and delivered in accordance with Sections 2.01, 2.02, 2.03 and 3.01.

Bond Counsel

The term "Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

Bondholder; Bondowner; Owner; Holder

The terms "Bondholder," "Bondowner," "Owner" or "Holder" mean the person in whose name any Bond shall be registered.

Book-Entry Bonds

The term "Book-Entry Bonds" means Bonds registered in the name of the nominee of a Depository as the owner thereof pursuant to the terms and provisions of Section 2.08 of this Agreement.

Business Day

The term "Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or California are authorized to remain closed, or a day on which the Federal Reserve system is closed.

Certificate of the Authority

The term "Certificate of the Authority" means an instrument in writing signed by any of the following officials of the Authority: the Chair or Vice Chair of the Board of Directors, Executive Director, Associate Executive Director, Treasurer or a designee of any such officer, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Certificate of the District

The term "Certificate of the District" means an instrument in writing signed by any of the following District officials: the President or Vice President of the Board of Education, the Superintendent, Chief Business Officer, or any such official's duly appointed designee, and any other officer of the District duly authorized by the Board of Education of the District or the Superintendent for that purpose.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Certificate

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

Costs of Issuance

The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District or the Authority and related to the authorization,

execution and delivery of the Facility Lease, the Facility Sublease, this Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, title search and title insurance fees, bond insurance premiums, reserve surety policy premiums, fees of the Authority, underwriter's discount and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

Costs of Issuance Fund

The term "Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01.

Demised Premises

The term "Demised Premises" means that certain real property situated in the County of Sacramento, State of California, described in Exhibit A to the Facility Sublease, together with any additional real property added thereto or substituted therefor by any supplement or amendment thereto in accordance with the Facility Sublease and this Trust Agreement; subject, however, to any conditions, reservations, and easements of record or known to the District.

Depository

The term "Depository" means DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

Designated Banking Institution

The term "Designated Banking Institution" means, initially, [Citi – Confirm Legal Name], or an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the Authority (which may be an underwriter of the Bonds).

District

The term "District" means the Sacramento City Unified School District, a school district organized and existing under the laws of the State of California.

DTC

The term "DTC" means The Depository Trust Company, New York, New York.

Event of Default

The term "Event of Default" shall have the meaning specified in Section 7.01.

Facility

The term "Facility" shall have the meaning given thereto in Exhibit A to the Facility Sublease.

Facility Lease

The term "Facility Lease" means that certain lease by and between the District and the Authority, dated as of [____ 1, 201_], whereby the District leased the Facility to the Authority, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Sacramento on [_____, __ 201_] as document No. [_____], as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

Facility Sublease

The term "Facility Sublease" means that certain lease, entitled "Facility Sublease," by and between the Authority and the District, dated as of [____ 1, 201_], whereby the Authority subleased the Facility back to the District, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County of Sacramento on [_____, __ 201_] as document No. [_____], as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and thereof.

Fiscal Year

The term "Fiscal Year" means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

Fitch

The term "Fitch" means Fitch, Inc. a corporation organized and existing under the laws of the State of Delaware, doing business as Fitch Ratings, its successors and their assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

Insurance and Condemnation Fund

The term "Insurance and Condemnation Fund" means the fund by that name created pursuant to Section 5.04.

Interest Account

The term "Interest Account" means the account by that name created pursuant to Section 5.03.

Interest Payment Date

The term "Interest Payment Date" means (i) with respect to the Bonds, March 1 and September 1 in each year, commencing March 1, 2014, and (ii) such other dates as set forth in a Supplemental Trust Agreement with respect to a Series of Bonds.

Investment Securities

The term "Investment Securities" means any of the following that at the time are legal investments under the laws of the State of California for moneys held hereunder and then proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California):

i. any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to full and timely payment by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and including interest strips of any such obligations or of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York;

ii. any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

[iii. obligations of the Fannie Mae Corporation, the Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration;]

iv. housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

v. obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in the highest Rating Category by a Rating Agency;

vi. any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the paying agent of such bonds or other obligations

by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if applicable, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if applicable, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if applicable, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, [and (d) which are rated in the two highest long-term Rating Categories by a Rating Agency][revise?];

vii. demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, trust funds, trust accounts, interest-bearing deposits, overnight bank deposits, interest-bearing money market accounts or bankers acceptances issued by any bank or trust company (including, without limitation, the Trustee or any of its affiliates) organized under the laws of any state of the United States of America or any national banking association (including the Trustee or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such a bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to the Authority that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Authority shall be entitled to rely on each such undertaking;

viii. taxable commercial paper or tax-exempt commercial paper rated in the two highest Rating Categories by a Rating Agency which matures not more than 270 calendar days after the date of purchase;

ix. variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in the

two highest long-term Rating Categories, if any, by a Rating Agency, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in the two highest long-term Rating Categories by a Rating Agency;

x. repurchase agreements entered into with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated in at least the top three rating categories by a Rating Agency; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company of which has, long-term debt rated in at least the top three rating categories by a Rating Agency, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated in at least the top three rating categories by a Rating Agency, provided that:

(a) The market value of the collateral is maintained at levels of 104% (with a market value approach);

(b) The Trustee or a third party acting solely as agent therefor or for the Authority (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof, such that, in the case of bearer securities, the Holder of the Collateral is in possession;

(d) All other requirements of a Rating Agency in respect of repurchase agreements are met.

(e) Should the provider's ratings fall below A3 by a Rating Agency, the provider shall as soon as practicable but in no less than ten (10) days notify the Authority and the Trustee of such downgrade. Then provider shall, at its option and at its own expense do one of the following:

(1) substitute a provider with a rating of at least A3 by a Rating Agency willing to offer substantially similar rates and terms as the repurchase agreement; or

(2) secure credit enhancement to the repurchase agreement from a provider rated at least A3 by a Rating Agency; or

(3) further collateralize the repurchase agreement to a level sufficient to maintain the rating on the Bonds; or

(4) terminate the repurchase agreement, with the Authority's written consent, and payment to the Authority of all invested principal plus accrued interest to the termination date;

xi. any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Investment Securities and any money market fund including money market mutual funds having a rating in the second-highest investment category granted thereby from a Rating Agency, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (x);

xii. any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in the second-highest long-term Rating Category by a Rating Agency, approved by the Authority and which does not cause the rating on the Bonds to be reduced or withdrawn;

xiii. the County of Sacramento Investment Pool;

xiv. the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to this Trust Agreement;

xv. commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from the Rating Agency in the second-highest rating category granter thereby;

xvi. shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of California, as it may be amended; and

xvii. any other investment approved by the Authority which does not cause the rating on the Bonds to be reduced or withdrawn.

Liquidity Reserve Account

The term "Liquidity Reserve Account" means the account by that name established pursuant to Section 5.05.

Moody's

The term "Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

Opinion of Counsel

The term "Opinion of Counsel" means a written opinion of Bond Counsel.

Outstanding

The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 10.01;

(3) Bonds deemed tendered but not yet presented for purchase; and

(4) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Principal Account

The term "Principal Account" means the account by that name created pursuant to Section 5.03.

Project

The term "Project" means the refinancing and prepayment of all or a portion of the Sacramento City Unified School District Certificates of Participation (2001 Refunding and Capital Facilities Program), and the Sacramento City Unified School District 2002 Variable Rate Certificates of Participation (2011 Remarketing).

Rating Agency, Rating Agencies

The term "Rating Agency" or "Rating Agencies" means "Fitch," "Standard & Poor's," or "Moody's."

Rating Category

The term "Rating Category" means: (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Record Date

The term "Record Date" means the fifteenth day of the month prior to an Interest Payment Date, whether or not such day is a Business Day.

Representation Letter

The term "Representation Letter" means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

Reserve Account Requirement

The term "Reserve Account Requirement" means the lesser of (a) 125 percent of the average debt service on the issue, (b) the maximum annual debt service on the issue, or (c) 10 percent of the stated principal amount of the issue.

Reserve Fund

The term "Reserve Fund" means the fund by that name created pursuant to Section 5.04.

Reserve Fund Requirement

The term "Reserve Fund Requirement" means an amount equal to $_____.

Revenues

The term "Revenues" means (i) all Base Rental Payments (as defined in the Facility Sublease) and other payments paid by the District and received by the Authority pursuant to the Facility Sublease (but not Additional Payments as defined in the Facility Sublease), and (ii) all interest or other income from any investment, pursuant to Section 5.05, of any money in any fund or account established pursuant to this Trust Agreement or the Facility Sublease.

Series A Bonds

The term "Series A Bonds" means the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series A.

Series B Bonds

The term "Series B Bonds" means the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B.

Standard & Poor's

The term "Standard & Poor's" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

State

The term "State" means the State of California.

Supplemental Trust Agreement

The term "Supplemental Trust Agreement" means any Trust Agreement then in full force and effect that has been duly executed and delivered in accordance with Article IX hereof by the Authority and the Trustee amendatory hereof or supplemental hereto.

Tax Certificate

The term "Tax Certificate" means the tax certificate and agreement concerning certain matters pertaining to the use of proceeds of the Bonds, executed and delivered by the Authority and the District on the date of issuance of the Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Trust Agreement

The term "Trust Agreement" means this Trust Agreement, dated as of [____ 1, 201_], between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee

The term "Trustee" means The Bank of New York Mellon Trust Company, N.A., or any other association or corporation which may at any time be substituted in its place as provided in Section 8.01.

Written Request of the Authority

The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by the Chair or Vice Chair of its Board of Directors, the Executive Director, Associate Executive Director, Treasurer or a designee of any such officer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Board of Directors of the Authority to sign or execute such a document on its behalf.

Written Request of the District

The term "Written Request of the District" means an instrument in writing signed by the President or Vice President of the Board of Education, the Superintendent, Chief Business Officer, or by any other officer of the District duly authorized by the Board of Education of the District or the Superintendent in writing to the Trustee for that purpose.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Bondholders thereof, this Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Bondholders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full, timely and final payment of the interest on and principal of and redemption premium, if applicable, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Bondholders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

SECTION 1.03. Interpretation. Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean or include the neuter, masculine or feminine gender, as appropriate. Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

THE BONDS

SECTION 2.01. Authorization of Bonds; Terms of Bonds.

(a) The Bonds shall be issued for the purpose of providing funds to finance the Project to purchase a municipal bond insurance policy, fund a reserve fund and pay Costs of Issuance. The Bonds shall be issued by the Authority and sold by the Authority under and subject to the terms of the District Resolution, the Authority Resolution, this Agreement and all applicable laws, and shall be designated as the "Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series A," which shall be in the aggregate principal amount of $_____, and the "Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B," which shall be in the aggregate principal amount of $_____.

(b) The Bonds shall be dated the date of their delivery. The Bonds shall bear interest at the respective rates shown in the table set forth below in this Section, payable on _____ 1, 2014, and thereafter on ____1 and ____ 1 of each year (each, an "Interest Payment Date"). Each Bond authenticated and registered on any date prior to the close of business on the first Record Date shall bear interest from the date of said Bond. Each Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series A 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 Bond shall mature on more than one maturity date.

The Series B Bonds shall be issued in fully registered form, without coupons, in the denomination of $100,000 principal amount or any integral multiple thereof, provided that no Bond shall mature on more than one maturity date.

(c) The Series A Bonds shall mature on ____ 1 in each of the years (the "Principal Payment Dates") in the principal amounts, and shall bear interest at the annual rates of interest, as shows below:

Maturity (____ 1)	Principal Amount	Interest Rate

The Series B Bonds shall mature on ____ 1 in each of the years (the "Principal Payment Dates") in the principal amounts, and shall bear interest at the annual rates of interest, as shows below:

Maturity (____ 1)	Principal Amount	Interest Rate

(d) The principal and any premium of the Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at such place as the Trustee shall designate for the purpose. So long as Cede & Co. or its registered assigns shall be the registered owner of any Bonds, payment shall be made to Cede & Co. by wire transfer as provided in Section 2.01(e) hereof.

(e) The interest on the Bonds shall be payable in like lawful money to the person whose name appears on the bond registration books, maintained by the Trustee as provided in Section 2.06, as the Owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date, whether or not such day is a Business Day. Payment of the interest on any Bond shall be made by check or draft mailed by first class mail on each Interest Payment Date (or on the following Business Day, if the Interest Payment Date does not fall on a Business Day) to such Owner at such Owner's address as it appears on such registration books or at such

address as the Owner may have filed with the Trustee for that purpose; or upon written request of the Owner of Bonds aggregating not less than $1,000,000 in principal amount, given no later than the Record Date immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Series A Bonds, payment shall be made thereto by wire transfer.

(f) Interest on any Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the redemption price thereof, plus interest accrued thereon to such date. The Owner of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the principal amount or redemption price, of such Bond, as appropriate, from moneys held by the Trustee for such payment. The provisions of Section 10.02 regarding unclaimed moneys shall apply in any event.

(g) The Bonds shall be issued as fully registered Bonds.

(h) The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

SECTION 2.02. Form of Bonds. The Bonds and the certificate of authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Appendix A hereto attached.

SECTION 2.03. Execution of Bonds. The Chair or the Vice Chair of the Authority is hereby authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary or the Treasurer of the Authority is hereby authorized and directed to countersign each of the Bonds on behalf of the Authority. The signatures of such officers may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.04. Transfer and Payment of Bonds. Any Series A Bond may, in accordance with its terms, be transferred on the books required to be kept pursuant to the provisions of Section 2.06 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series A Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Any Series B Bond may, in accordance with its terms, be transferred on the books required to be kept pursuant to the provisions of Section 2.06 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series B Bond for cancellation, accompanied by delivery of a duly executed Investor Letter substantially in the form attached as Exhibit [F] to the Series B Note Purchase Agreement and a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds for a like aggregate principal amount of Authorized Denominations. The Trustee shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if applicable, on such Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.01(e) or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.05. Exchange of Bonds. Bonds may be exchanged at the place designated by the Trustee for the purpose for a like aggregate principal amount of Bonds of other Authorized Denominations. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee shall not be required to exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.01(e) or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.06. Bond Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Bonds, which during normal business hours with reasonable notice shall be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.07. Mutilated, Destroyed, Stolen or Lost Bonds; Temporary Bonds. If any Bond shall become mutilated, the Trustee, at the expense of the Bondholder, shall thereupon authenticate and deliver a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Bondholder, shall thereupon authenticate and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under this Section 2.07 and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same Series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

The Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of this Trust Agreement. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the place designated by the Trustee for the purpose, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.08. Special Covenants as to Book-Entry Only System for Bonds.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.08, all of the Series A Bonds initially issued shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series A Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series A Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Series A Bonds initially shall be issued in the form of authenticated fully registered bonds issued in denominations of $5,000 or integral multiples thereof. Upon initial issuance, the ownership of the Series A Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.06 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series A Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Series A Bonds, selecting the Series A Bonds or the portion thereof to be redeemed, giving any notice permitted or required to be given to Series A Bondholders hereunder, registering the transfer of the Series A Bonds, obtaining any consent or other action to be taken by Series A Bondholders of the Series A Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any "Participant" (which shall mean, for purposes of this Section 2.08, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series A Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Series A Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series A Bonds, (iii) any notice which is permitted or required to be given to Series A Bondholders of Series A Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series A Bonds, or (v) any consent given or other action taken by DTC as Series A Bondholder of Series A Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Series A Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the payment of the principal of and premium, if any, and interest on the Series A Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series A Bonds will be transferable to such new nominee in accordance with subsection (e) of this Section 2.08.

(c) In the event that the Authority determines that the Series A Bonds should not be maintained in book-entry form, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Series A Bonds will be transferable in accordance with subsection (e) of this Section 2.08. DTC may determine to discontinue providing its services with respect to the Series A Bonds or a portion thereof, at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series A Bonds will be transferable in accordance with subsection (e) of this Section 2.08. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then this Section 2.08 shall no longer be applicable and the Authority shall

execute and the Trustee shall authenticate and deliver certificates representing the Series A Bonds as provided below. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Series A Bonds then Outstanding. In such event, the Series A Bonds will be transferable to such securities depository in accordance with subsection (e) of this Section 2.08, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Series A Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series A Bond and all notices with respect to each such Series A Bond shall be made and given, respectively, to DTC as provided in or pursuant to the Representation Letter.

(e) In the event that any transfer or exchange of Series A Bonds is authorized under subsection (b) or (c) of this Section 2.08, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Series A Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.04 and 2.05. In the event Series A Bond certificates are issued to Series A Bondholders other than Cede & Co., its successor as nominee for DTC as holder of all the Series A Bonds, another securities depository as holder of all the Series A Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.04 and 2.05 shall also apply to, among other things, the registration, exchange and transfer of the Series A Bonds and the method of payment of principal of, premium, if any, and interest on the Series A Bonds.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01. Procedure for the Issuance of Bonds. Upon receipt of payment by the Trustee for the Bonds from the purchaser thereof, the Authority shall execute the Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof as specified in a Written Request of the Authority. The Trustee shall transfer or deposit the proceeds received from such sale to the following respective parties or to the following respective accounts or funds, in the following order of priority:

(i) deposit the sum of $_____ to the Costs of Issuance Fund, which fund is hereby created and which fund the Trustee hereby covenants and agrees to maintain. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Bonds upon receipt of a Written Request of the Authority, filed with the Trustee, each of which shall be sequentially numbered and shall state the person(s) to whom payment is to be made, the amount(s) to be paid, the purpose(s) for which the obligation(s) was incurred and that such payment is a proper charge against said fund. On _____, 2014, or upon the

earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the District and the Costs of Issuance Fund shall be closed;

(ii) from proceeds of the Bonds, deposit the amount of $_____ in the 2001 Escrow Fund and $_____ in the 2002 Escrow Fund, both held by [_____], as Escrow Agent;

(iii) from proceeds of the Bonds, deposit [a reserve surety] in the amount of $_____ into the Reserve Fund established pursuant to Section 5.04.

(iv) [from amounts transferred by the District, deposit the amount of $_____ into the Liquidity Reserve established pursuant to Section 5.05.]

SECTION 3.02. Limitations on the Issuance of Obligations Payable from Revenues. The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except obligations which are junior and subordinate to the payment of the principal, premium and interest for the Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then required to be paid hereunder from Revenues for principal, premium and interest for the Bonds, as the same become due and payable and at the times and in the manner as required in this Trust Agreement.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption of the Bonds.

(a) Optional Redemption of Series A Bonds. The Series A Bonds maturing on or before ____ 1, 20__ are not subject to redemption prior to their respective stated maturity dates. Series A Bonds maturing on and after _____ 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after _____ 1, 20__ at the principal amount of the Series A Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium. If less than all of the Series A Bonds are called for redemption, the Series A Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the Series A Bonds on any given maturity are called for redemption, the portions of the Series A Bonds of a given maturity to be redeemed shall be determined by lot.

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

Mandatory Sinking Fund	Mandatory Sinking Fund

Payment Date	Payment Amount
(_____ 1)	

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of $5,000, by any portion of the term bond optionally redeemed prior to the mandatory sinking fund redemption date.

(c) Optional Redemption of Series B Bonds. [Series B Bonds subject to optional redemption at any time at par plus swap termination payment. Exact language to come.]

(d) Extraordinary Redemption from Eminent Domain or Insurance Proceeds. The Authority may, with the permission of the District and under the terms of Section 5.01 of the Facility Sublease, elect not to repair a destroyed or damaged portion of the Facility, and in that event, if the proceeds of insurance together with any other moneys then available for the purpose (including federal or state disaster relief) are at least sufficient to redeem the aggregate principal amount of outstanding Bonds equal to the amount of Bonds attributable to the portion of the Facility so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facility bears to the total cost of the Facility), the Authority shall cause said proceeds to be used for the redemption of that portion of the outstanding Bonds at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest thereon to the redemption date, without premium.

The Authority shall cause the entire award in eminent domain to be used for the redemption of Outstanding Bonds at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest thereon to the redemption date, without premium.

(e) Notice of Redemption. Notice of redemption of any Bonds shall be given by the Trustee upon the written request of the Authority given to the Trustee not less than thirty (30) days prior to the redemption date. Notice of any redemption of Bonds shall be mailed postage prepaid, not less than twenty (20) nor more than sixty (60) 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 2.06 hereof, 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:

(1) the date of such notice;

(2) the name of the Bonds and the date of issue of the Bonds;

(3) the redemption date;

(4) the redemption price, if available;

(5) (if less than all of the Bonds are to be redeemed) the distinctive numbers of the Bonds to be redeemed;

(6) (in the case of Bonds redeemed in part only) the respective portions of the principal amount of the Bonds to be redeemed;

(7) the CUSIP number, if any, of the Bonds to be redeemed;

(8) a statement that such Bonds must be surrendered by the Owners at the place designated by the Trustee for the purpose; and

(9) notice that further interest on such Bonds will not accrue.

Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers provided therein or on the Bonds.

(f) Effect of Notice. A certificate of the Trustee that notice of call and redemption has been given to Owners and as may be further required in the Continuing Disclosure Certificate as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Bond or any other party 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 Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose, the 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 Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if applicable, only to the funds set aside for such purpose. All Bonds redeemed shall be cancelled forthwith by the Trustee and shall not be reissued.

(g) Right to Rescind Notice. The Authority may rescind any redemption and notice thereof on any date prior to the date fixed for redemption by directing the Trustee in writing to give written notice of the rescission to the Owners of the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such

rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(h) 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.

(i) Selection of Bonds for Redemption. The Authority shall designate which maturities of Bonds are to be redeemed. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

ARTICLE V

REVENUES

SECTION 5.01. Pledge of Revenues.

(a) All Revenues, and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facility are hereby irrevocably pledged and assigned to the payment of the interest and premium, if any, on and principal of the Bonds, and the Revenues and other amounts pledged hereunder shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged hereunder and all other moneys on deposit in the funds and accounts established hereunder for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof.

(b) At least three (3) Business Days prior to each date on which a Base Rental Payment is due, pursuant to the Facility Sublease, the Trustee shall notify the District of the amount of the Base Rental Payment due. Any failure to send such notice shall not affect the District's obligation to make timely payments of Base Rental Payments.

SECTION 5.02. Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, assignment, charge and lien contained herein, the Authority agrees and covenants that all Revenues and all other amounts pledged hereunder when and as received shall be received by the Authority in trust hereunder for the benefit of the Bondholders

and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund, which fund is hereby created and which fund the Trustee hereby agrees and covenants to maintain in trust for Bondholders so long as any Bonds shall be Outstanding hereunder. The District has been directed to pay all Base Rental Payments directly to the Trustee. If the Authority receives any Base Rental Payments, it shall hold the same in trust as agent of the Trustee and shall immediately transfer such Base Rental Payments to the Trustee. All Revenues and all other amounts pledged and assigned hereunder shall be accounted for through and held in trust in the Revenue Fund, and the Trustee shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues and all other amounts pledged and assigned hereunder, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Trustee.

SECTION 5.03. Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund.

(a) Revenue Fund. All money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained) in the following order of priority:

(1) Interest Account, and

(2) Principal Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section. The Trustee shall invest money in the Revenue Fund in Investment Securities pursuant to the Written Request of the Authority.

(b) Interest Account. On or before each Interest Payment Date, commencing _____ 1, 2014, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date, as shown on Appendix B.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable, including accrued interest on any Bonds purchased or redeemed prior to maturity. The Trustee shall invest money in the Interest Account in Investment Securities pursuant to the Written Request of the Authority. All funds in the Interest Account are pledged, and shall be applied by the Trustee, to the payment of interest on the Bonds.

(c) Principal Account. On or before each June 1, commencing _____ 1, 2014, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account the amount of money as applicable for that date as shown on Appendix B attached hereto. The Trustee shall invest money in the Principal Account in Investment Securities pursuant to the Written Request of the Authority. All funds in the Principal Account are pledged, and shall be applied by the Trustee, to the payment of the principal of the Bonds as it comes due.

SECTION 5.04. Reserve Fund. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, except that so long as the Authority is not in default hereunder, any cash amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund on or before each Interest Payment Date. Prior to any withdrawal from the Reserve Fund to replenish the Interest Account or the Principal Account pursuant to this Section 5.04, the Trustee shall first withdraw any available amounts held in the Liquidity Reserve Fund under Section 5.05 hereof, until such account is depleted.

The Authority may satisfy the Reserve Fund Requirement at any time by the deposit with the Trustee for the credit of the Reserve Fund of cash, a surety bond, an insurance policy or letter of credit as described below, or any combination thereof.

(i) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Fund to meet the Reserve Fund Requirement [if the claims paying ability of such municipal bond insurer shall at the time of deposit be rated "__" by a Rating Agency][Ratings requirements and agencies to come].

If the claims paying ability of a municipal bond insurer falls below its initial rating, the Authority shall be under no obligation to replace the policy or to deposit cash in the Reserve Fund.

(ii) Letter of Credit. A letter of credit may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to [the second highest rating category (disregarding rating subcategories) by Rating Agency], but in no event less than the rating on the Bonds given by any rating agency which has a then currently effective rating on the Bonds.

In the event that unsecured long-term debt securities of the state, national or foreign bank which has issued or confirmed any letter of credit are downgraded by a Rating Agency to a rate below the requirements set forth above, the Authority shall be under no obligation to replace the letter of credit or to deposit cash in the Reserve Fund.

Unless the Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to the Reserve Fund for such Bonds on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Reserve Fund.

(iii) Release of Moneys in Reserve Fund. If the Authority replaces a cash-funded Reserve Fund, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements of either (i) or (ii) above amounts on deposit in the Reserve Fund shall, upon written request of the Authority to the Trustee, be transferred, subject to the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Bonds to be included in gross income for purposes of federal income taxation, to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements.

SECTION 5.05. Liquidity Reserve Account. All money in the Liquidity Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts. Money in the Liquidity Reserve Fund shall be withdrawn prior to any withdrawal from the Reserve Fund to replenish the Interest Account or the Principal Account pursuant to Section 5.04 hereof. Neither the Authority nor the District shall be required to replenish amounts withdrawn from the Liquidity Reserve Fund pursuant to this Section 5.05. So long as the Authority is not in default hereunder, any cash amounts in the Liquidity Reserve Fund in excess of the amount originally deposited therein pursuant to Section 3.01 hereof shall be withdrawn from the Liquidity Reserve Fund and deposited in the Revenue Fund on or before each Interest Payment Date.

SECTION 5.06. Insurance and Condemnation Fund. In the event of any damage to or destruction of any part of the Facility covered by insurance, the Authority shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facility, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds designated the "Insurance and Condemnation Fund", to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facility to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The District shall file a Certificate of the District with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the District, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Facility. The Trustee shall invest said proceeds in Investment Securities pursuant to the Written Request of the District, as agent for the Authority under the Facility Sublease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the District, stating that the District has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facility, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use

and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided by Section 5.01. Alternatively, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to redeem all of the Bonds which the initial cost of the destroyed/damaged/condemned portion of the Facility bears to the initial cost of the whole of the Facility, in case of damage or destruction in whole of the Facility, or that portion of the Bonds, in the case of partial damage or destruction of the Facility, and to pay all other amounts relating to the damaged or destroyed portion of the Facility, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facility and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of Section 4.01. The District shall not apply the proceeds of insurance as set forth in this Section 5.04 to redeem the Bonds in part due to damage or destruction of a portion of the Facility unless the Base Rental Payments on the undamaged portion of the Facility will be sufficient to pay the scheduled principal and interest on the Bonds remaining unpaid after such redemption.

SECTION 5.07. Deposit and Investments of Money in Accounts and Funds. All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Investment Securities at the Written Request of the Authority or, if no instructions are received, in money market funds described in clause (xi) of the definition of Investment Securities provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the Authority specifying a specific money market fund and, if no such Written Request of the Authority is so received, the Trustee shall hold such moneys uninvested. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. For purposes of this restriction, Investment Securities containing a repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. All interest or profits received on any money so invested in any fund or account hereunder shall be deposited in that fund or account. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of this Trust Agreement.

Investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Trust Agreement.

The Authority (and the District by its execution of the Facility Sublease) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority and the District specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority (if requested by it) and the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01. Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and principal of and redemption premium, if applicable, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 6.02. Against Encumbrances. The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in Section 5.01, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in Section 3.03.

SECTION 6.03. Tax Covenants.

(a) The Authority shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would cause the interest on the Bonds to be subject to federal or State of California income tax. Without limiting the generality of the forgoing, the Authority shall comply with the instructions and requirements of the Tax Certificate. This covenant shall survive payment in full of the Bonds.

(b) In the event that at any time the Authority 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 Trustee under this Agreement, the Authority shall so instruct the Trustee, in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required in order for the Bonds maintain their exemption from federal income tax, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.04. Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Authority at reasonable hours and under reasonable conditions. The Trustee shall provide to the Authority monthly statements covering the funds and accounts held pursuant to the Trust Agreement. Not more than one hundred eighty (180) days after the close of each Fiscal Year, the Trustee shall furnish or cause to be furnished to the Authority a complete financial statement (which may be in the form of the Trustee's customary account statements) covering receipts, disbursements, allocation and

application of Revenues for such Fiscal Year. The Authority shall keep or cause to be kept such information as is required under the Tax Certificate.

SECTION 6.05. Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided, that the Trustee or any affected Bondholder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any reasonable attorney's fees or other reasonable expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 6.06. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Bondholder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Bondholders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 6.07. Maintenance of Revenues. The Authority will promptly collect all rents and charges due for the occupancy or use of the Facility as the same become due, and will promptly and vigorously enforce its rights against any tenant or other person who does not pay such rents or charges as they become due. The Authority will at all times maintain and vigorously enforce all of its rights under the Facility Sublease.

SECTION 6.08. Amendments to Facility Sublease. The Authority shall not agree to supplement, amend, modify or terminate any of the terms of the Facility Sublease without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of providing for the substitution of real property pursuant to Section 2.03 of the Facility Sublease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the District, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any substitution in accordance with Section 2.03 under the Facility Sublease, (e) is to modify the legal description of the Facility to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, or

substituted for the Facility pursuant to the provision of Section 2.03 of the Facility Sublease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Base Rental Payments to be made to the Authority or the Trustee by the District pursuant to the Facility Sublease to an amount less than shown on the Base Rental Payment Schedule, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by this Trust Agreement on the Base Rental Payments (all except as expressly provided herein or in the Facility Sublease), in each case without the written consent of all of the Bondholders of the Bonds then Outstanding.

Any supplement, amendment or modification shall not, for purposes of this Section 6.08, be deemed to materially adversely affect the interest of the Bondholders or result in any material impairment of the security given for the payment of the Bonds.

SECTION 6.09. Leasehold Estate. The Authority will be, on the date of the delivery of the Bonds, the owner and lawfully possessed of the leasehold estate described in the Facility Lease, and the Facility Sublease will be, on the date of delivery of the Bonds, a valid subsisting demise for the term therein set forth of the property which it purports to demise. At the time of the delivery of the Bonds the District will be the owner in fee simple of the premises described therein, and the Facility Sublease will be lawfully made by the District, and the covenants contained in the Facility Sublease on the part of the District will be valid and binding. At the time of the delivery of the Bonds, the Authority will have good right, full power and lawful authority to lease said leasehold estate, in the manner and form provided in the Facility Sublease, and the Facility Sublease will be duly and regularly executed.

Without allowance for any days of grace which may or might exist or be allowed by law or granted pursuant to any terms or conditions of the Facility Sublease, the Authority will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Facility Sublease to be kept, performed and complied with by it. The Authority will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for declaring a forfeiture of the Facility Sublease, or would or might be a ground for cancellation or termination of the Facility Sublease by the lessee thereunder. The Authority will promptly deposit with the Trustee (to be held by the Trustee until the title and rights of the Trustee under this Trust Agreement shall be released or reconvened) any and all documentary evidence received by it showing compliance with the provisions of the Facility Sublease to be performed by the Authority. The Authority, immediately upon its receiving or giving any notice, communication or other document in any way relating to or affecting the Facility Sublease, or the leasehold estate thereby created, which may or can in any manner affect the estate of the lessee or of the Authority in or under the Facility Sublease, will deliver the same, or a copy thereof, to the Trustee.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01. Events of Default. The following events shall be Events of Default:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if applicable, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of sixty (60) days or such additional time (with respect to agreements or covenants that cannot be corrected or performed within such sixty (60) day period but the correction of which is being diligently pursued by the Authority) as is reasonably required to correct any such default after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default has occurred under Section 6.01 of the Facility Sublease.

SECTION 7.02. Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Bondholders of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Bondholders of Bonds under this Trust Agreement and under Article VI of the Facility Sublease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

SECTION 7.03. Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and

unconditional, to pay the interest on and principal of and redemption premiums, if applicable, on the Bonds to the respective Bondholders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Bondholders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Bondholder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bondholders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bondholders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Bondholder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.04. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Bondholder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Bondholders, whether or not the Trustee is a Bondholder, and the Trustee is hereby appointed (and the successive Bondholders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Bondholders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Bondholders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

SECTION 7.06. Limitation on Bondholders' Right to Sue. No Bondholder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Bondholder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as defined in Section 7.01; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Bondholders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the

Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Bondholder of Bonds of any remedy hereunder; it being understood and intended that no one or more Bondholders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders of the Outstanding Bonds.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. The Trustee. The Bank of New York Mellon Trust Company, N.A. shall serve as the initial Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premium, if applicable, on the Bonds presented for payment, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a principal office in California.

The Authority, unless there exists any Event of Default as defined in Section 7.01, may at any time for any breach of the trusts set forth herein, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank, national banking association, banking institution, or trust company, having (or whose parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. If such bank, national banking association, banking institution, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank, national banking association, banking institution, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing by first class mail to the Bondholders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. The successor Trustee shall send notice of its acceptance by first class mail to the Bondholders. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such

appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, 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 Trustee having the qualifications required hereby.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority upon its request. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any Event of Default (that has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 8.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Bondholder of a Bond unless and until such Bond is submitted for inspection, if required, and such Bondholder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be responsible for the sufficiency of any insurance required by the Facility Sublease, and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the District.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders of not less than a majority (or any lesser amount that may direct the Trustee in accordance with this Agreement) in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of this Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the reasonable costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Bondholders for the payment of the interest on, principal of or redemption premium, if applicable, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any Event of Default (except payment defaults) unless and until an officer of the Trustee shall have actual knowledge thereof or the Trustee shall have received written notice thereof. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, and shall not be answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver if such attorney-in-fact, agent or receiver was appointed by the Trustee with due care. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Facility Sublease or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or District of the Facility or the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Facility Sublease or this Trust Agreement for the existence, furnishing or use of the Facility or the Project.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the Authority or the District), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Before the Trustee acts or refrains

from acting, the Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

In determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Bondholders.

The Trustee is not responsible for the content of any official statement or any other offering or disclosure material prepared in connection with the Bonds.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the District agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee 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 Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of Nature, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

The Trustee may consult with counsel, who may be counsel of or to the Authority or the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Any company into which the Trustee 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 Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. Trustee shall give written notice to the Authority and to the District of any of these occurrences at least ten days in advance.

SECTION 8.03. Compensation and Indemnification of Trustee. The Authority covenants to pay (but solely from Additional Payments) to the Trustee from time to time, and the Trustee shall be entitled to, compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the reasonable expenses and disbursements of their counsel – including the allocated reasonable fees and disbursements of in-house counsel – and of all persons not regularly in their employ) except any such expense, disbursement or advance as may arise from their negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damage, liability or expense incurred without negligence or willful misconduct on the part of the Trustee arising out of or in connection with the acceptance or administration of the trusts created hereby, including reasonable costs and expenses (including reasonable attorneys' fees and disbursements) of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

SECTION 8.04. Compliance with Continuing Disclosure Certificate. Pursuant to Section 8.09 of the Facility Sublease, the District has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. The District has agreed that so long as it shall act as the Dissemination Agent under the Continuing Disclosure Certificate, it will perform all of the provisions thereof to be performed by the Dissemination Agent. Notwithstanding any other provision of this Trust Agreement, failure of

the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under Section 8.09 of the Facility Sublease or under this Section 8.04. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

ARTICLE IX

AMENDMENT OF THE TRUST AGREEMENT

SECTION 9.01. Amendment of the Trust Agreement.

(a) This Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the Bondholders shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if applicable, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, or the District without their prior written assent thereto, respectively. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this subsection (a), the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondholders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

(b) The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption, without the consent of any Bondholders, for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes --

(i) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or be conferred herein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary; or

(iii) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Any Supplemental Trust Agreement entered into pursuant to this paragraph shall not, for purposes of this paragraph, materially adversely affect the interest of the Bondholders.

The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Trust Agreement authorized by subsections (a) or (b) of this Section which modify any rights or obligations of the Trustee.

SECTION 9.02. Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article. Upon request of the Trustee, the Authority shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

SECTION 9.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Bondholder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Bondholder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Bondholder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 9.04. Amendment by Mutual Consent. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DISCHARGE OF BONDS

SECTION 10.01. Discharge of Bonds. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondholders of all Outstanding Bonds the interest thereon and principal thereof and redemption premium, if applicable, thereon at the times and in the manner stipulated herein and therein, and the Authority shall pay in full all other amounts due hereunder and under the Facility Sublease, then the Bondholders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premium, if applicable, on such Bonds and for the payment of all other amounts due hereunder and under the Facility Sublease.

Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 4.01, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Investment Securities of the type described in clause (1) of the definition of Investment Securities and which are not subject to redemption prior to maturity (including any such Investment Securities issued or held in book-entry form on the books of the Treasury of the United States of America) or tax exempt obligations of a state or political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Investment Securities and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

In the event of an advance refunding (i) the Authority shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an independent firm of nationally recognized certified public accountants ("Accountants") verifying

the sufficiency of the escrow established to pay the Bonds in full on the maturity date ("Verification"), (ii) the escrow agreement shall provide that no (A) substitution of a defeasance obligation shall be permitted except with another defeasance obligation and upon delivery of a new Verification and (B) reinvestment of a defeasance obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Trust Agreement; each Verification and defeasance opinion shall be addressed to the Authority and the Trustee.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall not look to the Trustee but only to the Authority for the payment of such Bonds.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of Authority Limited to Revenues. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premium, if applicable, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premium, if applicable, on the Bonds as provided herein. The Bonds are not a debt of the District, the State or any of its political subdivisions, and neither the District, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 11.02. Benefits of this Trust Agreement Limited to Parties; Third Party Beneficiaries. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Bondholders any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of

the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Authority, the Trustee and the Bondholders.

SECTION 11.03. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the Authority or any member, officer or employee thereof or of the State is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions with respect to this Agreement, the Bonds, the Facility Sublease and the Project that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 11.04. Execution of Documents by Bondholders. Any declaration, request or other instrument which is permitted or required herein to be executed by Bondholders may be in one or more instruments of similar tenor and may be executed by Bondholders in person or by their attorneys appointed in writing. The fact and date of the execution by any Bondholder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds maintained by the Trustee pursuant to Section 2.06 hereof.

Any declaration, request, consent or other instrument or writing of the Bondholder of any Bond shall bind all future Bondholders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

SECTION 11.05. Waiver of Personal Liability. No member, officer or employee of the Authority or the District shall be individually or personally liable for the payment of the interest on or principal of or redemption premium, if applicable, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or by any other applicable provisions of law or hereby.

SECTION 11.06. Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 11.07. Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction.

SECTION 11.08. Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel, insofar as it relates to factual matters or information which is in the possession of the Authority, may be based upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 11.09. Accounts and Funds. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with corporate trust industry standards and with due regard for the protection of the security of the Bonds and the rights of the Bondholders.

SECTION 11.10. Business Day. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 11.11. Notices; Notices to Rating Agencies. All written notices to be given hereunder shall be given by mail to the party entitled thereto at the addresses set forth below, or at such other addresses as such parties may provide to the other party in writing from time to time, namely:

If to the Authority: Sacramento City Schools Joint Powers Financing Authority
c/o Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824
Attn: Chief Business Officer

If to the Trustee:	The Bank of New York Mellon Trust Company, N.A. [Contact Information to Come]
If to the District:	Sacramento City Unified School District 5735 47th Avenue Sacramento, CA 95824 Attn: Chief Business Officer

The Authority shall give written notice to a Rating Agency of the redemption of any Bonds, the amendment of the Facility Sublease or Trust Agreement, and any change in the Trustee in accordance herewith.

SECTION 11.12. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 11.13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Bondholders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 11.14. Governing Law. This Trust Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 11.15. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by its Treasurer, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By:_____
[EXECUTOR]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:_____
Authorized Officer

Acknowledged:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:_____
Chief Business Officer

APPENDIX A

FORM OF BOND

Number	UNITED STATES OF AMERICA	Principal Sum
R-__	STATE OF CALIFORNIA	**$_____**
	COUNTY OF SACRAMENTO	

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
2014 SERIES [A/B]

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THIS BOND AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THIS BOND. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THIS BOND CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

Maturity Date	Interest Rate	Dated as of	CUSIP NO.
June 1, 20__	**____%**	**_____, 20__**	**_____**

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS*

The SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above. This Bond shall bear interest at the rate as set forth above.

The principal hereof is payable to the registered owner hereof in lawful money of the United States of America upon the surrender hereof at the place designated by The Bank of New York Mellon Trust Company, N.A., as the initial trustee (herein called the "Trustee"), appointed pursuant to a Trust Agreement, dated as of [____ 1, 201_] (the "Trust Agreement") by and between the Authority and the Trustee. [So long as Cede & Co. or its registered assigns shall be the registered owner of this Bond,

payment shall be made by wire transfer through The Depository Trust Company ("DTC") as provided in the Trust Agreement.]

The Bonds shall bear interest at the rate set forth above, payable on _____ 1 and _____ 1 of each year (each an "Interest Payment Date"), commencing _____ 1, 20__. Each Bond authenticated and registered on any date prior to the _____ 15, 20__ shall bear interest from the date of said Bond. Each Bond authenticated during the period from the 15th day of the month preceding an Interest Payment Date (the "Record Date") to such Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Bondholder of $1,000,000 or more in aggregate principal amount of Bonds (hereinafter defined) received by the Trustee prior to any Record Date, interest on the following Interest Payment Date shall be paid by wire transfer in immediately available funds to an account maintained in the United States as provided in the Trust Agreement.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series [A/B]" (the "Bonds") issued in an aggregate principal amount of $_____, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of the Trust Agreement (copies of the Trust Agreement are on file with the Trustee).

The Bonds are issuable as fully registered bonds in the denomination of [$5,000 / $100,000] principal amount or any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Trust Agreement, Bonds may be exchanged for a like aggregate principal amount of Bonds of other Authorized Denominations.

The Bonds are issued to provide funds to refinance certain outstanding indebtedness of the Sacramento City Unified School District (as more fully defined in the Trust Agreement, the "Project"). The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (as more fully defined in the Trust Agreement, the "Revenues") derived from Base Rental Payments and other payments made by the Sacramento City Unified School District (the "District"), and all interest or other investment income thereon, pursuant to the Facility Sublease dated as of [____ 1, 201_] (as amended from time to time, the "Facility Sublease"), by and between the Authority and the District, and the Authority is not obligated to pay the interest or premium, if any, on and principal of the Bonds except from the Revenues, and neither the payment of the interest on nor any part of the principal (or premium, if any) of the Bonds is a debt, liability or obligation of the District or any member of the Authority, nor is such payment a debt, liability or general obligation of the Authority for which such entity is obligated to levy or pledge any form of taxation. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge and assignment of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are

issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to optional and mandatory sinking fund maturity as set forth in the Trust Agreement.

The Bonds are subject to extraordinary redemption by the Authority on any date prior to their fixed maturity date, upon notice as hereinafter provided, as a whole or in part by lot in integral multiples of Authorized Denominations from the proceeds received by the District due to a taking of the Facility or portions thereof under the power of eminent domain and from the net proceeds of title insurance or insurance received for material damage or destruction to the Facility or portions thereof received by the Authority from the District, all as provided in and under the circumstances and terms prescribed in the Facility Sublease and the Trust Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

Notice of redemption of this Bond shall be given by first-class mail not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owner of any Bond selected for redemption, subject to and in accordance with provisions of the Trust Agreement with respect thereto. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price is held by the Trustee, then this Bond shall, on the redemption date designated in such notice, become due and payable at the redemption price; and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

The Authority may rescind any redemption and notice thereof on any date prior to the date fixed for redemption by directing the Trustee in writing to give written notice of the rescission to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

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.

This Bond is transferable only on a register to be kept for that purpose by the Trustee by the registered owner hereof in person or by the duly authorized attorney of such owner upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the duly authorized attorney of such owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount in Authorized Denominations will be issued to the transferee in exchange

therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified and recited that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Act, and by the Constitution and laws of the State of California, that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Sacramento City Schools Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chair of the Authority and countersigned by the manual or facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the date given on the face hereof.

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By _____
Chair

Countersigned:

_____
Authority Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This is one of the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, 2014 Series [A/B] , described in the within-mentioned Trust Agreement and authenticated and registered on _____, 20__.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____[specimen – not for signature]_____
Authorized Officer

DTC LEGEND

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

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Trustee 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.

APPENDIX B

SCHEDULE OF INTEREST PAYMENTS AND PRINCIPAL ACCOUNT DEPOSITS

Date	Interest Payment	Principal Account Deposit

Recording requested by
and return to:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: John Palmer

FACILITY LEASE

by and between the

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

and the

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

Dated as of ____ 1, 2014

THIS TRANSACTION IS EXEMPT FROM FILING FEES PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 6103 AND TRANSFER TAXES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 11928

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EXHIBIT A – DESCRIPTION OF FACILITY A-1

FACILITY LEASE

This Facility Lease, dated as of [____ 1, 201_] (this "Lease" or "Facility Lease"), by and between the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, CALIFORNIA, a school district duly organized and existing under and by virtue of the laws of the State of California (herein called the "District"), as lessor, and the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY, a public entity and agency, duly organized and existing pursuant to an Agreement entitled "Joint Exercise of Powers Agreement" by and between the Sacramento City Unified School District and the California Statewide Communities Development Authority (the "Authority"), as lessee;

W I T N E S S E T H :

WHEREAS, the Board of Education (the "Board") of the District has determined that it is necessary and desirable and that the prudent management of the fiscal affairs of the District requires that the District cause the Authority to execute and deliver lease revenue bonds entitled "Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2014" (the "Bonds") pursuant to a Trust Agreement, dated as of [____ 1, 201_], by and between The Bank of New York Mellon Trust Company, N.A., as Trustee (herein called the "Trustee") and the Authority (the "Trust Agreement"), and to apply the proceeds from the sale thereof to pay the rent under this Facility Lease, which the District will in turn apply to prepay all or a portion of the Sacramento City Unified School District Certificates of Participation (2001 Refunding and Capital Facilities Program) and the Sacramento City Unified School District 2002 Variable Rate Certificates of Participation (2011 Remarketing) (the prepayment thereof herein referred to as the "Project");

WHEREAS, the District intends to lease to the Authority and the Authority intends to lease from the District the Demised Premises and facilities located thereon described in Exhibit A hereto and Section 1 hereof;

WHEREAS, the District is the owner in fee of the Demised Premises and has sufficient right, title and interest to lease the Demised Premises to the Authority hereunder;

WHEREAS, under a Facility Sublease, dated as of [____ 1, 201_], and recorded concurrently herewith (herein called the "Facility Sublease"), between the Authority and the District, the District will be obligated to make base rental payments for the sublease of the Demised Premises and the facilities located thereon; and

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

SECTION 1. Demised Premises.

The District hereby leases to the Authority and the Authority hereby leases from the District, on the terms and conditions hereinafter set forth, a portion of the land of the District's [LEASED ASSETS] situated in the District and described in Exhibit A attached hereto and made a part hereof (herein called the "Demised Premises"), including the public school facilities and improvements situated thereon (collectively with the Demised Premises, the "Facility"), together with any additional real property added thereto by any supplement or

amendment hereto, or any real property substituted for all or any portion of such property in accordance with this Lease and the Trust Agreement; subject, however, to any conditions, reservations, and easements of record or known to the District and the buildings and all other facilities located thereon.

SECTION 2. Term.

The term of this Lease as to the Facility shall commence on [____ 1, 201_] and shall end on [TERMINATION DATE] unless such term is extended or sooner terminated as hereinafter provided. If on such date the Base Rental Payments attributable to the Facility and all other amounts then due under the Facility Sublease shall not be fully paid, or if the rent or other amounts payable under the Facility Sublease shall have been abated at any time and for any reason, then the term of this Lease shall be extended until ten (10) days after the Base Rental Payments and all other amounts then due under the Facility Sublease shall be fully paid, except that the term of this Lease shall in no event be extended beyond ten (10) years after such date. If prior to such date the Base Rental Payments and all other amounts then due under the Facility Sublease shall be fully paid, the term of this Lease shall end ten (10) days thereafter or upon written notice by the District to the Authority, whichever is earlier.

SECTION 3. Rent

The Authority shall pay to the District from the proceeds of the Bonds as and for rent hereunder an amount, not less than $_____, equal to the sum of the proceeds of the Bonds to be transferred to the Trustee for the Project and proceeds applied to pay costs of issuance of the Bonds.

SECTION 4. Purpose.

The Authority shall use the Facility solely for the purpose of leasing the Facility to the District pursuant to the Facility Sublease and for such purposes as may be incidental thereto; provided, that in the event of default by the District under the Facility Sublease the Authority may exercise the remedies provided in the Facility Sublease.

SECTION 5. Environmental Law and Regulations.

(a) Definitions used in this Section 5 and in Section 6.

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (ricbeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) antinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the

Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Hazardous Materials" shall mean any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the District, any of the Demised Premises or the business operations conducted by the District thereon.

"Laws and Regulations" shall mean any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Facility or the Demised Premises.

(b) No portion of the Demised Premises is located in an area of high potential incidence of radon which has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to such Demised Premises.

(c) The District has not received any notice from any insurance company which has issued a policy with respect to the Facility or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations or other work, which repairs, alterations or other work have not been completed at the Facility. The District has not received any notice of default or breach which has not been cured under any covenant, condition, restriction, right-of-way, reciprocal easement agreement or other easement affecting Demised Premises which is to be performed or complied with by it.

SECTION 6. Environmental Compliance.

(a) Neither the District nor the Authority shall use or permit the Demised Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Demised Premises or where Hazardous Materials are involved in classroom or laboratory instruction appropriate for grades K-12 and then, only in compliance with all Environmental Regulations, and any state equivalent laws and

regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the pumping, spilling, leaking, disposing of, emptying, discharging or releasing (hereinafter collectively referred to as "Release") or threat of Release of Hazardous Materials on, from or beneath the Demised Premises or onto any other real property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of a high school building, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the District shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Trustee, the Authority or the Bond Insurer (as defined in the Trust Agreement), all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so Released, on, from or beneath the Demised Premises, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) and only to the extent necessary to maintain the improvements on the Demised Premises.

(b) The District and the Authority shall comply with, and shall cause its tenants, subtenants, licensees, guests, invitees, contractors, employees and agents to comply with, all Environmental Regulations, and shall keep the Demised Premises free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The District and the Authority shall cause all of District's subtenants, agents, licensees, employees, contractors, guests and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Demised Premises; provided, however, that notwithstanding that a portion of this covenant is limited to the District and the Authority's use of its best efforts, the Authority and the District shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the District and the Authority's obligations contained in subsection (c) hereof. Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from or beneath the Demised Premises, the District and the Authority shall give prompt written notice thereof to the Trustee and the Bond Insurer (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

(c) Irrespective of whether any representation or warranty contained in Section 5 is not true or correct, the District and the Authority shall, to the extent permitted by law, defend, indemnify and hold harmless the Trustee and the Bondholders and the Bond Insurer, its partners, depositors and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section 6), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Authority or the Trustee or the Bond Insurer, as appropriate, shall have delivered to the District and the Authority), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Demised Premises, (ii) any personal injury (including

wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five (5) Business Days' prior notice of which the Authority or the Trustee or the Bond Insurer, as appropriate, shall have delivered to the District and the Authority), or governmental order relating to Hazardous Materials on, from or beneath any of the Demised Premises, (iv) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Authority or the District is strictly liable under any Environmental Regulation, its obligation to the Trustee, Bondholders and the Bond Insurer and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. Its obligations and liabilities under this Section 6(c) shall survive any termination of the Facility Sublease or exercise of any remedies thereunder, and the satisfaction of all Bonds.

(d) The District and the Authority shall conform to and carry out a reasonable program of maintenance and inspection of any underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

SECTION 7. Owner in Fee.

The District covenants that it is the owner in fee of the Demised Premises. The District further covenants and agrees that if for any reason this covenant proves to be incorrect, the District will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the District's title, and will diligently pursue such action to completion. The District further covenants and agrees that it will hold the Authority and the Bond owners harmless from any loss, cost or damages resulting from any breach by the District of the covenants contained in this Section.

SECTION 8. Assignments and Subleases.

Unless the District shall be in default under the Facility Sublease, the Authority may not assign its rights under this Lease or sublet the Facility, except pursuant to the Facility Sublease, without the written consent of the District, which consent may be withheld in the District's sole and absolute discretion. Upon the occurrence of a default by the District under the Facility Sublease, the Authority may assign or sell its rights under this Lease or sublet the Facility, without the consent of the District.

SECTION 9. Right of Entry; Easements.

The District reserves the right for any of its duly authorized representatives to enter upon the Facility at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

The District agrees, upon written request from the Authority, to grant to the Authority a nonexclusive easement of ingress and egress for persons, vehicles and utilities, twenty (20) feet wide, from each parcel of the Demised Premises not having access to a public

street, and appurtenant to such parcel, over property owned by the District to a public street. The District, at any time, may satisfy its obligation contained in the preceding sentence as to any such parcel of the Demised Premises by granting to the Authority an easement complying with the requirements of the preceding sentence from such parcel of the Demised Premises to a public street.

SECTION 10. Termination.

The Authority agrees, upon the termination of this Lease, to quit and surrender the Facility in the same good order and condition as it was at the time of commencement of the term hereunder, reasonable wear and tear excepted, and the Authority further agrees that any permanent improvements and structures existing upon the Demised Premises at the time of the termination of this Lease shall remain thereon and title thereto shall vest in the District.

Upon the exercise of the option to purchase set forth in Section 7.03 of the Facility Sublease and upon payment of the option price required by said section, the term of this Lease shall terminate as to the portion of the Facility being so purchased.

SECTION 11. Default.

In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease, which default continues for one hundred and eighty (180) days following notice and demand for correction thereof to the Authority and the Trustee, the District may exercise any and all remedies granted by law, except that no merger of this Lease and of the Facility Sublease shall be deemed to occur as a result thereof; provided, however, that the District shall have no power to terminate this Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or sublease of all or any part of the Demised Premises then in effect between the Authority and any assignee or subtenant of the Authority (other than the District under the Facility Sublease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Lease, such assignee or subtenant shall be deemed to be and shall become the tenant of the District hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rents or any part thereof payable to the Authority or Trustee shall continue to be paid to the Trustee on behalf of the Bond owners.

SECTION 12. Quiet Enjoyment.

The Authority at all times during the term of this Lease, shall peaceably and quietly have, hold and enjoy all of the Demised Premises then leased hereunder.

SECTION 13. Waiver of Personal Liability.

All liabilities under this Lease on the part of the Authority shall be solely liabilities of the Authority, as a public entity and agency, and the District hereby releases each and every member, director, officer, agent or employee of the Authority of and from any personal or individual liability under this Lease. No member, director, officer, agent or

employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Lease to the District or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the District or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facility. The District, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Facility, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facility regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 14. Taxes.

The District covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Facility.

SECTION 15. Eminent Domain.

In the event the whole or any part of the Demised Premises or the Facility is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid or outstanding Bonds and all other amounts due under the Trust Agreement and the Facility Sublease attributable to such part of the Facility and such amount shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the District.

SECTION 16. Partial Invalidity.

If any one or more of the terms, provisions, covenants or conditions of this Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Lease shall be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 17. Notices.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, in care of the Sacramento City Unified School District, 5735 47th Avenue, Sacramento, CA 95824, Attention: Chief Business Officer, in all cases with a copy to the Trustee, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 18. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

SECTION 19. Amendment.

The Authority and the District may at any time agree to the amendment of this Lease; provided, however, that the Authority and the District agree and recognize that this Lease is entered into as contemplated by the terms of the Trust Agreement and, accordingly, that any such amendment shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 20. Execution.

This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may separately be executed by the District and the Authority, all with the same force and effect as though the same counterpart had been executed by both the District and the Authority.

IN WITNESS WHEREOF, the District and the Authority have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT,
as Lessor

By_____
Ken A. Forrest, Chief Business Officer

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY,
Lessee

By_____
[EXECUTOR TO COME]

EXHIBIT A

Description of Facility

Luther Burbank High School
3500 Florin Road
Sacramento, CA 95823

Rosemont High School
9594 Kiefer Boulevard
Sacramento, CA 95827

[ATTACH CALIFORNIA NOTARY PAGES]

Recording requested by
and return to:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105

Attention: John Palmer

FACILITY SUBLEASE

by and between

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

and the

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Dated as of _____ 1, 2014

THIS TRANSACTION IS EXEMPT FROM FILING FEES PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 6103 AND TRANSFER TAXES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 11928.

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FACILITY SUBLEASE

This Facility Sublease, dated as of [_____ 1, 201_], by and between SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY (the "Authority"), a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California, as lessor, and the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, CALIFORNIA (the "District"), a school district duly organized and existing under and by virtue of the laws of the State of California, as lessee;

W I T N E S S E T H :

WHEREAS, the Board of Education (the "Board") of the District has determined to prepay all or a portion of its obligations under that certain Lease Agreement (the "2001 Lease") dated as of March 1, 2001, by and between the District and the Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and its obligations under that certain Lease Agreement (the "2002 Original Lease"), by and between the District and the Corporation, dated as of June 1, 2002, as amended by that certain First Amendment to Lease Agreement (the "2011 Lease Amendment") by and between the District and the Corporation, dated as of March 1, 2011 (the 2002 Original Lease as amended by the 2011 Lease Amendment, the "2002 Lease," and the 2002 Lease together with the 2001 Lease, the "Prior Leases," and the refinancing of all or a portion of the District's obligations under the Prior Leases hereinafter the "Project"); and

WHEREAS, to finance the Project, the District has determined that it is necessary and desirable and that the prudent management of the fiscal affairs of the District requires that the District cause the Authority to execute and deliver lease revenue bonds entitled "Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 A" (the "Series A Bonds") and Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B" (the "Series B Bonds, and, together with the Series A Bonds, the "Bonds") pursuant to a Trust Agreement, dated as of [_____ 1, 201_], by and between The Bank of New York Mellon Trust Company, N.A., as Trustee (herein called the "Trustee") and the Authority (the "Trust Agreement");

WHEREAS, to facilitate the issuance and repayment of the Bonds, the District is leasing a portion of its [LEASED ASSETS] to the Authority pursuant to a Facility Lease dated as of [_____ 1, 201_], and recorded concurrently herewith (herein called the "Facility Lease"), between the District and the Authority;

WHEREAS, the Authority will apply the proceeds of the sale of the Bonds to pay the lease payment under the Facility Lease;

WHEREAS, the District will use the proceeds from the Facility Lease to prepay all or a portion of its obligations under the Prior Leases; and

WHEREAS, under this Facility Sublease, the District will be obligated to make base rental payments to the Authority for the sublease, from the Authority, of the Facility and such other facilities as may from time to time be subleased hereunder;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Sublease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

Additional Payments

The term "Additional Payments" means all amounts payable to the Authority or the Trustee or any other person from the District as Additional Payments pursuant to Section 3.02 hereof.

Authority

The term "Authority" means (i) Sacramento City Schools Joint Powers Financing Authority, acting as lessor hereunder; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Authority.

Base Rental Payments

The term "Base Rental Payments" means all amounts payable to the Authority from the District as Base Rental Payments pursuant to Section 3.01 hereof.

Base Rental Payment Schedule

The term "Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority by the District pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

Bonds

The term "Bonds" means the Series A Bonds and the Series B Bonds issued by the Authority under and pursuant to Section 2.01 of the Trust Agreement.

District

The term "District" means the Sacramento City Unified School District, California, a school district duly organized and existing under and by virtue of the laws of the State of California.

Demised Premises

The term "Demised Premises" means that certain real property situated in the County of Sacramento, State of California, described in Exhibit A attached hereto and made a part hereof, together with any additional real property added thereto or substituted therefor in accordance with this Facility Sublease and the Trust Agreement by any supplement or amendment hereto; subject, however, to any conditions, reservations, and easements of record or known to the District.

Event of Default

The term "Event of Default" shall have the meaning specified in Section 6.01 hereof.

Facility

The term "Facility" shall mean that portion of the District's [LEASED ASSETS] located on and including the Demised Premises, other improvements and facilities added thereto or substituted therefor, or any portion thereof, in accordance with this Facility Sublease and the Trust Agreement as set forth more fully in Exhibit A hereto; subject, however, to any conditions, reservations and easements of record known to the District.

Facility Lease

The term "Facility Lease" shall mean the Facility Lease dated as of [_____ 1, 201_] whereby the District leases the Facility to the Authority, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Facility Sublease or Sublease

The term "Facility Sublease" or "Sublease" means this sublease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

Permitted Encumbrances

The term "Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may, pursuant to this Facilities Sublease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of this Facilities Sublease in the office of the County Recorder of the County of Sacramento and which the District certifies in writing will not materially impair the use of the Facility; (3) the Facilities Lease, as it may be amended from time to time; (4) this Facilities Sublease, as it may be amended from time to time; (5) any right or claim of any mechanic, laborer, materialman, supplier or vendor whether or not filed or perfected in the manner prescribed by law; (6) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of this Facilities Sublease and to which the Authority and the District consent in writing; (7) liens relating to special assessments levied with respect to the Facility; and (8) liens existing under any school facilities funding programs of the State of California.

Project

The term "Project" means the prepayment of all or a portion of the outstanding Sacramento City Unified School District Certificates of Participation (2001 Refunding and Capital Facilities Program) and the outstanding Sacramento City Unified School District 2002 Variable Rate Certificates of Participation (2011 Remarketing) (the "Project").

Rental Payment Period

The term "Rental Payment Period" means the twelve month period commencing June 1 of each year and ending the following May 31.

Series A Bonds

The Term "Series A Bonds" means the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series A.

Series B Bonds

The term "Series B Bonds" means the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B.

Trust Agreement

The term "Trust Agreement" means the Trust Agreement, dated as of [_____ 1, 201_], by and between the Trustee and the Authority, and acknowledged by the District, pursuant to which the Trustee will execute and deliver the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

ARTICLE II

SUBLEASE OF DEMISED PREMISES AND PROJECT; TERM

SECTION 2.01. Sublease of Facility. The Authority hereby subleases to the District and the District hereby subleases from the Authority the Facility, including the Demised Premises, subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of this Sublease. The District hereby agrees and covenants during the term of this Sublease that, except as hereinafter provided, it will use the Facility for public and District purposes so as to afford the public the benefits contemplated by this Sublease.

SECTION 2.02. Term; Occupancy. The term of this Sublease shall commence on [_____ 1, 201_], and shall end on [TERMINATION DATE], unless such term is extended or sooner terminated as hereinafter provided. If on such date, the Bonds and all other amounts then due hereunder shall not be fully paid, or if the rent payable hereunder shall have been abated at any time and for any reason, then the term of this Sublease shall be extended until all Bonds corresponding to the Base Rental Payments and all other amounts then due hereunder shall be fully paid, except that the term of this Sublease shall in no event be extended beyond ten (10) years after such respective initial termination date. If prior to such date, all Bonds and all other amounts then due hereunder shall be fully paid, or provision therefor made, the term of this Sublease shall end ten (10) days thereafter or upon written notice by the District to the Authority, whichever is earlier.

SECTION 2.03. Substitution and Release of Property. (a) The District and the Authority may, with the prior written consent of the Bond Insurer, if any, substitute real property in place of the Facility for purposes of the Facility Lease and Facility Sublease. The District and the Authority shall confirm that the release will not cause a reduction or withdrawal in the rating assigned to the Bonds by each rating agency then providing a rating for the Bonds, and shall have filed evidence of such confirmation in writing with the Trustee, along with copies of the following:

(1) Executed copies of the Facility Sublease or amendments thereto and the Facility Lease or amendments thereto containing the amended description of the Facility, including the Demised Premises, including the legal description of the Demised Premises as modified if necessary.

(2) A Certificate of the District with copies of the Facility Sublease and the Facility Lease, if needed, or amendments thereto containing the amended description of the Facility stating that such documents have been duly recorded in the official records of the County Recorder of the County of Sacramento.

(3) A Certificate of the District, that may include an appraisal performed by an independent appraiser, evidencing that (i) the annual fair rental value of the Facility which will constitute the Facility after such substitution will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending May 31 or in any subsequent year ending May 31, (ii) that the insured or replacement value of the Facility which will constitute the Facility after such substitution will be equal to or greater than the amount of Outstanding Bonds, (iii) that the useful life of the Facility which will constitute the Facility after such substitution will equal to or greater than the last maturity of the Bonds; and (iv) that the Facility which is constitute the Facility after such substitution is essential to the operations of the District.

(4) A Certificate of the District stating that, based upon review of such instruments, certificates or any other matters described in such Certificate of the District, the District has good merchantable title to the Facility which will constitute the Facility after such substitution. The term "Good Merchantable Title" shall mean such title as is satisfactory and sufficient for the needs and operations of the District.

(5) A Certificate of the District stating that such substitution does not adversely affect the District's use and occupancy of the Facility, [and that the substituted facility is essential to the District][discuss bond insurer as stand-in].

(6) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Trust Agreement; (ii) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the District; and (iv) will not cause interest payable in respect of the Bonds, if any, to be included in gross income for California state and federal income tax purposes.

(b) The District and the Authority may, with the prior written consent of the Bond Insurer, if any, release real property from the Facility Lease and this Sublease, but only after the District confirms that the release will not cause a reduction or withdrawal in the rating agency's rating and shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(1) Executed copies of the Facility Lease and this Sublease or amendments thereto containing the amended description of the Project and the Demised Premises.

(2) A Certificate of the District with copies of the Facility Lease and this Sublease, if needed, or amendments thereto containing the amended description of the Project and the Demised Premises stating that such documents shall be duly recorded in the official records of the County Recorder of the County.

(3) A Certificate of the District that the annual fair rental value of the Project and the Demised Premises which will constitute the Project and the Demised Premises after such release (which may be based on the construction or acquisition cost, replacement cost or insured value of such facility to the District) will be at least equal to 100% of the maximum

amount of Base Rental Payments becoming due in the then current year ending July 15 or in any subsequent year ending July 15 and which shall be no less than the debt service coming due on the Bonds then Outstanding under the Trust Agreement in the then current year or in each subsequent year.

(4) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and this Lease; (ii) complies with the terms of the Constitution and laws of the State and of this Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the District in accordance with its terms; and (iv) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

ARTICLE III

RENT PAYMENTS; USE OF PROCEEDS

SECTION 3.01. Base Rental Payments. The District agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facility, including the Demised Premises (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Sublease) the rent payments in the amounts shown on the Base Rental Payment Schedule attached hereto as Exhibit B. Notwithstanding the obligation to pay the Authority, the Authority directs the District to remit the Base Rental Payments directly to the Trustee and the Trustee will, under the Trust Agreement, deposit such Base Rental Payments in the Revenue Fund. The amount due as Base Rental Payments provided in the Base Rental Payment Schedule due on any given date shall be reduced by the amount of the balance of the Revenue Fund on such given date. The Base Rental Payment due on _____ 15 and _____ 15 of each year shall be for the use of the Facility for the year ending on the immediately succeeding ____ 31.

If the term of this Sublease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payments shall continue to be due on _____ 15 and ____ 15 in each year, and payable prior thereto as hereinabove described, continuing to and including the date of termination of this Sublease. Upon such extension of this Sublease, the District shall deliver to the Trustee a Certificate setting forth the extended rent payment schedule so that the payments will in the aggregate be sufficient to pay in full the interest on, and the principal of, the Bonds and to pay any Additional Payments due or to become due.

SECTION 3.02. Additional Payments. The District shall also pay such amounts (herein called the "Additional Payments") as shall be required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Sublease and the Trust Agreement, in connection with its interest in the Facility and the sublease of the Facility to the District, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Facility including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest, if any, on the Bonds.

Such Additional Payments shall be billed to the District by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the District to the billing party within 30 days after receipt of the bill by the District. The District reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the District to make full and timely payment of all Additional Payments.

The Authority may in the future issue bonds and may in the future enter into leases to finance facilities, or refund outstanding indebtedness other than the Project. The administrative costs of the Authority shall be allocated among said facilities and the Facility, as hereinafter in this paragraph provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facility shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any Agreement securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facility, shall not be included in Additional Payments payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Project, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of an Authorized Officer of the District, or a duly authorized representative of the District, endorsed thereon, in making any determination that costs are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Facility.

SECTION 3.03. Fair Rental Value. The Base Rental Payments and Additional Payments for each Rental Payment Period during the term of this Sublease shall constitute the total rent for said Rental Payment Period and shall be paid by the District in each Rental Payment Period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Facility, including the Demised Premises, during each such period for which said rent is to be paid. The parties hereto have agreed and determined that the Base Rental Payments in Schedule B of Exhibit B hereto represent the fair annual rental value of the Facility, including the Demised Premises. In making such determination, consideration has been given to the costs of acquisition, design, construction and financing of the Facility, [other obligations of the parties under this Sublease], the uses and purposes which may be served by the Facility and the benefits which will accrue to the District and the general public from the Facility.

SECTION 3.04. Payment Provisions. Each installment of rent payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee, or such other place as the Authority shall designate. Any such installment of rent accruing hereunder which shall not be paid when due and payable under the terms of this Sublease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be permitted by law, from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Authority and the District, the District shall make all rent payments when due without deduction or offset of any kind and shall not withhold any rent payments pending the final resolution of such dispute. In the event of a determination that the District was not liable for said rent payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent rent payments due hereunder, or shall be refunded at the time of such determination.

All payments received shall be applied first to the Base Rental Payments due hereunder and thereafter to all Additional Payments due hereunder, but no such application of any payments which are less than the total rent due and owing shall be deemed a waiver of any default hereunder.

Rent is subject to abatement as provided in Section 3.06.

Nothing contained in this Sublease shall prevent the District from making from time to time contributions or advances to the Authority for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Facility in the event of damage to or the destruction of the Facility.

SECTION 3.05. Appropriations Covenant. The District covenants to take such action as may be necessary to include all Base Rental Payments and Additional Payments due hereunder in its annual budgets, to make necessary annual appropriations for all Base Rental Payments and Additional Payments as shall be required to provide funds in each year for Base Rental Payments and Additional Payments. [ADD ALTERNATIVE CONSTRUCTIVE NOTICE PROVISION?] The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by

law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Sublease agreed to be carried out and performed by the District.

The Authority and the District understand and intend that the obligation of the District to pay Base Rental Payments and Additional Payments hereunder shall constitute a current expense of the District and shall not in any way be construed to be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the District, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the District. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for use of the Facility. This Sublease shall not create an immediate indebtedness for any aggregate payments which may become due hereunder in the event that the term of the Sublease is continued. The District has not pledged the full faith and credit of the District, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due hereunder.

SECTION 3.06. Rent Abatement. The Base Rental Payments and Additional Payments shall be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facility by the District, in the proportion in which the cost of that portion of the Facility rendered unusable bears to the cost of the whole of the Facility, including the Demised Premises. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Sublease shall continue in full force and effect and the District waives any right to terminate this Sublease by virtue of any such damage or destruction.

SECTION 3.07. Use of Proceeds. The parties hereto agree that the proceeds of the Bonds will be used to finance the Project and to pay the costs of issuing the Bonds and incidental and related expenses.

ARTICLE IV

MAINTENANCE; ALTERATIONS AND ADDITIONS

SECTION 4.01. Maintenance and Utilities. During such time as the District is in possession of the Facility, all maintenance and repair, both ordinary and extraordinary, of the Facility shall be the responsibility of the District, which shall at all times maintain or otherwise arrange for the maintenance of the Facility in first class condition, and the District shall pay for or otherwise arrange for the payment of all utility services supplied to the Facility, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facility resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof or from any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facility. In exchange for the rent herein provided, the Authority agrees to provide only the Facility, including the Demised Premises.

SECTION 4.02. Changes to the Facility. Subject to Section 8.02 hereof, the District shall, at its own expense, have the right to remodel the Facility or to make additions, modifications and improvements to the Facility, including the Demised Premises. All such additions, modifications and improvements shall thereafter comprise part of the Facility and be subject to the provisions of this Sublease. Such additions, modifications and improvements shall not in any way damage the Facility or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Facility, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facility immediately prior to the making of such additions, modifications and improvements.

SECTION 4.03. Installation of District's Equipment. The District and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facility, including the Demised Premises. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and such items may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facility resulting from the installation, modification or removal of any such items. Nothing in this Sublease shall prevent the District from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facility.

ARTICLE V

INSURANCE

SECTION 5.01. Fire and Extended Coverage Insurance. The District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Sublease, insurance against loss or damage to any structures constituting any part of the Facility by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance and earthquake insurance (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the District). Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facility, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $100,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable all outstanding Bonds to be redeemed.

In the event of any damage to or destruction of any part of the Facility, caused by the perils covered by such insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facility, and the Trustee shall hold said proceeds separate and apart from all other funds, in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facility to at least the same good order, repair and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Trustee as Base Rental Payments and applied in the manner provided by Section 5.02 of the Trust Agreement. Alternatively, the Authority, at its option, with the written consent of the District, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of outstanding Bonds, equal to the amount of Bonds attributable to the portion of the Facility so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facility bears to the total cost of the Facility), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facility and thereupon shall cause said proceeds to be used for the redemption of outstanding Bonds pursuant to the provisions of the Trust Agreement. In that event the Base Rental shall be abated in the same proportion, except that the Base Rental shall not be less than

the amount necessary to enable the Authority to make all necessary and appropriate payments on and related to the Bonds remaining Outstanding, including but not limited to annual deposits onto the Principal Account and its administrative costs.

The Authority and the District shall promptly apply for federal disaster aid or State of California disaster aid in the event that the Facility is damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facility, or, at the option of the District and the Authority, to redeem outstanding Bonds if such use of such disaster aid is permitted.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the District may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the District. So long as such method or plan is being provided to satisfy the requirements of this Sublease, there shall be filed annually with the Trustee a statement of an actuary, insurance consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against. There shall also be filed a Certificate of the District setting forth the details of such substitute method or plan. In the event of loss covered by any such self insurance method, the liability of the District hereunder shall be limited to the amounts in the self insurance reserve fund or funds created under such method.

SECTION 5.02. Liability Insurance. Except as hereinafter provided, the District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Sublease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facility and of the Project, with minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $200,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the District.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the District may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the District. So long as such method or plan is being provided to satisfy the requirements of

this Sublease, there shall be filed annually with the Trustee a statement of an actuary, independent insurance consultant or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a Certificate of the District setting forth the details of such substitute method or plan.

SECTION 5.03. Rental Interruption or Use and Occupancy Insurance. The District shall procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facility as the result of any of the hazards covered by the insurance required by Section 5.01 hereof (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the District), in an amount sufficient to pay the part of the total rent hereunder attributable to the portion of the Facility rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facility) for a period of at least two years, except that such insurance may be subject to a deductible clause of not to exceed two hundred fifty thousand dollars ($250,000) or a comparable amount adjusted for inflation (or more in the case of earthquake coverage). Any proceeds of such insurance shall be used by the Trustee to reimburse to the District any rent theretofore paid by the District under this Sublease attributable to such structure for a period of time during which the payment of rent under this Sublease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.01 (to the extent required for the payment of Base Rental) and in Section 3.02 (to the extent required for the payment of Additional Payments) and any remainder shall be treated as Revenue under the Trust Agreement.

SECTION 5.04. Worker's Compensation. The District shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the District. Such insurance may be maintained by the District in the form of self-insurance.

SECTION 5.05. Title Insurance. The District shall obtain, for the benefit of the Authority, upon the execution and delivery of this Sublease, [ALTA/CLTA? Owners and Lender's Policy?] title insurance on the Facility, in an amount equal to the aggregate principal amount of the Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances.

SECTION 5.06. Insurance Proceeds; Form of Policies. All policies of insurance required by Sections 5.01 and 5.03 hereof shall name the District, the Authority and the Trustee as insured and shall contain a lender's loss payable endorsement in favor of the Trustee substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall, to the extent practicable, collect, adjust and receive all moneys which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in Sections 5.01 and 5.03. All policies of insurance required by this Sublease shall provide that the Trustee shall be given thirty (30) days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the District. The District shall pay when due the premiums for all insurance policies required by this Sublease, and shall promptly furnish evidence of such payments to the Authority.

The District will deliver to the Authority and the Trustee on or before June 1 in each year a written Certificate of an officer of the District stating whether such policies satisfy the requirements of this Sublease, setting forth the insurance policies then in force pursuant to this Article, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an actuary, independent insurance consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01, 5.02 and 5.04. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. If so requested in writing by the Trustee, the District shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

[Any policies of insurance provided by a commercial insurer to satisfy the requirements of Sections 5.01, 5.02 or 5.03 hereof shall be provided by a commercial insurer rated A or better by Best or in one of the two highest rating categories by Standard & Poor's or Moody's][Discuss].

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Defaults and Remedies. (a) If the District shall fail to pay any rent payable hereunder when the same becomes due, time being expressly declared to be of the essence of this Sublease, or the District shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the District for a period of sixty (60) days after notice of the same has been given to the District by the Authority or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Authority, to correct the same, or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an "Event of Default"), the District shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Sublease in the manner hereinafter provided on account of default by the District, notwithstanding any re-entry or re-letting of the Facility as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facility and remove all persons in possession thereof and all personal property whatsoever situated upon the Facility and place such personal property in storage in any warehouse or other suitable place located within Sacramento County, California. In the event of such termination, the District agrees to surrender immediately possession of the Facility, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facility and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facility given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facility nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Sublease shall of itself operate to terminate this Sublease, and no termination of this Sublease on account of default by the District shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the District of the election on the part of the Authority to terminate this Sublease. The District covenants and agrees that no surrender of the Facility or of the remainder of the term hereof or any termination of this Sublease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating this Sublease, (i) collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the District, regardless of whether or not the District has abandoned the Facility, or (ii) exercise any and all rights of entry and re-entry upon the Facility. In the event the Authority does not elect to terminate this Sublease in the manner provided for in subparagraph (1) hereof, the District shall remain liable and agrees to keep or perform all covenants and conditions herein

contained to be kept or performed by the District and, if the Facility is not re-let, to pay the full amount of the rent to the end of the term of this Sublease or, in the event that the Facility is re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rent in excess of the rent herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facility. Should the Authority elect to enter or re-enter as herein provided, the District hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the District to re-let the Facility, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facility and to place such personal property in storage in any warehouse or other suitable place located in the County of Sacramento, California, for (to the extent permitted by law) the account of and at the expense of the District, and the District (to the extent permitted by law) hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facility and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Sublease constitute full and sufficient notice of the right of the Authority to re-let the Facility and to do all other acts to maintain or preserve the Facility as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of this Sublease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Sublease shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The District further waives the right to any rent obtained by the Authority in excess of the rent herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facility or any part thereof. The District further agrees to the extent permitted by law to pay the Authority the reasonable cost of any alterations or additions to the Facility necessary to place the Facility in condition for re-letting immediately upon notice to the District of the completion and installation of such additions or alterations.

The District hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facility as herein provided and all claims for damages that may result from the destruction of or injury to the Facility and all claims for damages to or loss of any property belonging to the District, or any other person, that may be in or upon the Facility.

(b) If (1) the District's interest in this Sublease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (2) the District or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or

acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the District asks or seeks to be adjudicated a bankrupt, or is to be discharged from any or all of the District's debts or obligations, or offers to the District's creditors to effect a composition or extension of time to pay the District's debts or asks or seeks for reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the District, or if a receiver of the business or of the property or assets of the District shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the District shall make a general or any assignment for the benefit of the District's creditors, or if (3) the District shall abandon or vacate the Facility, then the District shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within sixty (60) days or such additional time as is reasonably required to correct any such default after notice by the District to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the District shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an Event of Default as described in this Section, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Sublease or by law. The provisions of this Sublease and the duties of the District and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the District and its board members, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the District (and its board members, officers and employees) and to compel the District to perform and carry out its duties and obligations under the law and its covenants and agreements with the District as provided herein.

The exercise of any rights or remedies under this Sublease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facility. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Sublease, the District agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not the action culminates in a judgment.

To the extent that this Sublease confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Sublease, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder

SECTION 6.02. Waiver. Failure of the Authority to take advantage of any default on the part of the District shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the District of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of a similar or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Sublease.

ARTICLE VII

EMINENT DOMAIN; PREPAYMENT

SECTION 7.01. Eminent Domain. If the whole of the Facility, including the Demised Premises or so much thereof as to render the remainder unusable for the purposes for which it was used by the District shall be taken under the power of eminent domain, the term of this Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Facility shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the District at the time of such taking, then this Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rent due hereunder in an amount equal to the amount of Base Rental attributable to the portion of the Facility taken (determined by reference to the proportion that the award in eminent domain bears to the total cost of the Facility), except that the Base Rental shall not be less than the amount necessary to enable the Authority to make all necessary and appropriate payments on and related to the Bonds remaining Outstanding, including but not limited to annual deposits onto the Principal Account and its administrative costs. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Facility, including the Demised Premises or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the District.

SECTION 7.02. Prepayment. (a) The District shall prepay on any date from insurance (including proceeds of title insurance) and eminent domain proceeds not applied for the replacement, repair or restoration of the damaged, destroyed, taken or affected portion of the Facility, to the extent provided in Sections 5.01 and 7.01 hereof, so much as it can of Base Rental Payments then unpaid, being an amount equal to the redemption payment of the maximum amount of Bonds redeemable from such proceeds, including the principal thereof and the interest thereon, if any, to the date of redemption, plus any applicable premium.

(b) The District may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Article IX of the Trust Agreement sufficient to defease Bonds corresponding to such Base Rental Payments when due; provided that the District furnishes the Trustee with an Opinion of Counsel that such deposit will not cause interest on the Bonds to be includable in gross income for federal income tax purposes. The District agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to this article, the District shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the District may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Investment Securities described [in subsection (1) of the definition thereof in the Trust Agreement], not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal, premium, if any, and interest on the Bonds to the due date of the Bonds or date when the District may exercise its option to purchase the Facilities, as the case may be; (2) all requirements of Section 10.01 of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid, then and in that event the right, title and interest of the Authority herein and the obligations of the District hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the District to have such moneys and such Investment Securities applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Project or applicable portion or item thereof shall be transferred and conveyed to the District. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the Authority and evidence such discharge and satisfaction, and the Authority shall pay over to the District as an overpayment of Base Rental Payments all such moneys or Investment Securities held by it pursuant hereto other than such moneys and such Investment Securities as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Investment Securities shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

SECTION 7.03. Sale of Personal Property. The District, in its discretion, may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facility, and to release said personal property from this Sublease, if (a) in the opinion of the District the property so sold or exchanged is no longer required or useful in connection with the operation of the Facility, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of $100,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facility. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the District is not in default under any of the provisions of this Sublease, be used upon the Written Request of the District to purchase personal property, which property shall become a part of the Facility subleased hereunder. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Sublease or before releasing for the purchase of new personal property money received by it for personal property so sold.

ARTICLE VIII

COVENANTS

SECTION 8.01. Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Facility, including the Demised Premises during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the District's rights or obligations under this Sublease, and (c) for all other lawful purposes.

SECTION 8.02. Liens. In the event the District shall at any time during the term of this Sublease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Facility, the District shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the District in, upon or about the Facility and shall keep the Facility free of any and all mechanics' or materialmen's liens or other liens against the Facility or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facility or the Authority's interest therein, the District shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the District shall forthwith pay and discharge said judgment. The District agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facility or the Authority's interest therein.

SECTION 8.03. Quiet Enjoyment. The parties hereto mutually covenant that the District, by keeping and performing the covenants and agreements herein contained and not in default hereunder, shall at all times during the term of this Sublease peaceably and quietly have, hold and enjoy the Facility, including the Demised Premises without suit, trouble or hindrance from the Authority.

SECTION 8.04. Authority Not Liable. The Authority and its members, directors, officers, agents and employees shall not be liable to the District or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facility or the Project. The District, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents and employees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Facility or the Project, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facility or the Project regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 8.05. Assignment and Subleasing. Neither this Sublease nor any interest of the District hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the District by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest, if any, on the Bonds for federal tax law and California state law purposes. Neither this Sublease nor any interest of the District hereunder shall be sublet by the District by voluntary act or by operation of law (except for the portions of the Project for which subleases were in effect on the effective date hereof). No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the District to make the Base Rental Payments and Additional Payments required hereunder.

SECTION 8.06. Title to Facility. During the term of this Sublease, the Authority shall hold a leasehold estate to the Facility and any and all additions which comprise fixtures, repairs, replacement or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the District and which may be removed without damaging the Facility, and except for any items added to the Facility by the District pursuant to Section 4.02 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof.

Upon the termination or expiration of this Sublease, the Authority shall execute such conveyances, deeds and other documents as may be necessary to evidence the ownership of the Facility, including the Demised Premises, by the District and to clarify the title of the District on the record thereof.

SECTION 8.07. Tax Covenants of the District. (a) The District shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would invalidate the tax-exempt status of the interest, if any, on the Bonds. Without limiting the generality of the forgoing, the District shall comply with the instructions and requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full of the Bonds.

(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 Authority under the Facility Sublease, or held by the Trustee under this Agreement, the District shall so instruct the Authority or the Trustee, as applicable, in writing, and the Authority and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the District shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required in order to maintain the tax-exempt status of the interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 8.08. Tax Covenants of the Authority. (a) The Authority shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would cause the interest paid on the bonds to lose its tax-exempt status. Without limiting the generality of the forgoing, the Authority shall comply with the instructions and requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full of the Bonds.

(b) In the event that at any time the Authority 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 Trustee under this Agreement, the Authority shall so instruct the Trustee, in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the District shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required in order for the Bonds to maintain the tax-exempt status of the interest paid on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 8.09. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Sublease, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least 25% aggregate principal amount of Bonds Outstanding and provided satisfactory indemnification is provided to the Trustee, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to compel the District to comply with its obligations under this Section 8.09.

SECTION 8.10. Taxes. The District shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facility or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the term of this Sublease as and when the same become due.

The District shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the District to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Facility, the rents and other payments required hereunder or any parts thereof or interests of the District or the Authority or the Trustee therein by any governmental authority.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the District that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facility will be materially endangered or the Facility, or any part thereof, will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 8.11. Authority's Purpose. The Authority covenants that, prior to the discharge of this Sublease, it will not engage in any activities inconsistent with the purposes for which the Authority is organized.

SECTION 8.12. Purpose of Sublease. The District covenants that during the term of this Sublease, except as hereinafter provided, (a) it will use, or cause the use of, the Facility for public purposes and for the purposes for which the Facility is customarily used, (b) it will not vacate or abandon the Facility or any part thereof, and (c) it will not make any use of the Facility which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

ARTICLE IX

DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE FACILITY

SECTION 9.01. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITY, OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITY OR A DEALER THEREIN, THAT THE DISTRICT LEASES THE FACILITY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing, functioning or the District's use of any item or products or services provided for in this Sublease.

SECTION 9.02. Vendor's Warranties. The Authority hereby irrevocably appoints the District its agent and attorney-in-fact during the term of this Sublease, so long as the District shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Facility, which the Authority may have against the manufacturers, vendors and contractors of the Facility. The District's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Facility, and not against the Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority with respect to this Sublease, including the right to receive full and timely payments hereunder. The District expressly acknowledges that the Authority makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

SECTION 9.03. Use of the Facility. The District will not install, use, operate or maintain the Facility improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Sublease. The District shall provide all permits and licenses, if any, necessary for the installation and operation of the Facility. In addition, the District agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Facility) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facility; provided, however, that the District may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to the Facility or its interest or rights under this Sublease.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Law Governing. This Sublease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

SECTION 10.02. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid:

If to the Authority or to the District:
c/o Sacramento City Unified School District
5735 47th Avenue
Sacramento, California 95824
Attention: Chief Business Officer

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 S. Hope Street, Suite 400
Los Angeles, California 90071
Attention: [Corporate Trust Department]

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

SECTION 10.03. Validity and Severability. If for any reason this Sublease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the District, or if for any reason it is held by such a court that any of the covenants and conditions of the District hereunder, including the covenant to pay rents hereunder, is unenforceable for the full term hereof, then and in such event this Sublease is and shall be deemed to be a lease under which the rents are to be paid by the District semiannually in consideration of the right of the District to possess, occupy and use the Facility, and all of the rent and other terms, provisions and conditions of this Sublease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 10.04. Net-Net-Net Lease. This Sublease shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the rents provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.05. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Sublease.

SECTION 10.06. Amendment or Termination. The Authority and the District may at any time agree to the amendment or termination of this Sublease; provided, however, that the Authority and the District agree and recognize that payments under this Sublease have been pledged to the Bonds and other obligations of the Authority in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 10.07. Execution. This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Sublease. It is also agreed that separate counterparts of this Sublease may separately be executed by the Authority and the District, all with the same force and effect as though the same counterpart had been executed by both the Authority and the District.

IN WITNESS WHEREOF, the Authority and the District have caused this Sublease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY,
as Lessor

By: _____
[EXECUTOR TO COME]

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, CALIFORNIA,
as Lessee

By _____
Ken A. Forrest, Chief Business Officer

EXHIBIT A

Description of the Facility

Luther Burbank High School
3500 Florin Road
Sacramento, CA 95823

Rosemont High School
9594 Kiefer Boulevard
Sacramento, CA 95827

EXHIBIT B

Base Rental Payment Schedule

EXHIBIT C

The Project

[ATTACH CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT]

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate"), dated as of [_____ __, 20__], is executed and delivered by the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a school district organized and existing under and by virtue of the laws of the State of California (the "District").

W I T N E S S E T H :

WHEREAS, the Sacramento City Schools Joint Powers Financing Authority (the "Authority") has caused to be issued the Sacramento City Schools Joint Powers Authority Lease Revenue Refunding Bonds, Series 2014 (the "Bonds"), in the principal amount of $95,000,000 pursuant to a Trust Agreement, dated as of [_____, 1 20__] (the "Trust Agreement"), by and between The Bank of New York Mellon Trust Company, N.A. (the "Trustee") and the Authority, and acknowledged by the District; and

WHEREAS, this Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the promises and covenants herein contained, the District hereto covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report of Sacramento City Unified School District provided by the District pursuant to, and as described in, Sections 2 and 3 hereof.

"Disclosure Representative" means the Chief Business Officer of the District or his or her designee, or such other officer or employee as the District shall designate in writing to the Trustee from time to time.

"Dissemination Agent" means the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"EMMA System" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"Listed Events" means any of the events listed in subsection (a) of Section 4 hereof.

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

"Official Statement" means the Official Statement, dated [____ __, 20__], relating to the Bonds.

"Participating Underwriter" means Citigroup Global Markets, Inc. or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means 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 2. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently would be April 1), commencing with the report for the 2013-14 Fiscal Year, provide to the Participating Underwriter and to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 3 hereof. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided that the audited financial statements of Sacramento City Unified School 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 not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under subsection (e) of Section 4 hereof.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent.

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

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

Section 3. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of Sacramento City Unified School District prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the audited financial statements of Sacramento City Unified School District are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements of Sacramento City Unified School District in a format similar to the financial statements contained in the Official Statement, and the audited financial statements of Sacramento City Unified School District shall be filed in the same manner as the Annual Report when they become available.

(b) The adopted budget for the current fiscal year, together with any amendments thereto, for Sacramento City Unified School District.

(c) The following information, to the extent not included in (a) and (b) above:

(i) The Average Daily Attendance and [LCFF BASE GRANT] for the last completed fiscal year for Sacramento City Unified School District.

(ii) The most recent Interim Financial Report submitted to the District's governing board in accordance with Education Code Section 42130 (or its successor statutory provision) together with any supporting materials submitted to the governing board.

(iii) [Information regarding the investment policies and practices with respect to District funds and the status of the investment of District funds, similar to the information included in the Official Statement, including the annual report for the last completed fiscal year relating to the Pooled Surplus Investments Fund maintained by the county in which the District is located pursuant to California Government Code Sections 53600 *et seq.*, together with the most recent monthly report for such investment pool provided by the District, so long as the District has money on deposit therein.]

(iv) Assessed Value of taxable property within the District and the District's total property tax levy, in each case for the current fiscal year.

(v) Annual payment schedule for any Outstanding borrowings or long-term obligations for which the District's general fund is the source of repayment, including:

(1) Lease revenue bonds, certificates of participation, capital leases and operating leases;

(2) a description of any obligations of the type referred to in (1) above that have been issued, entered into or incurred since the beginning of the District's current fiscal year; and

(3) a description of any obligations of the type referred to in (1) above that the District reasonably expects to issue, enter into or incur within the 60 day period following the date of filing of the Annual Report.

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA System. The District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; 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), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

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

7. Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

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

(e) If the District learns of the occurrence of a Listed Event described in Section 4(a), or determines that knowledge of a Listed Event described in Section 4(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 subsection (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 Paying Agent Agreement.

Section 5. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Bonds. If such termination occurs prior to the final principal payment date of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under subsection (e) of Section 4 hereof.

Section 6. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) of Section 4 hereof, 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be given in the same manner as for a Listed Event under Section 4(e).

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal of Outstanding Bonds, and upon indemnification of the Trustee to its reasonable satisfaction, shall), or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the

District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Neither the Trustee not the Dissemination Agent (unless the Dissemination Agent is the District) shall have any obligation to review or determine the adequacy, accuracy or completeness of any reports to be delivered by the District hereunder. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Ken A. Forrest, Chief Business Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Unified School District Joint Powers Authority

Name of Issue: Sacramento City Schools Joint Powers Authority Lease Revenue Refunding Bonds, Series 2013

Date of Issuance: [_____ __, 20__]

NOTICE IS HEREBY GIVEN that the Sacramento City Unified School District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 2 of its Continuing Disclosure Certificate, dated the date of issuance. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

Sacramento City Unified School District

_____
[to be signed only if filed]

$_____
SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
(SACRAMENTO CITY UNIFIED SCHOOL DISTRICT)
SERIES 2013

BOND PURCHASE AGREEMENT

_____, 2013

Sacramento City Schools Joint Powers Financing Authority
5735 47th Avenue
Sacramento, CA 95824

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Sacramento City Schools Joint Powers Financing Authority (the "Authority"). Upon acceptance and approval hereof by the Authority, this offer will become binding upon the Authority and the Underwriter. This offer is made subject to acceptance by delivery of an executed counterpart hereof at or prior to 11:59 p.m., Pacific Time, on this date or on such later time or date as shall have been consented to by the parties hereto.

1. **Purchase, Sale and Delivery of the Series 2013 Bonds.**

Upon the basis of the representations, warranties and agreements herein set forth and subject to the terms and conditions contained herein and in the Letter of Representations, dated the date hereof and attached hereto as Exhibit A (the "Letter of Representations"), executed and delivered by the Sacramento City Unified School District (the "District"), the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the $_____ aggregate principal amount of the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013 (the "Series 2013 Bonds"). The Bonds shall be delivered in fully registered form in minimum denominations of $5,000 or any integral multiple thereof. The Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, all as shown in Schedule I. Interest on the Bonds will be payable semiannually each _____ and _____, commencing on _____. The Underwriter will purchase the Series 2013 Bonds at an aggregate price of $_____ (being the principal amount of the Series 2013 Bonds of $_____, less an Underwriter's discount of $_____ and plus/less a net original issue premium/discount of $_____).

The Series 2013 Bonds will be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, that certain Trust

Agreement to be dated as of _____ (the "Trust Agreement), by and between the Authority and [Trustee], as trustee (the "Trustee"). The Series 2013 Bonds will be valid and binding special obligations of the Authority which when issued are payable from certain pledged revenues and amounts available pursuant to the Trust Agreement, including payments paid on behalf of or by the District pursuant to the Facility Sublease (as hereinafter defined). The Series 2013 Bonds are being issued to provide funds which will be used to (i) refinance the _____ ("Refunded Obligations"); (ii) purchase a municipal bond insurance policy and (iii) pay costs of issuance of the Series 2013 Bonds.

The Authority will enter into a Facility Lease with the District, dated as of [Dated Date] (the "Facility Lease"), pursuant to which the District will transfer control and possession of the Demised Premises, as defined in the Facility Lease (the "Demised Premises") and certain rights of access thereto, to the Authority. The Authority will enter into a corresponding Facility Sublease, dated as of [Dated Date] (the "Facility Sublease") with the District, pursuant to which the District will lease the Demised Premises from the Authority. Pursuant to the Facility Sublease, the District will agree to make Base Rental Payments to the Authority for the beneficial use and occupancy of the Demised Premises. The Base Rental Payments will be assigned to the Trustee pursuant to an Assignment Agreement, dated as of [Dated Date] (the "Assignment Agreement"), by and among the District, the Authority and the Trustee. A portion of the proceeds of the Series 2013 Bonds will be deposited into an escrow account and used to defease and redeem the Refunded Obligations pursuant to an Escrow Agreement, dated as of [Dated Date] (the "Escrow Agreement"), by and among the District, the Authority and the Trustee, as escrow agent.

This Bond Purchase Agreement, the Trust Agreement, the Facility Lease, the Facility Sublease, the Assignment Agreement, the Tax Certificate (as defined in the Trust Agreement), the Escrow Agreement and the Continuing Disclosure Agreement (as defined below), are collectively referred to herein as the "Legal Documents." The Authority approved the issuance of the Series 2013 Bonds pursuant to a resolution adopted on _____, 2013 (the "Authority Resolution"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

The Authority ratifies the distribution of the Preliminary Official Statement dated _____, 2013 (such Preliminary Official Statement, including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto, and any amendments and supplements thereto being herein called the "Preliminary Official Statement"). The Authority has deemed final the information in the Preliminary Official Statement (except for information under the captions "THE FACILITIES" and "THE DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION," and in Appendix B) as of its date within the meaning of Section 240.15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations ("Rule 15c2-12"). The District and the Authority will cause the delivery of a final printed form of the Official Statement dated _____, 2013 (such Official Statement, including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto, and any amendments and supplements thereto being herein called the "Official Statement") within seven (7) business days after the execution of this Bond Purchase Agreement, in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the Rules of the Municipal Securities Rulemaking Board, with only such changes from the Preliminary Official

Statement as shall have been approved by Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") and the Underwriter, signed on behalf of the Authority by the _____ and on behalf of the District by _____, or other authorized official of the Authority or the District, respectively. The Authority also authorizes the distribution, in connection with the public offering and sale of the Bonds, of copies of the final Official Statement.

The District will undertake, pursuant to the Trust Agreement and a Continuing Disclosure Agreement, dated as of [Dated Date] (the "Continuing Disclosure Agreement"), by and among the Authority and [Dissemination Agent], as Dissemination Agent, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Official Statement.

If between the date of this Bond Purchase Agreement and up to and including the 25th day following the end of the underwriting period (as such term is defined in Rule 15c2-12, the "Underwriting Period") an event occurs which might or would cause the information contained in the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Authority, and will cooperate with the Authority and the Underwriter if such event requires the preparation and publication of a supplement or amendment to the Official Statement.

At 8:00 a.m., Pacific time, on _____, 2013 or at such other time or on such earlier or later date as we may mutually agree upon (the "Closing Date"), the Authority will deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York ("DTC") for the account of the Underwriter in New York, New York, or at such other place as we may mutually agree upon, the Series 2013 Bonds in definitive form, bearing proper CUSIP numbers, duly executed and authenticated, and at the offices of Bond Counsel, in San Francisco, California, the other documents hereinafter mentioned; and, subject to the conditions of this Bond Purchase Agreement, the Underwriter will accept such delivery and pay the purchase price thereof (such delivery and payment being herein referred to as the "Closing") (after credit to the Underwriter of the amount of the security deposit delivered by the Underwriter pursuant to Section 6). Upon initial issuance, the ownership of the Series 2013 Bonds will be registered in the name of Cede & Co., as nominee of DTC. The Series 2013 Bonds will be made available for checking and packaging at the office of the Trustee at least one (1) business day prior to the Closing.

The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Authority contained herein, the representations and warranties of the District contained in the Letter of Representations and to be contained in the Trust Agreement and the Facility Sublease, the certificates of the Authority, the District, and the Trustee to be delivered pursuant hereto and the Facility Sublease, and the opinions of Bond Counsel, counsel to the Authority, Orrick, Herrington & Sutcliffe LLP as Disclosure Counsel, counsel to the Trustee, the, and counsel to the District required to be delivered hereby.

2. **Representations, Warranties and Agreements of the Authority.** The Authority represents, warrants and agrees with the Underwriter that:

(a) The Authority is, and will be at the Closing Date, duly organized and existing joint exercise of powers authority under the laws of the State of California, have full power and authority to issue the Series 2013 Bonds, to adopt the Authority Resolution, to enter into the Legal Documents to which it is a party and to perform its obligations under the Legal Documents to which it is a party and when executed and delivered by the respective parties thereto, the Legal Documents to which the Authority is a party will constitute the valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(b) When delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Series 2013 Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the Authority, enforceable in accordance with their terms, in conformity with, and entitled to the benefit and security of, the Trust Agreement;

(c) By official action of the Authority prior to the acceptance hereof, the Authority has approved and authorized the distribution of the Preliminary Official Statement and the Official Statement, and authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Series 2013 Bonds, the Legal Documents to which it is a party and the consummation by the Authority of all other transactions on its part contemplated by the Official Statement and this Bond Purchase Agreement;

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency, public board or body, pending or, to the best of the knowledge of the Authority, threatened against or affecting the Authority, (i) which could materially or adversely impact the Authority's ability to complete the transactions described in or contemplated by the Official Statement, (ii) to restrain or enjoin the delivery of the Series 2013 Bonds or the payments to be made by the Authority pursuant to the Facility Lease, (iii) in any way contesting or affecting the validity or enforceability of the Legal Documents to which the Authority is a party or the Series 2013 Bonds or the transactions therein, or contesting in any way the completeness or accuracy of the Official Statement, or (iv) wherein an unfavorable decision, ruling or finding could materially or adversely affect the Authority or the validity or enforceability of the Authority Documents or the Bonds.

(e) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority, other than the approval and authorization of the Board of Directors of the Authority, required for the issuance and sale of the Series 2013 Bonds, the execution and delivery of the Legal Documents to which the Authority is a party or the consummation by the Authority of the other transactions contemplated by the Official Statement and this Bond Purchase Agreement.

(f) Both at the time of acceptance hereof by the Authority and at the Closing Date, the statements and information contained in the Preliminary Official Statement and the Official Statement except for the statements and information contained in the sections of the Preliminary Official Statement and the Official Statement entitled "THE FACILITIES" and "THE DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION," and information in Appendix B, with respect to which no opinion is expressed, are and will be true and correct in all material respects, do not and will not contain an untrue statement of a material fact or omit any statement or which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading;

(g) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in endeavoring (i) to qualify the Series 2013 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Series 2013 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2013 Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject;

(h) The execution and delivery by the Authority of the Series 2013 Bonds, the Legal Documents to which the Authority is a party and compliance with the provisions on the Authority's part contained therein and herein will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which conflict, breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Legal Documents to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement, the Facility Lease and the Facility Sublease;

(i) The Authority is not in breach of or in default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default could have a material adverse effect on the Authority's ability to perform its obligations under the Legal Documents to which the Authority is a party and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach of or a default or an event of default under any such instrument, which breach or default could have a material adverse effect on the Authority's ability to perform its obligations under the Legal Documents to which the Authority is a party.

(j) If between the date of this Bond Purchase Agreement and up to and including the 25th day following the end of the Underwriting Period an event occurs affecting the Authority,

which might or would cause the information contained in the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make such information, in the light of the circumstances under which it was presented, not misleading, or if the Authority is notified by the District pursuant to the provisions of the Letter of Representations, or otherwise requested to amend, supplement or otherwise change the Official Statement, the Authority will notify the Underwriter and the District, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District and the Authority will cooperate to amend or supplement the Official Statement in order to make the Official Statement not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light under the circumstances under which they were made, not misleading, (in form and substance satisfactory to the Underwriter). The end of the Underwriting Period shall be deemed to be the Closing Date unless the Underwriter provides written notice of a different date to the Authority and the District prior to the Closing Date.

The execution and delivery of this Bond Purchase Agreement by the Authority shall constitute a representation by the Authority to the Underwriter that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided that as to information furnished by the District pursuant to this Bond Purchase Agreement, the Letter of Representations or otherwise and in the Preliminary Official Statement or Official Statement, the Authority is relying on such information in making the Authority's representations and agreements.

3. **Conditions to the Obligations of the Underwriter.**

The obligation of the Underwriter to accept delivery of and pay for the Series 2013 Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, and the satisfaction of all agreements, on the part of the Authority contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and the District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority and other of their obligations to be performed hereunder at or prior to the Closing Date, to the issuance by the Authority of the Series 2013 Bonds and to the following additional conditions:

(a) At the time of Closing, the Legal Documents shall be in full force and effect as valid, binding and enforceable agreements between or among the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented, except as described herein or as may otherwise have been agreed to in writing by the Underwriter, and there shall have been taken in connection with the issuance of the Series 2013 Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate;

(b) At the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter;

(c) The Underwriter shall have the right to terminate this Bond Purchase Agreement by notification to the Authority and the District from the Underwriter of the election of the Underwriter to do so if, after the execution hereof and prior to the Closing:

(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and, in either such event, the Authority or the District refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State of California, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Bonds which, in the opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(iii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iv) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of

notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(v) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(vii) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(viii) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's ("S&P"), or Fitch Ratings ("Fitch") of any debt securities issued by or on behalf of the District, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by or on behalf of the District, including the Bonds.

(d) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter from the forms of such documents provided to the Underwriter on or prior to the date hereof;

(ii) three copies of the Official Statement executed on behalf of the Authority by its Executive Director, Chair or authorized designee of the Chair;

(iii) an approving opinion, dated the Closing Date and addressed to the Authority, of Bond Counsel, in substantially the form attached to the Official Statement as Appendix D, together with a reliance letter addressed to the Underwriter, and a supplemental opinion of Bond Counsel in a form acceptable to the Underwriter, dated the Closing Date and addressed to the Underwriter and the Authority to the effect that:

(A) the statements contained in the Official Statement in the sections thereof entitled "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS" and in Appendix A - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and in Appendix C - "FORM OF OPINION OF BOND COUNSEL",] excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Series 2013 Bonds, the Trust Agreement, the Facility Lease and the Facility Sublease, or the form and content of the opinion of Bond Counsel concerning certain tax matters relating to the Series 2013 Bonds are accurate in all material respects;

(B) the Series 2013 Bonds are exempt from registration pursuant to the Securities Act, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act; and

(C) the Bond Purchase Agreement has been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery by and validity against the Underwriter, is valid and binding upon the Authority, subject to the laws relating to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditor's rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State.

(iv) An opinion of Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel, dated the Closing Date, and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(v) An opinion of the counsel of the Authority, dated the Closing Date, and addressed to the Authority and the Underwriter, in substantially the form attached hereto as Exhibit C;

(vi) An opinion of Counsel to the District, dated the Closing Date and addressed to the Authority and the Underwriter, in substantially the form attached hereto as Exhibit D;

(vii) Copies of executed forms of 15c2-12 certificates from the Authority and the District dated the date of the Preliminary Official Statement;

(viii) A certificate of [_____], or such other authorized official of the Authority as is acceptable to the Underwriter, dated the Closing Date, to the effect that:

(A) no litigation is pending, with service of process against the Authority having been perfected, or to such official's knowledge, without having undertaken any investigation, threatened (1) to restrain or enjoin the issuance or delivery of any of the Series 2013 Bonds or the collection of Revenues pledged under the Trust Agreement; (2) contesting or challenging the authority of the Authority for the issuance of the Series 2013 Bonds or the validity or enforceability of the Series 2013 Bonds or the Legal Documents to which the Authority is a party; or (3) contesting the existence of the Authority or its powers necessary to perform the duties required in the Legal Documents to which the Authority is a party;

(B) no event affecting the Authority or the issuance or the sale of the Series 2013 Bonds has occurred since the date of the Official Statement that would require as of the Closing Date any amendment to the statements and information contained in the Official Statement, (except for any amendments made to the statements contained in the Official Statement under the captions "THE FACILITIES" and "THE DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION," and the information in Appendix B, with respect to which no opinion is expressed) in order to make the statements made therein concerning the Authority, in the light of the circumstances under which they were made, not misleading;

(C) the Authority has fulfilled or performed each of its obligations contained in the Legal Documents to which it is a party required to be fulfilled or performed by it as of the Closing Date;

(D) the representations and warranties made by the Authority in the Legal Documents to which it is a party are true and correct in all material respects on the Closing Date, with the same effect as if made on and with respect to the facts as of the Closing Date; and

(E) the proceeds of the Series 2013 shall be applied as described in the Trust Agreement.

(ix) A certificate signed by the _____ of the District, or such other officer or employee of the District as is acceptable to the Underwriter, on behalf of the District, dated the Closing Date, to the effect that:

(A) the representations and warranties made by the District in the Facility Lease, the Facility Sublease and the Letter of Representations are true and correct as of the Closing Date;

(B) the information contained in the Preliminary Official Statement as of its date did not, and the Official Statement as of its date and as of the date hereof, is true and correct did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(C) there are no actions, suits or proceedings pending or, to the knowledge of the undersigned after due investigation, threatened against the District (i) to restrain or enjoin the issuance or delivery of any of the Series 2013 Bonds or the collection of Revenues pledged under the Trust Agreement or any payments to be made by or on behalf of the District pursuant to the Facility Sublease; (ii) in any way contesting or affecting the authority for the issuance or delivery of the Series 2013 Bonds or the validity when executed and delivered of the Series 2013 Bonds, the Trust Agreement, the Facility Lease, the Facility Sublease, this Bond Purchase Agreement, the Letter of Representations or the collection of Revenues pledged under the Trust Agreement; (iii) in any way contesting the existence or powers of the District; or (iv) which, if determined adversely to it, might materially adversely affect the consummation of the transactions contemplated by the Series 2013 Bonds, the Trust Agreement, this Bond Purchase Agreement, the Facility Lease, the Facility Sublease, the Letter of Representations or the Tax Certificate executed by the District or the financial condition, operations, assets or properties of the District;

(x) Certified copies of the Authority Resolution authorizing the execution and delivery of the Series 2013 Bonds, the Trust Agreement, the Facility Sublease, the Facility Lease, the Official Statement, this Bond Purchase Agreement, and the Continuing Disclosure Agreement, and authorizing distribution of the Preliminary Official Statement and the Official Statement;

(xi) Certified copies of the resolution or resolutions of the District authorizing the execution and delivery of the Facility Lease, the Facility Sublease, and the Letter of Representations and related documents and authorizing the distribution of the Preliminary Official Statement and the Official Statement;

(xii) A Tax Certificate, duly executed by the District, and a Tax Certificate, duly executed by the Authority, and an Internal Revenue Service Form 8038 executed by the Authority;

(xiii) A Certificate of the Trustee, dated the Closing Date, in substantially the form attached as Exhibit G;

(xiv) Satisfactory evidence that the Series 2013 Bonds have received ratings of "___" from _____;

(xv) Title insurance policies meeting the requirement of the Facility Sublease;

(xvi) Evidence of the District's satisfaction of the insurance requirements specified in the Facility Sublease;

(xvii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Authority and the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Authority contained herein and of the District contained in the Facility Sublease and the Letter of Representations, and the due performance or satisfaction by the Authority and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the District.

If the Authority shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, this Bond Purchase Agreement shall terminate, and neither the Underwriter nor the Authority shall have any further obligation hereunder.

4. **Conditions to the Obligations of the Authority.**

The obligations of the Authority to issue and deliver the Series 2013 Bonds on the Closing Date shall be subject, at the option of the Authority, to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) The Legal Documents shall have been executed by the respective parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or issuance of the Series 2013 Bonds as contemplated hereby or by the Official Statement; and

(c) The documents contemplated by Section 3(d) the forms of which are set forth herein shall have been delivered substantially in the forms set forth herein, and the other documents contemplated by Section 3(d) shall have been delivered to the Authority in form and substance satisfactory to Bond Counsel and counsel to the Authority.

5. **Expenses.**

All expenses and costs of the Authority and the District incident to the performance of its obligations in connection with the authorization, issuance and sale of the Series 2013 Bonds to

the Underwriter, including, fees and expenses of consultants, fees of DTC, fees and expenses of rating agencies, any out-of-pocket disbursements of the District or the Authority and fees and expenses of Bond Counsel shall be paid by the District. The District shall pay for any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the District's employees and representatives which are in connection with this Bond Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All fees and expenses to be paid by the District pursuant to this Bond Purchase Agreement may be paid from proceeds of the Series 2013 Bonds to the extent permitted by the Trust Agreement and the Code. All expenses of selling the Series 2013 Bonds, all out-of pocket expenses of the Underwriter, including fees and expenses of Underwriter's counsel, California Debt and Investment Advisory Commission fees and any fees charged by the Municipal Securities Rulemaking Board shall be paid by the Underwriter.

The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Series 2013 Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the District agrees to reimburse the Underwriter for such fees.

6. **Termination.**

This Bond Purchase Agreement may be terminated by the Underwriter if any of the conditions specified herein shall not have been fulfilled or waived by the Closing upon written notice of such termination to the Authority. The Underwriter may also terminate this Bond Purchase Agreement prior to the delivery of and payment for the Series 2013 Bonds if, subsequent to the date hereof, there shall have occurred any change, or any development involving a prospective change, in or affecting particularly the business or properties of the District which, in the judgment of the Underwriter, materially impairs the investment quality of the Series 2013 Bonds as the Series 2013 Bonds are described in the Official Statement.

Any notice of termination pursuant to this Section 6 shall be given in the manner provided in Section 7 hereof. If this Bond Purchase Agreement shall be terminated as provided in the first paragraph of this Section 6, such termination shall be without liability of the Authority or the Underwriter but the District shall remain liable for the expenses identified in Section 5 hereof as obligations of the District.

7. **Notices.**

Any notice or other communication to be given to the Authority under this Bond Purchase Agreement may be given by delivering the same in writing at the address of the Authority set forth above; any such notice or other communication to be given to the Underwriter may be given by delivering the same to Citigroup Global Markets Inc., One Sansome Street., 27th Floor, San Francisco, California 94111 Attn: Darren Hodge; and any such notice or other communication to be given to the District may be given by delivering the same to Sacramento City Unified School District; 5735 47th Avenue, Sacramento, CA 95824, Attention: Chief Business Officer and any such notice or other communication to be given to the Authority may be given by delivering the same to the Sacramento City Schools Joint Powers Financing

Authority, c/o Sacramento City Unified School District 5735 47th Avenue, Sacramento, CA 95824, Attention: Chief Business Officer.

8. **Arm's-Length Transaction.**

The Authority and the District acknowledges and agrees that (i) the purchase and sale of the Series 2013 Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Authority, the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Authority or the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority or the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the District on other matters) and the Underwriter has no obligation to the Authority or the District with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement and (iv) the Authority and the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate. Specifically, Capitol Public Finance Group, LLC has served as financial advisor to the Authority and the District with respect to the issuance of the Series 2013 Bonds and related transactions.

9. **Miscellaneous.**

This Bond Purchase Agreement is made solely for the benefit of the Authority and the Underwriter, and no other person shall acquire or have any right hereunder or by virtue hereof except as expressly provided herein. All representations, warranties and agreements of the Authority and the Underwriter in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2013 Bonds. This Bond Purchase Agreement may be executed by facsimile or electronic transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same agreement. This Bond Purchase Agreement shall be governed by and interpreted under the laws of the State of California.

If the foregoing Bond Purchase Agreement for the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013 is in accordance with your understanding of our agreement, please sign and return to the Underwriter the enclosed duplicate hereof whereupon it will become a binding agreement among the Authority and the Underwriter.

Very Truly Yours,

CITIGROUP GLOBAL MARKETS INC., as Underwriter

By:_____
Director

Accepted and Agreed to:

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By:_____
[Name]
[Title]

Acknowledged:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:_____
[Name]
[Title]

SCHEDULE I

MATURITY SCHEDULE

SERIAL BONDS

Due August 15	Principal Amount	Interest Rate	Yield	Price

TERM BONDS

Due August 15	Principal Amount	Interest Rate	Yield	Price

EXHIBIT A
LETTER OF REPRESENTATIONS

_____, 2013

Sacramento City Schools Joint Powers Financing Authority
5735 47th Avenue
Sacramento, CA 95824

Citigroup Global Markets Inc.
One Sansome Street, 27th Floor
San Francisco, California 94111

Re: Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013

Ladies and Gentlemen:

The undersigned Chief Business Officer of the Sacramento City Unified School District (the "School District") acting in his/her official capacity, hereby certifies as follows in connection with the issuance of the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds (Sacramento City Unified School District) Series 2013 (the "Series 2013 Bonds").

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms as set forth in the Trust Agreement, dated as of [Dated Date], by and between the Sacramento City Schools Joint Powers Financing Authority (the "Authority") and [Trustee], as trustee, for the Series 2013 Bonds.

1. The School District is a duly organized and validly existing public school district organized and existing under the Constitution and Laws of the State of California (the "State"), with all requisite legal right, power and authority to: (a) enter into and perform its obligations; (b) manage and control property for the use and benefit of the School District; and (c) enter into and perform all, of the transactions contemplated by the Facility Lease, dated as of [Dated Date] (the "Facility Lease), and the Facility Sublease dated as of [Dated Date] (the "Facility Sublease"), each by and between the School District and the Authority.

2. I am the duly appointed and qualified _____ of the District, with all requisite authority to execute this Letter of Representations.

3. The School District has duly authorized the execution and delivery of the Facility Lease, the Facility Sublease, the Escrow Agreement, the Continuing Disclosure Certificate (the "Legal Documents") and the performance of all obligations on its part to be performed thereunder.

4. The School District is not in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which the

School District is a party or otherwise subject, which breach or default would in any way materially and adversely affect the Legal Documents, or the performance by the School District of its obligations thereunder, and no event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default, and the execution and delivery by the School District of the Legal Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree or any agreement or other instrument to which the School District is a party or otherwise subject; nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge, encumbrance or security interest of any nature whatsoever upon any of the revenues property or assets of the School District, except as expressly provided or permitted by the Legal Documents.

5. The District has never been and is not now in default as to the payment of principal or interest with respect to an obligation issued by the District or successor of the District or with respect to an obligation guaranteed by the District as guarantor or successor of a guarantor.

6. Except as may be required under blue sky or other securities laws of any state, and except as such have been obtained and are in full force and effect, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority required in connection with the execution, delivery and sale or exchange of the Bonds, the execution and delivery of the Legal Documents or the consummation by the District of the other transactions contemplated by the Official Statement or the Bond Purchase Agreement.

7. After due investigation, to the knowledge of the School District, except as set forth in the Official Statement, there are no recorded or unrecorded encumbrances or restrictions on use which would materially adversely affect the Authority's right to quiet enjoyment of the right of possession created under the Facility Lease or which would interfere with the School District's beneficial use and occupancy of the Demised Premises as contemplated by the Facility Sublease.

8. The School District has deemed final the information in the Preliminary Official Statement as of its date within the meaning of Section 240.15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations ("Rule 15c2-12").

9. The Preliminary Official Statement, as of its date and the date hereof, and the Official Statement, as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

10. Except as set forth in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency, public board or body, pending or, to the best of the knowledge of the undersigned after due investigation, threatened against or affecting the District, (i) which could materially or adversely impact the District's ability to complete the transactions described in or contemplated by the Official Statement, (ii) to restrain or enjoin the delivery of the Series 2013 Bonds or the payments to be made by the District pursuant to the Facility Sublease, (iii) in any way contesting or affecting the

validity or enforceability of the Legal Documents or the Series 2013 Bonds or the transactions described in the Official Statement, or contesting in any way the completeness or accuracy of the Official Statement, or (iv) wherein an unfavorable decision, ruling or finding could materially or adversely affect the District or the validity or enforceability of the Legal Documents or the Series 2013 Bonds.

11. Except as set forth in the Official Statement, there is no litigation pending (with service of process having been accomplished), or, to the knowledge of the undersigned after due investigation, threatened against the School District or involving any of the property or assets under the control of the School District, including, without limitation, the Demised Premises, that involves the possibility of any judgment or uninsured liability which could materially and adversely affect the performance by the School District under the Facility Lease, the Facility Sublease and any other agreements or instruments entered into by the School District relative to the transaction contemplated by the Series 2013 Bonds.

12. If between the date of this Letter of Representation and up to and including the 25th day following the end of the underwriting period (as such term is defined in Rule 15c2-12, the "Underwriting Period") an event occurs affecting the School District, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make such information therein, in the light of the circumstances under which it was presented, not misleading, the School District will notify the Authority, and will cooperate with the Authority and the Underwriter if such event requires the preparation and publication of a supplement or amendment to the Official Statement.

13. Each of the properties constituting the Lease Premises complies with the applicable provisions of the Education Code that prescribe standards for school building construction, referred to as the Field Act (which is set forth in Education Code Articles 3 and 6 of Part 10.5, together with Article 7 of Chapter 1 of Part 49.

14. The District agrees to indemnify and hold harmless the Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the Official Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. This indemnity agreement will be in addition to any liability which the District may otherwise have.

The Underwriter agrees to indemnify and hold harmless the District and the Authority, each of its official, directors, officers and employees, and each person who controls the District or the Authority within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the District to each Underwriter, but only with reference

to written information provided by the Underwriter specifically for inclusion in the Preliminary Official Statement or the Final Official Statement under the heading "Underwriting".

Promptly after receipt by an indemnified party of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

In the event that the indemnity provided herein is unavailable or insufficient to hold harmless an indemnified party for any reason, the District and the Underwriter agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the District and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the District on the one hand and by the Underwriters on the other from the offering. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the District and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the District on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. In no case shall any Underwriter (except as may be provided in any agreement among the Underwriters relating to the offering) be responsible for any amount in excess of the purchase discount or fee applicable to the Bonds purchased by such Underwriter

hereunder. Benefits received by the District shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriters shall be deemed to be equal to the total purchase discounts and commissions in each case set forth on the cover of the Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the District on the one hand or the Underwriters on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The District and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Each person who controls an Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls the District within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the District shall have the same rights to contribution as the District, subject in each case to the applicable terms and conditions of this paragraph.

15. The District hereby agrees to pay the expenses described as payable by it in Section 5 of the Bond Purchase Agreement and to pay any expenses incurred in amending or supplementing the Preliminary Official Statement or the Official Statement pursuant to the Bond Purchase Agreement or this Letter of Representations.

16. The District has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement.

17. The District acknowledges and agrees that (i) the purchase and sale of the Series 2013 Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Authority, the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Authority or the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority or the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the District on other matters) and the Underwriter has no obligation to the Authority or the District with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement and (iv) the Authority and the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate. Specifically, Capitol Public Finance Group, LLC has served as financial advisor to the Authority and the District with respect to the issuance of the Series 2013 Bonds and related transactions.

The representations, warranties, agreements and indemnities herein shall survive the Closing under the Bond Purchase Agreement and any investigation made by or on behalf of any of you or any person who controls any of you of any matters described in or related to the transactions contemplated hereby and by the Bond Purchase Agreement, the Official Statement, the Legal Documents, the Tax Certificate and the Trust Agreement.

This Letter of Representations shall be binding upon and inure solely to the benefit of each of you and the District and, to the extent set forth herein, persons controlling any of you, and their respective officers, employees, agents and personal representatives, successors and assigns, and no other person or firm shall acquire or have any right under or by virtue of this Letter of Representations. No recourse under or upon any obligation, covenant or agreement contained in this Letter of Representations shall, under any circumstances, exist or be had against any officer, agent, employee, trustee or director of the District as individuals.

This Letter of Representations may be executed by facsimile or electronic transmission and in any number of counterparts and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand.

Date: _____, 2013

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

_____

Name:
Title:

Accepted and Agreed to:

CITIGROUP GLOBAL MARKETS INC.,
as Underwriter

By: _____

Accepted and Agreed to:

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By: _____

[Signature Page to the Letter of Representations]

EXHIBIT B

FORM OF OPINION OF APPENDIX A DISCLOSURE COUNSEL

_____, 2013

Sacramento City Schools Joint Powers Financing Authority
Sacramento, California

Sacramento City Unified School District
Sacramento, California

Citigroup Global Markets Inc.
San Francisco, California 94111

Re: $_____ Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013

Dear Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Sacramento City Unified School District (the "District") for the preparation of Official Statement dated _____ (the "Official Statement") in connection with the sale and issuance of the above-captioned Bonds (the "Bonds"), pursuant to a Bond Purchase Agreement, dated _____, 2013 (the "Bond Purchase Agreement"), between the Sacramento City Schools Joint Powers Financing Authority, and Citigroup Global Markets Inc. Capitalized terms not otherwise defined in this letter shall have the meanings set out in the Bond Purchase Agreement.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. During the course of serving as Disclosure Counsel, we participated in conferences with representatives of the Sacramento City Unified School District, the Sacramento City Schools Joint Powers Financing Authority, the Underwriter, Underwriter's Counsel, the Financial Adviser to the District and others, during which the contents of the Official Statement and related matters were discussed.

Based upon our participation in the above-mentioned conferences, and in reliance thereon and on other records and documents which we have examined, we advise you as a matter of fact and not opinion that no information came to the attention of the attorneys in our firm rendering legal services in connection with this matter which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any financial, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, included therein, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances

under which they were made, not misleading. We advise you that, other than reviewing the various certificates and opinions regarding the Official Statement delivered in connection with the issuance of the Bonds, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof.

We are furnishing this letter to you pursuant to Section 3(d)(5) of the Bond Purchase Agreement solely for your benefit as the Underwriter and issuer of the Bonds. We have no attorney-client relationship with you, as Underwriter. Our engagement with respect to this matter has terminated as of the date hereof and we have no obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any purpose or by any person to whom it is not specifically addressed without our prior approval, except that reference thereto may be made in any list of closing documents pertaining to the issuance of the Bonds. This letter is not intended to be, and may not be, relied upon by the owners of the Bonds.

Very truly yours,

EXHIBIT C

[Form of opinion of Counsel to the Authority]

(Letterhead of Authority]

(Closing Date]

Sacramento City Schools Joint Powers Financing Authority
Sacramento, California

Citigroup Global Markets Inc.
San Francisco, California

Orrick Herrington & Sutcliffe LLP
San Francisco, California

[Trustee]

Re: Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013

Ladies and Gentlemen:

I have served as counsel to the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY (the "Authority") in connection with the issuance and sale by the Authority of $_____ aggregate principal amount of its LEASE REVENUE REFUNDING BONDS, SERIES 2013 (the "Bonds"). As such counsel I have examined and am familiar with (i) the Joint Exercise of Powers Agreement, dated as of [November __, 2013] (the "Joint Powers Agreement") between the Sacramento City Unified School District (the "District") and the Sacramento City Elementary School District, (ii) the Trust Agreement, dated as of [_____ __, 20__], between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), (iii) the Facility Lease, dated as of [_____ __, 20__], between the District and the Authority (the "Facility Lease"), (iv) the Facility Sublease, dated as of [_____ __, 20__], between the Authority and the District (the "Facility Sublease"), (v) the Bond Purchase Agreement, dated [____ __, 20__], among the District, the Authority and Citigroup Global Markets Inc., as underwriter of the Bonds (the "Purchase Agreement"), and (vi) an Official Statement of the Authority and the District relating to the Bonds, dated [____ __, 20__] (the "Official Statement"). In reviewing the documents and matters referred to above, the undersigned has assumed the genuineness of all documents and signatures presented and has not undertaken to verify independently, and has assumed, the accuracy of the factual matters represented, warranted or certified therein. The Trust Agreement, the Facility Lease, the Facility Sublease and the Purchase Agreement are referred to herein collectively as the "Authority Documents." Terms used herein but not defined herein shall have the meanings assigned to them in the Purchase Agreement.

Based upon the foregoing, it is my opinion that:

1. The Authority is a joint exercise of powers agency duly organized and existing under the laws of the State of California.

2. The resolution of the Board of Directors of the Authority (the "Resolution") approving and authorizing the issuance of the Bonds, the execution and delivery by the Authority of the Trust Agreement, the Facility Lease, the Facility Sublease and the Official Statement was duly adopted at a meeting of the Board of Directors of the Authority which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. To the best of my knowledge after reasonable investigation, except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Authority, to restrain or enjoin the issuance of the Bonds or in any way contesting or affecting the validity of the Bonds, the Trust Agreement, the Facility Lease or the Facility Sublease.

4. The issuance of the Bonds and execution and delivery of the Trust Agreement, the Facility Lease, the Facility Sublease and the Official Statement, the adoption of the Resolution, and compliance by the Authority with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach or default under any agreement or other instrument to which the Authority is a party (and of which I am aware after reasonable investigation) or by which it is bound (and of which I am aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the Authority is subject.

I express no opinion as to any matter other than as expressly set forth above. Without limiting the generality of the foregoing, I specifically express no opinion as to the status of the Bonds or the interest thereon, the Trust Agreement, the Resolution or Official Statement under any federal securities laws or any state securities or "Blue Sky" law or any federal, state or local tax law. Further, I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Authority Documents, and I express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

This opinion is delivered to the District, the Trustee, the underwriter of the Bonds and Bond Counsel, and is solely for the benefit of such parties and is not to be used, circulated, quoted or otherwise referred to or relied upon by any other person or for any other purpose, except that Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority, may rely on this opinion and include it in the transcript of proceedings relating to the Bonds.

Very truly yours,

Authority Counsel

Respectfully Submitted,

EXHIBIT D

[Form of opinion of Counsel to the District]

Sacramento City Schools Joint Powers Financing Authority
Sacramento, California

Citigroup Global Markets Inc.
One Sansome Street., 27th Floor

Sacramento City Unified School District
Sacramento, California

Re: Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013

Ladies and Gentlemen:

I have served as counsel to the Sacramento City Unified School District (the "District") in connection with the issuance and sale by the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY (the "Authority") of its LEASE REVENUE REFUNDING BONDS, SERIES 2013 in the aggregate principal amount of $_____(the "Bonds"). As such counsel I have seen and am generally familiar with (i) the Joint Exercise of Powers Agreement, dated as of [November __, 2013] (the "Joint Powers Agreement") between the Sacramento City Unified School District (the "District") and the Sacramento City Elementary School District, (ii) the Trust Agreement, dated as of [_____ __, 20__], between the Authority and [TRUSTEE] as trustee (the "Trust Agreement"), (iii) the Facility Lease, dated as of [_____ __, 20__], between the District and the Authority (the "Facility Lease"), (iv) the Facility Sublease, dated as of [_____ __, 20__], between the Authority and the District (the "Facility Sublease"), (v) the Continuing Disclosure Certificate dated the date hereof, (vi) the Bond Purchase Agreement, dated [____ __, 20__], among the District, the Authority and Citigroup Global Markets Inc., as underwriter of the Bonds (the "Purchase Agreement"), and (vii) an Official Statement of the Authority and the District relating to the Bonds, dated [____ __, 20__] (the "Official Statement"). Terms used herein but not defined herein shall have the meanings assigned to them in the Purchase Agreement.

Based on the foregoing, I am of the opinion, as of the date hereof, that:

1. the District is a school district duly organized and validly existing under the Constitution and the laws of the State of California (the "State");

2. the resolution of the Board of Education of the District requesting and approving the issuance of the Bonds by the Authority (the "District Resolution") was duly adopted at a meeting which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, and the District

Resolution has not been modified, amended, rescinded or revoked and is in full force and effect on the date thereof;

3. the District has all necessary power and authority to enter into and perform its duties under the Trust Agreement, the Facility Lease, the Facility Sublease, the Purchase Agreement and the Continuing Disclosure Certificate (collectively, the "Legal Documents"), and when executed and delivered by the respective parties thereto, the Legal Documents constitute the legal, valid and binding obligations of the District;

4. to the best of my knowledge after reasonable investigation, except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the District, to restrain or enjoin the issuance of the Bonds or in any way contesting or affecting the validity of the Bonds, the Trust Agreement, the Facility Lease or the Facility Sublease;

5. the execution and delivery of the Legal Documents and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the School District a material breach or default under any existing law, regulation, court order or consent decree to which the School District is subject that would materially adversely affect the ability of the School District to make Base Rental Payments (as defined in the Facility Sublease) when due or, to the best of my knowledge after due inquiry, any agreement or instrument to which the School District is a party or by which the School District is bound that would materially adversely affect the ability of the School District to make Base Rental payments when due;

6. all actions on the part of the School District necessary for the making and performance of the Legal Documents have been duly and effectively taken and no consent, authorization or approval of, or filing or registration with, any governmental or regulatory officer or body not already obtained or not obtainable in due course by the School District is required to be obtained by the School District for the making and performance of the Legal Documents;

7. the Official Statement has been duly approved by the District; and

8. based upon my review of the Official Statement, I have no reason to believe that the information in the Official Statement as of the date thereof or hereof (except for any financial, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates and projections included therein, as to which no view is expressed) contained or contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The undersigned expresses no opinion as to any matter other than as expressly set forth above. Without limiting the generality of the foregoing, I specifically express no opinion as to the status of the Bonds or the interest thereon or the documents to which the District is a party or any state securities or "Blue Sky" law or any federal, state or local tax law. I express no opinion as to the availability of equitable remedies or as to the effect the federal bankruptcy laws may have on the provisions of the Legal Documents or the Bonds. Further, I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum, choice of venue,

waiver or severability provisions contained in the documents to which the District is a party, and I express no opinion on the laws of any jurisdiction other than the State and the United States of America.

This opinion is delivered to each of the parties addressed above and is solely for the benefit of each of such parties and is not to be used, circulated, quoted, or otherwise referred to or relied upon by any other person or for any other purpose. A copy of this opinion may be included in the transcript of proceedings relating to the Bonds.

Very truly yours,

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Counsel

EXHIBIT E

[Form of Opinion of Counsel to the Trustee]

Sacramento City Schools Joint Powers Financing Authority
[Address]
[Address]

Citigroup Global Markets Inc.
One Sansome Street, 27th Floor
San Francisco, California 94111

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

Re: Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013

Ladies and Gentlemen:

We have acted as counsel to [Trustee], as trustee (the "Trustee") in its capacity as trustee under that certain Trust Agreement, dated as of [Dated Date] (the "Trust Agreement"), by and between the Sacramento City Schools Joint Powers Financing Authority and the Trustee, relating to the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013 (the "Series 2013 Bonds"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

In that connection, we have examined originals or copies of the Trust Agreement, the Continuing Disclosure Agreement, dated as of [Dated Date] (the "Continuing Disclosure Agreement"), by and between the District and the Trustee in its capacity as Dissemination Agent thereunder, and such records, documents, instruments, certificates of public officials and of the Trustee as deemed necessary for the purpose of rendering the opinions set forth below.

We have assumed the genuineness of all signatures and the authenticity of all items submitted to us as originals and the conformity with originals of all items submitted to us as copies. In making our examination, we have assumed that each party to the documents other than the Trustee has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered such documents, and that such documents constitute the legal, valid and binding obligations of such party. We have not undertaken to independently verify the accuracy of the factual matters represented, warranted or certified in such documents.

We call attention to the fact that the rights and obligations under the Trust Agreement, Escrow Agreement and the Continuing Disclosure Agreement and related documents are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

Based on the foregoing, and subject to the following qualifications, we are of the opinion that:

1. The Trustee is a national banking association duly organized and validly existing under the provisions of the laws of the United States of America.

2. The Trustee has all corporate and trust powers necessary to carry out the trust intended under the Trust Agreement and Escrow Agreement.

3. The execution and delivery of the Trust Agreement and Escrow Agreement have been duly authorized by the Trustee, the Trust Agreement and Escrow Agreement have been duly executed and delivered by the Trustee, and the Trust Agreement and Escrow Agreement constitute legal, valid and binding obligations of the Trustee in its capacity as Trustee enforceable against the Trustee in such capacity in accordance with its terms.

4. The execution and delivery of the Continuing Disclosure Agreement has been duly authorized by the Trustee, and the Continuing Disclosure Agreement has been duly executed and delivered by the Trustee, and constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms.

5. The Series 2013 Bonds have been validly authenticated and delivered by the Trustee.

We express no opinion as to any matter other than as expressly set forth above. We express no opinion as to matters governed by any laws other than the substantive laws of the State of California (without reference to its conflicts of laws rules) and the federal laws of the United States of America which are in effect on the date hereof. No opinion is expressed as to the perfection, validity, priority or enforceability of any security interest or lien created to secure the Series 2013 Bonds, and no opinion is expressed as to the applicability, or the effect thereof, of federal or state securities or "Blue Sky" laws or of any federal or state tax laws.

This opinion is as of the date hereof, and we undertake no obligation to advise you of any change in any matter set forth herein. This opinion is solely for the benefit of each addressee and its counsel, and may not be relied upon in any manner, or used, by any other person.

Very truly yours,

EXHIBIT G

CERTIFICATE OF THE TRUSTEE

The undersigned, [Trustee], as trustee (the "Trustee"), does hereby certify as follows:

1. This Certificate is being provided in connection with the issuance and delivery of the Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds (Sacramento City Unified School District) Series 2013 (the "Series 2013 Bonds") executed and delivered pursuant to that certain Trust Agreement, dated as of [Dated Date] (the "Trust Agreement"), by and between the Sacramento City Schools Joint Powers Financing Authority (the "Authority") and the Trustee. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

2. The Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, has all requisite power, including trust powers, and authority to accept, execute, deliver, and perform all of its obligations as Trustee under and pursuant to the Trust Agreement and the Escrow Agreement and to take all actions required of it under the Trust Agreement and the Series 2013 Bonds.

3. The Trust Agreement and the Escrow Agreement have been duly executed and delivered by an officer of the Trustee duly authorized to execute and deliver such document as evidenced by the excerpts from its Bylaws, attached hereto as Exhibit A and the execution, delivery and performance of the Trust Agreement has been duly authorized by all necessary action of the Trustee.

4. The Series 2013 Bonds were examined by the Trustee and found to be in the form required by the Trust Agreement. Pursuant to the provisions of the Trust Agreement, the Series 2013 Bonds were authenticated in the name of and on behalf of the undersigned by authorized signatories of the undersigned, duly authorized to so authenticate the Series 2013 Bonds, as evidenced by the excerpts from its Bylaws referred to in paragraph 3 hereof, were registered and delivered by the Trustee pursuant to the Trust Agreement, and as directed by the Underwriter for the Series 2013 Bonds.

5. The Trustee has duly accepted the trusts created pursuant to the Trust Agreement and the Escrow Agreement, and such acceptance and performance by the Trustee of its obligations in accordance with the Trust Agreement and the Escrow Agreement will not contravene the Bylaws of the Trustee or conflict with or constitute a breach of or a default under any law, administrative or governmental regulation, consent, decree, order, indenture, contract or other agreement or instrument to which the Trustee is subject or bound or by which any of its assets is bound, and the performance of the obligations of the Trustee under the Trust Agreement has been duly authorized by all necessary corporate action.

6. All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, receipt of which would constitute a condition precedent to the performance by the Trustee of its obligations under the Trust Agreement and the Escrow

Agreement have been obtained by the Trustee and are in full force and effect. The undersigned certification does not include compliance with federal and state securities laws.

7. No litigation is pending or, to the best knowledge of the Trustee, threatened (either in state or federal courts): (a) in any way contesting the existence or trust powers of the Trustee, or the Trustee's ability to fulfill its obligations under the Trust Agreement and the Escrow Agreement; (b) to restrain or enjoin the execution or delivery of the Trust Agreement or Escrow Agreement or the authentication of any of the Series 2013 Bonds by the Trustee; or (c) in any way contesting or affecting any authority for the execution and delivery of the Trust Agreement, the Escrow Agreement or any of the Series 2013 Bonds.

IN WITNESS WHEREOF, [Trustee], as trustee, has caused this Certificate to be executed by its officer thereunto duly authorized this __th day of _____, 2013.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2014 SERIES B

BOND PURCHASE AGREEMENT

January __, 2014

Sacramento City Schools Joint Powers Financing Authority
Sacramento, California

Sacramento City Unified School District
Sacramento, California

Ladies and Gentlemen:

The undersigned, [Western Alliance] (the *"Purchaser"*), offers to purchase from of Sacramento City Schools Joint Powers Financing Authority (the *"Issuer"*), all (but not less than all) of the $$_____ Lease Revenue Refunding Bonds, 2014 Series B of the Issuer (the *"Bonds"*). This offer is made subject to acceptance by the Issuer and the Sacramento City Unified School District (the *"District"*) of this Bond Purchase Agreement (this *"Agreement"*) on or before 11:59 p.m., California Time, on the date hereof. Upon the Issuer's and the District's acceptance of this offer, it will be binding upon the Issuer, the District and the Purchaser.

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Purchaser, the Bonds. The terms of the Bonds shall be as set forth in Exhibit A hereto and the purchase price to be paid and the place and date of delivery and payment for the Bonds (the *"Closing"*) are as set forth in Exhibit A hereto.

2. The District has provided certain information (the *"District Information"*) to the Purchaser in connection with the Purchaser's consideration of an investment in the Bonds, including the items listed in Exhibit B hereto.

3. The Bonds are being issued pursuant to the Constitution and the laws of the State of California (the "*State*"), resolutions adopted by the Issuer and the District, and a Trust Agreement, dated as of [January 1, 2014] (the "*Trust Agreement*"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"). All capitalized terms used herein but not otherwise defined shall have the meaning as set forth in the Trust Agreement.

The proceeds of the Bonds will be applied to: prepay all or a portion of its obligations under that certain Lease Agreement (the "2001 Lease") dated as of March 1, 2001, by and between the District and the Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and its obligations under that certain Lease Agreement (the "2002 Original Lease"), by and between the District and the Corporation, dated as of June 1, 2002, as amended by that certain First Amendment to Lease Agreement (the "2011 Lease Amendment") by and between the District and the Corporation, dated as of March 1, 2011 (the 2002 Original Lease as amended by the 2011 Lease Amendment, the "2002 Lease," and the 2002 Lease together with the 2001 Lease, the "Prior Leases," and the refinancing of all or a portion of the District's obligations under the Prior Leases hereinafter the "Project"); and (ii) pay certain costs associated with the issuance of the Bonds.

The Bonds shall be payable and subject to redemption as provided in the Trust Agreement and as set forth in Exhibit A attached hereto. The Bonds are limited obligations of the Issuer payable solely from certain revenues of the Issuer, consisting primarily of Base Rental Payments to be made by the District to the Issuer for the use and occupancy of certain Facilities pursuant to a Facility Sublease, dated as of [January 1, 2014] (the "*Facility Sublease*"), between the Issuer and the District. Base Rental Payments are an obligation of the District's General Fund and, therefore, are not limited by or to any particular revenue source of the District. The obligation of the District to make Base Rental Payments is payable from current funds which are budgeted and appropriated or otherwise legally available therefor. The District has covenanted in the Facility Sublease to take such action as may be necessary to include all Base Rental Payments due under the Facility Sublease in its annual budgets and to make necessary annual appropriations for all such Base Rental Payments. The Issuer and the District have entered into a Facility Lease, dated as of [January 1, 2014] (the "*Facility Lease*"), pursuant to which the District has leased the Facilities to the Issuer. Pursuant to the Trust Agreement, the Issuer has assigned to the Trustee certain of its interests in the Facility Sublease and Facility Lease, including the right to receive Base Rental Payments.

The Trust Agreement, the Facility Sublease, the Facility Lease, this Agreement and the Bonds shall be collectively referred to herein as the "*Issuer Legal Documents*." The Facility Sublease, the Facility Lease and this Agreement shall be collectively referred to herein as the "*District Legal Documents*."

4. The Issuer represents and covenants to the Purchaser that:

(a) The Issuer has taken official action by resolution (the *"Issuer Resolution"*) adopted by at least a majority of the members of the Issuer Board of Directors at a regular meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on November __, 2013, all action necessary to be taken by it for the execution and delivery of the Issuer Legal Documents and for the due performance of the Issuer Legal Documents, and any and all action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated hereby and thereby has been taken, and the Issuer Resolution has not been modified or amended and is in full force and effect;

(b) The Issuer is a joint exercise of powers agency duly organized and validly existing pursuant to the Constitution and laws of the State with the full power and authority to adopt the Issuer Resolution, to issue the Bonds for the purposes described in the Trust Agreement and to enter into and perform its duties under the Issuer Legal Documents, and to consummate the transactions contemplated hereby and thereby;

(c) This Agreement constitutes, and upon their issuance and delivery, the other Issuer Legal Documents will each constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, [except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion and to the limitations on legal remedies against joint powers authorities in California]; and the execution and delivery of the Issuer Legal Documents, and compliance with the provisions of the Issuer Legal Documents will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such California or federal law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Issuer Legal Documents;

(d) The Issuer is not in material breach of or in material default under any existing law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a material default under any such instrument;

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any California or federal court, public board or body pending or, to the best knowledge of the Issuer after due inquiry, threatened, against the Issuer, wherein an unfavorable decision, ruling or finding would: (i) adversely affect the creation, organization, existence or powers of the Issuer, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale or delivery of the Bonds or the receipt of Base Rental Payments under the Facility Sublease or challenging, directly or indirectly, the location of the Facilities, or the proceedings to lease the Facilities from the District, (iii) in any way question or adversely affect any authority for the issuance of the Bonds, or the validity or enforceability of the Issuer Legal Documents, (iv) in any way question or adversely affect the Issuer Legal Documents or the transactions contemplated by this Agreement or any other agreement or instrument to which the Issuer is a party relating to the issuance of the Bonds, or (v) in any way question or affect the federal tax treatment of the Bonds;

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Issuer required for the execution and delivery of this Agreement or the execution, delivery and sale of the Bonds to the Purchaser or the consummation by the Issuer of the other transactions contemplated by the Issuer Legal Documents;

(g) The Bonds will be issued in accordance with the Trust Agreement;

(h) The Bonds will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Trust Agreement, and the Trust Agreement will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on the Revenues (as defined in the Trust Agreement) and the funds and accounts pledged under the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof on the terms and conditions set forth in the Trust Agreement;

(i) The Issuer shall apply the proceeds of the Bonds, and earnings thereon, in accordance with the Trust Agreement;

(j) The Issuer is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding;

(k) Any certificate signed by a duly authorized officer of the Issuer and delivered to the Purchaser pursuant to this Agreement or any document contemplated hereby shall be deemed a representation and warranty by the Issuer to the Purchaser as to the statements made therein; and

(l) All of the representations and warranties of the Issuer in the Issuer Legal Documents are true and correct as of the date hereof.

5. The District represents and covenants to the Purchaser that:

(a) The District has taken official action by resolution (the "*District Resolution*") adopted by at least four-fifths of the members of the District Board of Trustees at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on November 21, 2013, all action necessary to be taken by it for the execution and delivery of the District Legal Documents and for the due performance of the District Legal Documents, and any and all action as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated hereby and thereby has been taken, and the District Resolution has not been modified or amended and is in full force and effect;

(b) The District is a school district, duly organized and existing under the laws of the Constitution and the State and has all necessary power and authority to adopt the

District Resolution, to enter into and perform its duties under the District Legal Documents, and to consummate the transactions contemplated hereby and thereby;

(c) This Agreement constitutes, and upon their issuance and delivery, the other District Legal Documents will each constitute, legal, valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion and to the limitations on legal remedies against school districts in California; and the execution and delivery of the District Legal Documents, and compliance with the provisions of the District Legal Documents will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such California or federal law, administrative regulation, judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the District Legal Documents;

(d) The District is not in material breach of or in material default under any existing law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a material default under any such instrument;

(e) There is no action, suit, proceeding or investigation at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District after due inquiry, threatened, against the District, wherein an unfavorable decision, ruling or finding would: (i) adversely affect the creation, organization, existence or powers of the District, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale and delivery of the Bonds or the payment of Base Rental Payments under the Facility Sublease or challenging, directly or indirectly, the location of the Facilities, or the proceedings to lease the Facilities from the Issuer, (iii) in any way question or adversely affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds or the District Legal Documents, (iv) in any way question or adversely affect the District Legal Documents or the transactions contemplated by this Agreement or any other agreement or instrument to which the District is a party relating to the issuance of the Bonds or (v) in any way question or affect the federal tax treatment of the Bonds;

(f) There is no material consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of this Agreement or the

execution, delivery and sale of the Bonds to the Purchaser or the consummation by the District of the other transactions contemplated by the District Legal Documents;

(g) The Bonds will be issued in accordance with the Trust Agreement;

(h) The Bonds will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Trust Agreement, and the Trust Agreement will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on the Revenues (as defined in the Trust Agreement) and the funds and accounts pledged under the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof on the terms and conditions set forth in the Trust Agreement;

(i) Except as disclosed to the Purchaser, there has not been any material adverse change in the financial condition of the District since [December 15, 2013 -- First Interim Date], and the Purchaser is assumed to have knowledge of the State fiscal situation and its potential effect on District finances. The financial statements of, and other financial information regarding the District that have been provided to the Purchaser fairly present the financial position and results of the operations of the District as of the dates and for the periods therein set forth in all material respects, and (i) the audited financial statements have been prepared in accordance with the generally accepted accounting principles consistently applied, and (ii) the other financial information provided to the Purchaser has been determined on a basis substantially consistent with the Standardized Account Code Structure promulgated by the California Department of Education;

(j) The District is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding;

(k) Any certificate signed by a duly authorized official of the District and delivered to the Purchaser pursuant to this Agreement or any document contemplated hereby shall be deemed a representation and warranty by the District to the Purchaser as to the statements made therein;

(l) The District Information provided to the Purchaser by the District was true and correct in all material respects as of its date;

(m) The District will provide the Purchaser with audited financial statements within two hundred seventy (270) days after each fiscal year end and agrees to deliver to the Purchaser any other financial information regarding the District that the Purchaser may from time to time reasonably request to the extent such documents are not available on the District's website; and

(n) All of the representations and warranties of the District in the District Legal Documents are true and correct as of the date hereof.

6. In connection with its purchase of the Bonds, the Purchaser represents and covenants to the Issuer that:

(a) the Purchaser is a Qualified Institutional Buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of a purchase of the Bonds;

(b) the Purchaser has conducted its own investigation into the merits and risks of an investment in the Bonds and has received, or been afforded access to, from the Issuer or the District or otherwise, all the information it deems necessary to make an investment decision with regard to the Bonds;

(c) the Purchaser is acquiring the Bonds for investment for its own account and not with a present view to, or for resale in connection with, any distribution of the Bonds; provided that the Purchaser retains the right at any time to dispose of the Bonds or any interest therein as it may determine to be in its best interests and that any subsequent resale shall be made only in accordance with the Trust Agreement and applicable securities laws; and

(d) the Purchaser will deliver a letter in substantially the form attached as Exhibit [F] hereto on the Closing Date and agrees to the terms thereof.

7. As conditions to the Purchaser's obligations hereunder:

(a) From the time of the execution and delivery of this Agreement to the Closing Date, there shall not have been any (i) material adverse change in the financial condition or general affairs of the Issuer or the District including but not limited to any change in the District's creditworthiness that could have a material adverse effect on the financial condition or operations of the District, or the District's ability to perform its obligations under the Facility Sublease; (ii) event, court decision, proposed law or rule that may have the effect of changing the state or federal income tax treatment of the Bonds or the contemplated transactions; (iii) a statement released by any rating agency regarding a downgrading, suspension or withdrawal of any rating on any bonds of the Issuer or the District which, in the reasonable opinion of the Purchaser, materially and adversely affects the value of the Bonds to the Purchaser; (iv) a default or Event of Default having occurred and continuing under any of the Issuer Legal Documents; or (v) an international or national crisis, suspension of the stock exchange trading or banking moratorium materially affecting, in the Purchaser's reasonable opinion, the value of the Bonds to the Purchaser.

(b) The Purchaser hereby enters into this Agreement in reliance upon its own due diligence and the representations and warranties of the Issuer and the District contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Issuer, the District and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Purchaser under this

Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Purchaser, to the accuracy in all material respects of the representations and warranties of the Issuer and the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Issuer, the District and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the Issuer, the District and the Trustee of their respective obligations to be performed hereunder and under the Issuer Legal Documents, at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(1) At the Closing, the Issuer Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, all in substantially the forms heretofore submitted to the Purchaser, with only such changes as shall have been agreed to in writing by the Purchaser, and shall be in full force and effect, and the District Resolution and the Issuer Resolution shall each be in full force and effect;

(2) On the Closing Date, all necessary action of the District and the Issuer relating to the execution and delivery of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented; and

(3) At or prior to the Closing Date, the Purchaser shall have received the following documents, in each case satisfactory in form and substance to the Purchaser:

(i) *Resolutions and Issuer Legal Documents.* The Issuer Legal Documents, each duly executed and delivered by the respective parties thereto and a certified copy of each of the District Resolution and the Issuer Resolution;

(ii) *Opinions of Bond Counsel.* The approving opinion of Bond Counsel dated the Closing Date, substantially in the form attached as Exhibit C hereto

(iii) [*Opinion of District Counsel.* An opinion of District Counsel, as counsel to the District, with respect to the Bonds, dated the Closing Date and addressed to the District and the Purchaser, in substantially the form of Exhibit D hereto];

(iv) [*Opinion of Issuer Counsel.* An opinion of District Counsel, as counsel to the Issuer, with respect to the Bonds, dated the Closing Date and addressed to the Issuer and the Purchaser, in substantially the form of Exhibit E hereto];

(v) *District Bring-Down Certificate.* A certificate of the District dated the Closing Date and executed by a duly authorized officer of the District to the effect that:

(a) The representations and warranties of the District contained in the District Legal Documents are true and correct on and as of the Closing Date as if made on the Closing Date;

(b) The District has duly authorized by the District Resolution the execution and delivery of the District Legal Documents to be executed by it and the taking of any and all such action as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated thereby, and the District Resolution was adopted at a meeting duly noticed and at which a quorum was present, and the District Resolution has not been modified or amended and is in full force and effect;

(c) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the District that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the District of the other transactions contemplated by the District Legal Documents;

(d) The execution and delivery by the District of the District Legal Documents and compliance with the terms of the District Legal Documents will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the District is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the District or any of its activities or properties, and the District Legal Documents are the binding and authorized agreements of the District, enforceable in accordance with their respective terms;

(e) The District is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject which breach or default would materially adversely affect the ability of the District to perform its obligations under the District Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and

(f) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the District after due inquiry, threatened, against the District, affecting the existence of the District or seeking to prohibit, restrain or enjoin the issuance and delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the District Legal Documents or contesting the powers of the District to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby, or which, in any way, would materially adversely affect the validity of the Bonds, the District Legal Documents, or any agreement or instrument to which the District is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or the tax treatment of the Bonds and/or interest on the Bonds; and

(g) The officials identified in the certificate are duly elected or appointed and acting officials of the District in the capacity set forth opposite their respective names and that the signatures set forth beside their names and titles are their genuine, true and correct signatures and such officials are duly authorized, on behalf of the District, to negotiate, execute and deliver the District Legal Documents.

(vi) *Issuer Bring-Down Certificate*. A certificate of the Issuer dated the Closing Date and executed by a duly authorized officer of the Issuer to the effect that:

(a) The representations and warranties of the Issuer contained in the Issuer Legal Documents are true and correct on and as of the Closing Date as if made on the Closing Date;

(b) The Issuer has duly authorized by the Issuer Resolution the execution and delivery of the Issuer Legal Documents and the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated thereby, and the Issuer Resolution was adopted at a meeting duly noticed and at which a quorum was present, and the Issuer Resolution has not been modified or amended and is in full force and effect;

(c) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Issuer that has not been obtained is or will be required for the

issuance and delivery of the Bonds or the consummation by the Issuer of the other transactions contemplated by the Issuer Legal Documents;

(d) The execution and delivery by the Issuer of the Issuer Legal Documents and compliance with the terms of the Issuer Legal Documents, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the Issuer is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties, and the Issuer Legal Documents are the binding and authorized agreements of the Issuer, enforceable in accordance with their respective terms;

(e) The Issuer is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject which breach or default would materially adversely affect the ability of the Issuer to perform its obligations under the Issuer Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and

(f) There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Issuer after due inquiry, threatened, against the Issuer, affecting the existence of the Issuer or seeking to prohibit, restrain or enjoin the issuance and delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Issuer Legal Documents or contesting the powers of the Issuer to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby, or which, in any way, would materially adversely affect the validity of the Bonds, the Issuer Legal Documents, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or the tax treatment of the Bonds and/or interest on the Bonds as set forth herein; and

(g) The officials identified in the certificate are duly elected or appointed and acting officials of the Issuer in the capacity set forth opposite their respective names and that the signatures set forth beside their names and titles are their genuine, true and correct signatures and such officials are duly authorized, on behalf of the Issuer, to negotiate, execute and deliver the Issuer Legal Documents.

(vii) *Opinion of Counsel to Trustee*. The opinion of Counsel to the Trustee, dated the Closing Date, addressed to the Issuer, the District and the Purchaser, to the effect that: (A) the Trustee has been duly incorporated as a national banking association under the laws of the United States and is in good standing under the laws of the United States, duly qualified to do business and to exercise trust powers therein, having full power and authority to enter into and to perform its duties as Trustee under the Trust Agreement, and has full power and authority to execute and deliver the Trust Agreement, and to perform its obligations thereunder; (B) the Bonds have been validly authenticated, registered and delivered by the Trustee; (C) no authorization, approval, consent or other order of the State or any other governmental authority or agency within the State having jurisdiction over the Trustee, or, to such counsel's knowledge after reasonable investigation, any other entity, is required for the valid authorization, execution, delivery and performance by the Trustee of the Trust Agreement; and (D) the execution and delivery of the Trust Agreement, and compliance by the Trustee with the provisions of the foregoing under the circumstances contemplated thereby, does not in any material respect conflict with or constitute on the part of the Trustee a breach or default under any agreements or other instrument to which the Trustee is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the Trustee is subject;

(viii) *Trustee By-laws*. Certified copies of excerpts from the bylaws of the Trustee authorizing the execution and delivery of the Trust Agreement;

(ix) *Certificate of the Trustee*. A certificate of the Trustee, dated the Closing Date, signed by a duly authorized official, satisfactory in form and substance to the Purchaser, to the effect that: (A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Trust Agreement and to authenticate and deliver the Bonds to the Purchaser pursuant to the Trust Agreement; (B) the Trustee is duly authorized to enter into the Trust Agreement and to authenticate and deliver the Bonds to the Purchaser pursuant to the Trust Agreement; (C) the Bonds have been duly authenticated and delivered by the Trustee; (D) the execution and delivery of the Trust Agreement and

compliance with the provisions on the part of the Trustee contained therein, does not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation or warranty need be made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement; and (E) to the best knowledge of the Trustee after reasonable investigation, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Trust Agreement, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Trust Agreement or the power and authority of the Trustee to enter into and perform its respective duties under such agreements and to authenticate and deliver the Bonds to the Purchaser;

(x) *Tax Certifications*. Tax certifications by the Issuer and the District in form and substance acceptable to Bond Counsel and the Purchaser;

(xi) *Joint Exercise of Powers Agreement and Statement of Roster*. A certified copy of the Issuer's Joint Exercise of Powers Agreement and Statement of Roster;

(xii) *Title Policy*. [A title policy satisfactory to the Purchaser relating to the Facilities];

(xiii) *California Debt and Investment Advisory Commission Filings*. Evidence of the preliminary and final filings with the California Debt and Investment Advisory Commission pursuant to Section 8855 *et seq.* of the California Government Code;

(xiv) Evidence of insurance as required by the Facility Sublease; and

(xv) *Miscellaneous*. Such additional legal opinions, certificates, instruments and documents as the Purchaser may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Issuer's and the District's representations and warranties contained herein and of the District Information and the due performance or satisfaction by the Issuer and the District on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the District.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if they are in form and substance satisfactory to the Purchaser. Receipt of, and payment for, the Bonds shall constitute evidence of the satisfactory nature of such as to the Purchaser. The performance of any and all obligations of the Issuer and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Purchaser may be waived by the Purchaser in the Purchaser's sole discretion.

If the Issuer or the District shall be unable to satisfy the conditions to the obligations of the Purchaser to purchase, accept delivery of and pay for the Bonds contained in this Agreement, or if the obligations of the Purchaser to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate, and none of the Purchaser, the Issuer or the District shall be under further obligation hereunder; provided, however, that the respective obligations of the Issuer, the District and the Purchaser set forth in Section 8 hereof shall continue in full force and effect.

8. At Closing, the fees and disbursements of counsel to the Issuer and the Purchaser, District Counsel and Bond Counsel, the fees and disbursements of the financial advisors to the Issuer and the District, the cost of preparing the Bonds, the fees of the Trustee for the Bonds and miscellaneous expenses of the Issuer incurred in connection with the offering and delivery of the Bonds, including but not limited to fees payable to the California Debt Investment Advisory Commission, shall all be the obligation of the District. The Purchaser shall have no responsibility for any expenses associated with the issuance of the Bonds, including, but not limited to, the expenses identified above as the obligation of the District

9. This Agreement is intended to benefit only the parties hereto, and the Issuer's and the District's representations and warranties shall survive any investigation made by or for the Purchaser, delivery and payment for the Bonds and the termination of this Agreement.

10. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed and delivered the Bond Purchase Agreement as of the date first written above.

Very truly yours,

[WESTERN ALLIANCE], as Purchaser

By_____
Name: _____
Title: _____

Accepted on behalf of:

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By _____
Name: [_____]
Title: Executive Director

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Name: [_____]
Title: [Superintendent]

[Signature page of Bond Purchase Agreement]

EXHIBIT A

DESCRIPTION OF BONDS

a. **PURCHASE PRICE**: $_____.

b. **AUTHORIZED DENOMINATIONS**: Equal to $100,000 and any integral multiple of $5,000 in excess thereof.

c. **FORM**: The Bond shall be delivered in the form of a single, certificated, fully registered Bond for the maturity set forth below without coupons, dated as of the date of issuance thereof, and shall be registered in the name of the Purchaser, all as provided in the Trust Agreement. The Bond shall be available, if so requested by the Purchaser, at such place as the Purchaser and the Issuer agree upon, for examination by the Purchaser at least 24 hours prior to the Closing and at Closing shall be delivered to the Purchaser.

d. **INTEREST PAYABLE**: ____ 1 and ____ 1 of each year, commencing ____, 20__.

e. **MATURITY SCHEDULE AND INTEREST RATE**: One term bond maturing on ____ 1, 20__and bearing interest at the rate per annum of ___%.

f. **REDEMPTION**: The Bond is [subject to redemption prior to maturity as follows:] [Optional Call Feature to Come].

Extraordinary Redemption for Casualty or Condemnation.

[Under discussion] The Bonds are subject to redemption by the Authority prior to their respective stated maturities on the earlier of the next Interest payment Date or 60 days after the Casualty or Condemnation Event, upon notice as hereinafter provided, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments made by the District pursuant to Section 7.02(a) of the Facility Lease, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee shall apply such redemption in inverse chronological order of sinking fund payments.

Mandatory Sinking Fund Redemption.

Mandatory Sinking Account Payment Date (___ 1)	Mandatory Sinking Account Payment

_____
*Maturity

h. **CLOSING DATE**: January __, 2014 or such other date mutually agreed to by the Issuer and the Purchaser.

i. **DELIVERY**: Payment shall be made by wire transfer to the Trustee of the Purchase Price at Closing. Delivery of the Bond and other documents shall be made at the offices of Orrick, Herrington & Sutcliffe LLP, 405 Howard St., San Francisco, California 94105, or such other place as shall have been mutually agreed upon by the Issuer and the Purchaser.

EXHIBIT B

DISTRICT INFORMATION

The following documents are on file with the Secretary of the Authority:

1. District's Comprehensive Annual Financial Reports (CAFR) for fiscal years ending 2010, 2011, 2012 .

2. District's 2013-14 Budget.

3. District's 1st Interim Report for 2013-14.

4. Proforma title insurance policy for the Facilities.

5. Environmental Questionnaire for [_____] Schools.

6. Tri-Ennial AHERA Inspection Report [_____] Schools, Sacramento, California, dated January 24, 2011

EXHIBIT C

FORM OF BOND COUNSEL OPINION

EXHIBIT D

FORM OF OPINION OF DISTRICT COUNSEL

EXHIBIT E

FORM OF OPINION OF AUTHORITY COUNSEL

EXHIBIT F

INVESTOR LETTER

I, _____, [TITLE] of [Western Alliance] (the "Purchaser") do hereby certify as follows with regard to the $_____ Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B (the "Bonds"):

1. The Purchaser has full power and authority to carry on its business as now conducted, deliver this certificate and make the representations and certifications contained herein.

2. The Purchaser is a lender that regularly purchases state and local government obligations such as the Bonds; has knowledge and experience in financial and business matters that make it capable of evaluating the Sacramento City Unified School District (the "District"), the Bonds and the risks associated with the purchase of the Bonds; has the ability to bear the economic risk of an investment in the Bonds; and is an "Qualified Institutional Buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended. The Purchaser is not acting as a broker, dealer or municipal securities underwriter in connection with its purchase of the Bonds.

3. The Purchaser has conducted its own investigation of the financial condition of the District, the purpose for which the Bonds is being entered into and of the security for the payment of the Base Rental Payments due under the Facility Sublease dated as of [January 1, 2014] (the "Facility Sublease") between the District and the Sacramento City Schools Joint Powers Financing Authority (the "Authority") and the payment of principal and interest on the Bonds and the Facility Subleased pursuant to the Facility Sublease, and has obtained such information regarding the Bonds, such facilities and the District and its operations, financial condition and financial prospects as the Purchaser deems necessary to make an informed investment decision with respect to the purchase of the Bonds.

4. The Purchaser is purchasing the Bonds for its own account solely and not with a present view to any distribution of the Bonds or any interest therein or portion thereof or without a present intention of distributing or reselling the Bonds or any interest therein or portion thereof, provided that the Purchaser retains the right at any time to dispose of the Bonds or any interest therein or portion thereof as it may determine to be in its best interests. In the event that the Purchaser disposes of the Bonds or any part thereof in the future, the Purchaser understands that it has the responsibility for complying with any applicable federal and state securities laws and all rules and regulations promulgated pursuant thereto.

5. The Purchaser understands that the obligations of the District to pay Base Rental Payments under the Facility Sublease constitute a current expense of the District and shall not in any way be construed to be a debt of the District in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the District, nor shall anything contained in the Bonds constitute a pledge of the full faith and credit or taxing power of the District.

6. The Purchaser acknowledges that the Bonds have not been registered under the under the Securities Act of 1933, as amended, or under any state securities laws and that such registration is not legally required. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any subsequent disposition of the Bonds, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish this requirement.

7. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser, is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein and in the Bond Purchase Agreement, dated January __, 2014 (the "Bond Purchase Agreement") among the Purchaser, the District and the Authority, and is authorized to execute and deliver this letter, said Bond Purchase Agreement, and the other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

8. In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the Authority (except as with respect to representations, warranties and covenants made by the Authority in the Bond Purchase Agreement and in the Bond Documents), its counsel (except as with respect to those matters addressed in the opinion of counsel to the Authority, which opinion is addressed to the Purchaser) or its bond counsel, Orrick, Herrington & Sutcliffe LLP (hereinafter referred to as "Bond Counsel") (except as with respect to those matters addressed in the final opinion of Bond Counsel upon which the Purchaser is permitted to rely pursuant to a reliance letter delivered to the Purchaser by Bond Counsel) or counsel to the District (except as with respect to those matters addressed in the opinion of counsel to the District, which opinion is addressed to the Purchaser) relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Authority to undertake or require any credit investigation or due diligence reviews relating to the District, its financial condition or business operations, the Facilities (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Bond Documents, or the adequacy of the assets pledged to secure repayment of the Bonds.

9. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange and (iii) will not carry any rating from any rating service.

10. None of the Authority, its members, its governing body, or any of its employees, counsel or agents nor Bond Counsel will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding

the District or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Authority to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

DATED this ____ day of _____, 2014.

[WESTERN ALLIANCE]

By: _____

_____, [TITLE]

PLACEMENT AGREEMENT

November 21, 2013

Issuer

Re: Placement of $33,000,000
Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2014 B

Dear Sir or Madam:

This letter confirms Southwest Securities Inc. and Citigroup Global Markets Inc. agreement to act as your agent (the "Placement Agent") introducing to certain institutional investors, as prospective purchasers, for the Lease Revenue Refunding Bonds, Series 2014 B, in an aggregate principal amount of $33,000,000 (the "Bonds"). The Bonds are to be issued by Sacramento City Schools Joint Powers Financing Authority (the "Issuer"), acting by and through you and your staff, pursuant to a resolution adopted by the Issuer on November 21, 2013. The Bonds are being issued to refund the current outstanding Sacramento Unified School District Series 2001 Certificates of Participation and the 2002 Variable Rate Certificates of Participation. The Bonds will be secured by a new Facility Lease dated as of January 1, 2014. The Bonds will be non-rated.

It is understood by and between the parties hereto that the Bonds will be sold to the purchasers, each of which shall be an "accredited investor" within the meaning of Rule 501(a) or a "qualified institutional buyer" within the meaning of Rule 144A, each promulgated under the Securities Act of 1933, as amended. Each purchaser will, as a condition to the sale of Bonds to such purchaser, be required to execute and deliver to the Issuer an investment letter in the form attached here to as EXHIBIT A. As Placement Agent, we will use our best efforts to identify potential purchasers of the Bonds and introduce them to the Issuer.

In connection with the above-referenced matter, we hereby confirm our understanding with you as follows:

1. The Issuer shall not, directly or indirectly (except through the Placement Agent), sell or offer, or attempt or offer to dispose of, or solicit any offer to buy, or otherwise approach or negotiate with any person in respect of, any of the Bonds and the Issuer has not heretofore done any of the foregoing.

2. (a) The Issuer represents and warrants to the Placement Agent that all representations and warranties made by the Issuer in writing to any Purchaser will be true and correct as of the date of the initial sale of the Bonds (the "Closing Date").

(b) The Issuer hereby agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify the Bonds for offering and sale under the securities laws of such states as the Placement Agent may reasonably request and to comply with such laws so as to permit such offers and sales; provided, that in connection therewith the Issuer shall not be required to file a general consent to service of process.

3. The Issuer shall furnish to the Placement Agent an opinion of counsel for the Issuer, addressed to the Placement Agent and each Purchaser, dated the Closing Date, and in form and substance satisfactory to the Placement Agent.

4. The Placement Agent hereby covenants that upon request, it will provide the Issuer with a complete list of all persons that it has contacted regarding their interest in purchasing the Bonds, such list to be provided at such time or times as the Issuer shall reasonably request.

5. The Issuer and the Placement Agent hereby agree as follows:

(a) The Issuer agrees to and hereby does indemnify and hold harmless the Placement Agent and its directors, officers, employees and agents and each person, if any, and its directors, officers, employees and agents, who controls the Placement Agent within the meaning of the Securities Act (collectively, the "Indemnified Persons" and individually, an "Indemnified Person") against any and all losses, claims, damages, liabilities and costs (i) arising out of any statement or information contained in any offering memorandum relating to the Issuer, in writing, to the Placement Agent or to any Purchaser specifically for such purpose (collectively, the "Offering Materials") that is untrue or incorrect in any material respect or the omission therefrom of any statement or information that is necessary to make the statements therein in light of the circumstances under which they were made not misleading in any material respect, (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected without the written consent of the Indemnified Persons, and (iii) to which any Indemnified Person may become subject under the Securities Act, the Securities Exchange Act of 1934, as amended, or other federal or state statutory laws or regulations insofar as such losses, claims, damages, liabilities and costs (and any legal or other expenses incurred by the Indemnified Persons in investigating or defending the same or in giving testimony or furnishing documents in response to a request of any government agency or subpoena) that in any way relate to or in any way arise out of the activities of the Indemnified Persons contemplated by this letter agreement. Such indemnity agreement shall not, however, cover any loss, claim, damage, liability or cost of any particular Indemnified Person which is held in a final judgment of a court to have arisen out of the gross negligence, willful misconduct or bad faith of such Indemnified Person or a violation of the provisions of this letter agreement by such Indemnified Person. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have.

(b) If any claim shall be made or action brought against any of the Indemnified Persons based upon the Offering Materials for which indemnity may be sought against the Issuer, such Indemnified Persons or Person shall promptly notify the Issuer in writing setting forth the particulars of such claim or action. Failure to so notify the Issuer shall not relieve the Issuer from any liability that it may have otherwise than on account of this section. The Issuer may participate at its own expense in defense of such action. If the Issuer so elects within a reasonable time after receipt of such notice, the Issuer may assume the defense of such action with counsel chosen by it and approved by the Indemnified Persons in such action, unless any one or more of such Indemnified Persons reasonably object in writing on the ground that there may be legal defenses available to them that are different from or in addition to those available to the Issuer, in which case the Indemnified Persons shall have the right to designate and retain separate counsel (provided such counsel is reasonably satisfactory to the Issuer) in such actions and the reasonable fees and expenses of such counsel so designated and retained shall be paid by the Issuer.

(c) This indemnity agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Placement Agent or the Issuer, and regardless of the delivery of and payment for any Bonds hereunder, and shall survive the termination or cancellation of this letter agreement.

6. The Placement Agent's aggregate fee for introducing the prospective purchasers will be $2.00 per $1,000 of Bonds offered. Such fee shall be payable by the Issuer at the closing of the sale of the Bonds.

7. The Issuer acknowledges that (a) the Placement Agent is acting as a placement agent and not as a fiduciary or as a "municipal advisor" within the meaning of such terms set froth in Section 15B of the Securities Exchange Act of 1934, as amended, and (b) the engagement of the Placement Agent in connection with this offering is as an independent contractor and not in any other capacity. Furthermore, Issuer agrees that it is solely responsible for making its own judgments in connection with the offering of the Bonds irrespective of whether the Placement Agent has advised or is currently advising the Issuer on related or other matters.

8. The benefits of this letter agreement shall inure to the respective successors and assigns of the parties hereto, and the obligations and liabilities assumed in this letter agreement by the parties hereto shall be binding upon their respective successors and assigns.

9. This letter agreement and the engagement represented shall be governed by the laws of the State of California.

10. This letter agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be the same agreement.

11. The Issuer hereby agrees that the Placement Agent will be acting as the Issuer's agent in the introduction of potential purchasers of the Bonds and that the Placement Agent's responsibility in this transaction is limited to a "best efforts" basis in identifying potential purchasers of the Bonds, with no understanding, expressed or implied, of a commitment by the Placement Agent to purchase or place the Bonds.

12. If the foregoing is in accordance with your understanding, kindly confirm your acceptance and agreement by signing and returning one of the enclosed duplicates of this letter which will thereupon constitute an agreement between us.

Very truly yours,

SOUTHWEST SECURITIES INC.

By:_____
Name:
Title

CITIGROUP GLOBAL MARKETS INC.

By:_____
Name:
Title:

ACCEPTED AND AGREED TO:

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By:_____
Name:
Title:

EXHIBIT A

INVESTMENT LETTER

January __, 2014

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

Re: $33,000,000 Sacramento City Schools Joint Powers Financing Authority Lease Revenue Bonds, Series 2014 B

Ladies and Gentlemen:

In consideration of the sale to the undersigned by the **Sacramento City Schools Joint Powers Financing Authority** (the "Issuer") of the above-captioned bonds (the "Bonds"), the undersigned hereby represents, warrants, covenants and agrees as follows:

1. The undersigned is an "accredited investor" within the meaning of Rule 501(a) or a "qualified institutional buyer" within the meaning of Rule 144A ("QIB"), each promulgated under the Securities Act of 1933, as amended (the "1933 Act").

2. The undersigned is purchasing the Bonds for investment for its own account or for its loan portfolio and is not purchasing the Bonds for resale or other disposition, and the undersigned has no present intention of reselling or otherwise disposing of all or any part of the Bonds or dividing its interest therein, but the undersigned reserves the right to sell or otherwise dispose of the Bonds as it chooses. The undersigned agrees that it will not sell, transfer, assign or otherwise dispose of the Bonds (1) unless (a) it obtains from the purchaser and delivers to the Issuer an agreement similar in form and substance to this Agreement or (b) it obtains from the purchaser and delivers to the Issuer a written acknowledgment that such purchaser is a QIB and (2) except in compliance with the applicable provisions of the 1933 Act, the Securities Exchange Act of 1934, as amended (the "1934 Act"), any rules and regulations promulgated under either Act, and the applicable securities laws of any other jurisdiction, and in connection therewith, the undersigned agrees that it shall furnish to any purchaser of the Bonds all information required by applicable law.

3. The undersigned, through its agents and employees, has investigated the affairs of the Issuer and the Issuer's financial condition. The undersigned acknowledges that it has been furnished with or has been given access, without restriction or limitation, to all of the underlying documents in connection with this transaction, the Bonds, the Issuer, as well as all other information, which a reasonable, prudent and knowledgeable investor would desire in evaluating the purchase of the Bonds. The undersigned acknowledges that the Issuer and other knowledgeable parties have made available to it and its representatives the opportunity to obtain any additional information which it may desire and the opportunity to ask any questions it may

desire of and receive satisfactory answers from concerning the Issuer and the security and source of payment of the Bonds.

4. The undersigned has been informed that no Official Statement has been prepared in connection with the sale and delivery of the Bonds and understands that the Bonds are not rated.

5. In reaching the conclusion that it desires to acquire the Bonds, the undersigned has carefully evaluated all risks associated with this investment or loan and acknowledges that it is able to bear the economic risk of this investment or loan. The undersigned, by reason of its knowledge and experience in financial and business matters, is capable of evaluating the merits and risks of the investment in the Bonds. The representations in this letter shall not relieve the Issuer from any obligation to disclose any information required by the documents entered into in connection with the issuance of the Bonds or required by any applicable law.

6. This Investment Letter will constitute an agreement with respect to the matters herein contained as of the date hereof. This Investment Letter is expressly for your benefit and may not be relied upon by any other party.

Very truly yours,

[PURCHASER]

By:_____

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Standard & Poor's: "___"
Fitch: "__"
(See "MISCELLANEOUS – Ratings" herein.)
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. [Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.] See "TAX MATTERS" herein.

$95,000,000
SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2014 SERIES A

Dated: Date of Delivery **Due: March 1, as shown on the inside cover**

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The above referenced bonds (the "Bonds") are issued by the SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY (the "Authority") pursuant to a Trust Agreement, dated as of [_____ __, 20__] (the "Trust Agreement"), by and between the Authority and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee, and secured by Base Rental Payments to be made by the Sacramento City Unified School District (the "District") for the use of certain real property and improvements (the "Facilities") pursuant to a Facility Sublease, dated as of [_____ __, 20__] (the "Facility Sublease"), by and between the District, as lessee, and the Authority, as lessor. The proceeds of the Bonds will be used to (i) refinance certain outstanding indebtedness of the District, and (ii) pay the costs incurred in connection with the issuance of the Bonds.

The District has covenanted under the Facility Sublease to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments as a separate line item in its annual budgets, and to make the necessary annual appropriations for all such Rental Payments. The District's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, there is substantial interference with the District's right to use and occupy any portion of the Facilities. See "RISK FACTORS—Abatement."

[The Authority is simultaneously issuing its Sacramento City Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series B, which are on a parity with the Series A bonds described hereunder and which are being sold to WAB Investments, Inc. a wholly owned subsidiary of Western Alliance Bank. See "SERIES B BONDS."]

Principal of the Bonds is payable on March 1 in each of the years and in the amounts set forth on the inside cover of this Official Statement. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing [March] 1, 2014. Payments of principal of and interest on the Bonds will be made by the Trustee to The Depository Trust Company, New York, New York ("DTC"), for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – General" herein.

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

The Bonds are subject to redemption prior to maturity as described herein under See "THE BONDS—Redemption."

The Obligation of the District to make the Base Rental Payments does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State of California is obligated to levy or pledge any form of taxation or for which the District or the State of California has levied or pledged any form of taxation.

The Bonds will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the District and the Authority by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel; and for the District and the Authority by [_____], as District Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about _____ __, 201_.

CITIGROUP

The date of this Official Statement is: ___ __, 201_

$_____
SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2014 SERIES A

MATURITY SCHEDULE
(Base CUSIP: _____)

Maturity Date (March 1)	Principal Amount	Interest Rate	Price	CUSIP † Number

† Copyright, American Bankers Association. CUSIP numbers have been assigned by Standard & Poor's, CUSIP Service Bureau and are provided solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated above. The CUSIP numbers are subject to change after the issuance of the Bonds as a result of various subsequent actions.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Jeff Cuneo, *President*
Patrick Kennedy, *Vice President*
Darrel Woo, *Member*
Gustavo Arroyo, *Member*
Jay Hansen, *Member*
Diana Rodriguez, *Member*
Christina Pritchett, *Member*
Margarita Kovalchuk, *Student Member*

DISTRICT ADMINISTRATION

Jonathan Raymond, *Superintendent*
Ken Forrest, *Chief Business Officer*
Cathy Allen, *Associate Superintendent, Facilities Support Services*
Teresa Cummings, *Chief Accountability Officer*
Olivine Roberts, Ed.D., *Chief Academic Officer*
Gabe Ross, *Chief Communications Officer*
Koua Jacklyn Franz, *Chief of Staff*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Financial Advisor
Capitol Public Finance Group, LLC
Sacramento, California

District General Counsel
[To Come]
Sacramento, California

Trustee
Bank of New York Mellon Trust Company, N.A.
San Francisco, California

TOC WILL BE UPDATED WHEN DOCUMENT IS FINAL

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption under Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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

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

PRELIMINARY OFFICIAL STATEMENT

$95,000,000
SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2014 SERIES A

INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (the "Official Statement"), provides certain information concerning the sale and delivery of Sacramento City Schools Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2014 Series A in the aggregate initial principal amount of $95,000,000 (the "Bonds"). The Bonds are being issued by the Sacramento City Schools Joint Powers Financing Authority (the "Authority") pursuant to a Trust Agreement, dated as of [_____ __, 20__] (the "Trust Agreement"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and acknowledged by the Sacramento City Unified School District (the "District"). The Bonds are limited obligations of the Authority payable solely from certain revenues of the Authority, consisting primarily of Base Rental Payments (as defined herein) to be made by the District for the use of certain real property and improvements (the "Facilities"), as more fully described herein. The Facilities will be leased by the District from the Authority pursuant to a Facility Sublease, dated as of [_____ __, 20__] (the "Facility Sublease"), by and between the District, as lessee, and the Authority, as lessor.

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

The Authority

The Authority is created pursuant to a joint powers agreement, dated as of November __, 2013 (the "JPA Agreement"), between the District and the California Statewide Communities Development Authority. The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing and refinancing capital improvement projects for the benefit of the District.

The Authority is governed by a seven member Board of Directors. The Board of Education of the District constitutes the Board of Directors of the Authority. The Chair and Vice Chair of the Board of the Authority are the President and Vice President of the Board of Education, respectively, of the District. The Treasurer of the Authority is the Chief Business Officer of the District, and the Executive Director of the Authority is the Superintendent of the District. The Authority's powers include, but are not limited to, the power to issue bonds and to sell such bonds to public or private purchasers at a public or negotiated sale, or by private placement. The Authority is entitled to exercise the powers common to its members and necessary to accomplish the purposes for which it was formed. These powers include the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate buildings, works or improvements; to acquire, hold or dispose of property within the District; and to incur debts, liabilities or obligations.

The District

The District, located in Sacramento County, California (the "County"), is the 12th largest school district in the State of California (the "State") in terms of student enrollment. The District provides educational services to the residents in and around the City of Sacramento, the State capital. The District operates under the jurisdiction of the Superintendent of Schools of Sacramento County. See "THE BONDS – Authority for Issuance" herein. The

District's estimated average daily attendance for fiscal year 2013-14 is 39,539 and the District's 2013-14 budgeted general fund expenditures are projected at approximately $385 million.

The District currently operates 40 elementary schools (grades K-6), eight elementary/middle schools (grades K-8), seven middle schools (grades 7-8), one middle/high school (grades 7-12), seven comprehensive high schools (grades 9-12), one independent study school, four continuation/alternative schools, two adult education centers, four dependent charter schools, two special education centers and 44 children's centers which includes preschools. Nine independent charter schools also operate in the District for a total of thirteen charter schools serving kindergarten through grade 12 ("K-12") with a total estimated enrollment of 5,344 students. [As of June 30, 2013, the District employed approximately 4,143 employees which include 2,403 certificated (credentialed teaching) employees, 1,718 classified (noninstructional) employees and 22 supervisory/other personnel.]

The District is governed by a Board of Education (the "Board") consisting of seven members and one student member. The regular members are elected to staggered four-year terms every two years. Beginning in 2008, board member elections are no longer held District-wide, but instead are held among voters who reside in each of seven trustee areas.

The day-to-day operations are managed by a board-appointed Superintendent of Schools. Jonathan Raymond was appointed Superintendent on July 23, 2009 and his term commenced on August 21, 2009. Mr. Raymond previously served as chief accountability officer for Charlotte-Mecklenburg Schools in North Carolina. Mr. Raymond has announced his resignation, effective December 31, 2013. The District has not yet found a replacement. Ken Forrest began his term as the Chief Business Officer on April 1, 2013. Mr. Forrest has 35 years of experience as a financial and business officer for K-12 school districts. Mr. Forrest most recently was the Chief Business Officer ("CBO") for the Matanuska-Susitna Borough School District in Palmer, Alaska and previously worked as the CBO for the Poudre School District in Fort Collins, Colorado, the CBO for the Travis Unified School District in Fairfield, California, and served as the Chief Financial Officer for the Detroit Public Schools. Mr. Forrest has received the Government Finance Officers Association and the Association of School Business Officials Certificate of Excellence in Financial Reporting in multiple districts.

For more complete information concerning the District, including certain financial information, see "DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION" herein. The District's audited financial statements for the fiscal year ended June 30, 2012 are included as Appendix B, and should be read in their entirety.

THE BONDS

Authority for Issuance; Purpose

The Bonds are issued pursuant to the constitution and the laws of the State of California (the "State"), including the Joint Exercise of Powers Act (being Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State) (the "Act"), resolutions adopted by the Authority and the District, and the Trust Agreement to prepay all or a portion of its obligations under that certain Lease Agreement (the "2001 Lease") dated as of March 1, 2001, by and between the District and the Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and its obligations under that certain Lease Agreement (the "2002 Original Lease"), by and between the District and the Corporation, dated as of June 1, 2002, as amended by that certain First Amendment to Lease Agreement (the "2011 Lease Amendment") by and between the District and the Corporation, dated as of March 1, 2011 (the 2002 Original Lease as amended by the 2011 Lease Amendment, the "2002 Lease," and the 2002 Lease together with the 2001 Lease, the "Prior Leases," and the refinancing of all or a portion of the District's obligations under the Prior Leases hereinafter the "Project"); and (ii) pay the costs incurred in connection with the issuance of the Bonds.

Form and Registration of Bonds

The Bonds will be dated their date of delivery, and will be issued in fully registered form without coupons, in the denomination of $5,000 or any integral multiple thereof. The Bonds, when issued, will be registered in the

name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in Book-Entry form only under the Book-Entry System, in the principal amount of $5,000 or integral multiples thereof. Except in the event that use of the Book-Entry System is discontinued for the Bonds, Beneficial Owners (defined herein) will not receive physical certificates representing their ownership interests in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred or exchanged in the manner described in the Bonds and as referenced in related proceedings of the State. See "APPENDIX F: BOOK-ENTRY ONLY SYSTEM" attached hereto.

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, N.A., acting as escrow agent (the "Escrow Agent") under that certain Escrow Agreement, dated as of [_____, __ 201_]. The escrowed proceeds will be used to prepay all or a portion of its obligations under that certain Lease Agreement (the "2001 Lease") dated as of March 1, 2001, by and between the District and the Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and its obligations under that certain Lease Agreement (the "2002 Original Lease"), by and between the District and the Corporation, dated as of June 1, 2002, as amended by that certain First Amendment to Lease Agreement (the "2011 Lease Amendment") by and between the District and the Corporation, dated as of March 1, 2011 (the 2002 Original Lease as amended by the 2011 Lease Amendment, the "2002 Lease," and the 2002 Lease together with the 2001 Lease, the "Prior Leases,"). The Escrow Agent will use the prepayments under the prior leases to redeem all or a portion of the principal, interest and premium, if any, on the Sacramento City Unified School District Certificates of Participation (2001 Refunding and Capital Facilities Program) (the "2001 COPS"), and the Sacramento City Unified School District 2002 Variable Rate Certificates of Participation (2011 Remarketing) (the "2002 COPS" and together with the 2001 COPS, the "Prior Certificates"). The Prior Certificates called for redemption and which will be paid from the proceeds of the Bonds are as indicated in the following tables:

2001 COPS

Maturity	Principal Amount

2002 COPS

Maturity	Principal Amount

Payment of Principal and Interest

The Bonds will be dated the date of their delivery and bear interest at the rates set forth on the inside cover page hereof, payable on March 1 and September 1 of each year, commencing on [March 1], 2014 (each, an "Interest Payment Date"), until payment of the principal amount thereof, computed using a year of 360 days consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on [_____] 15, 2014, will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Trustee 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 Trustee 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 Trustee that such owner be paid interest by wire transfer to the bank and account number on file with the Trustee 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 Trustee as the Trustee shall designate.

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

Redemption

Optional Redemption. The Bonds maturing on or before ____ 1, 20__ are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and after _____ 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the Authority, from any source of available funds, as a whole or in part on any date, on or after _____ 1, 20__ at the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium. If less than all of the Bonds are called for redemption, the Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the Authority), and if less than all of the Bonds on any given maturity are called for redemption, the portions of the Bonds of a given maturity to be redeemed shall be determined by lot.

Mandatory Sinking Fund Redemption. The $_____ Bonds maturing on __ 1, 20__ is also subject to mandatory sinking fund redemption on _____ 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date ([_____]1)	Principal Amount to Be Redeemed

*

* Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of $5,000, by any portion of the term bond optionally redeemed prior to the mandatory sinking fund redemption date.

Extraordinary Redemption from Eminent Domain or Insurance Proceeds. The Authority may, with the permission of the District and under the terms of the Facility Sublease, elect not to repair a destroyed or damaged portion of the Facility, and in that event, if the proceeds of insurance together with any other moneys then available for the purpose (including federal or state disaster relief) are at least sufficient to redeem the aggregate principal amount of outstanding Bonds equal to the amount of Bonds attributable to the portion of the Facility so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facility bears to the total cost of the Facility), the Authority shall cause said proceeds to be used for the redemption of that portion of the outstanding Bonds at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest thereon to the redemption date, without premium.

The Authority shall cause the entire award in eminent domain to be used for the redemption of Outstanding Bonds at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest thereon to the redemption date, without premium.

Notice of Redemption. Notice of redemption of any Bonds shall be given by the Trustee upon the written request of the Authority given to the Trustee not less than thirty (30) days prior to the redemption date. Notice of any redemption of Bonds shall be mailed postage prepaid, not less than twenty (20) nor more than sixty (60) 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 2.06 hereof, 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 Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price, if available; (v) (if less than all of the Bonds are to be redeemed) the distinctive numbers of the Bonds to be redeemed;

(vi) (in the case of Bonds redeemed in part only) the respective portions of the principal amount of the Bonds to be redeemed; (vii) the CUSIP number, if any, of the Bonds to be redeemed; (viii) a statement that such Bonds must be surrendered by the Owners at the place designated by the Trustee for the purpose; and (ix) notice that further interest on such Bonds will not accrue.

Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers provided therein or on the Bonds.

Effect of Notice. A certificate of the Trustee that notice of call and redemption has been given to Owners and as may be further required in the Continuing Disclosure Certificate as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Bond or any other party 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 Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose, the 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 Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if applicable, only to the funds set aside for such purpose. All Bonds redeemed shall be cancelled forthwith by the Trustee and shall not be reissued.

Right to Rescind Notice. The Authority may rescind any redemption and notice thereof on any date prior to the date fixed for redemption by directing the Trustee in writing to give written notice of the rescission to the Owners of the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

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.

Selection of Bonds for Redemption. The Authority shall designate which maturities of Bonds are to be redeemed. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

[SERIES B BONDS]

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are secured by the Revenues, which consist of (i) rental payments (the "Base Rental Payments") to be made by the District out of its general fund under the Facility Sublease [and (ii) interest earnings on funds held under the Trust Agreement]. Pursuant to the Facility Sublease, the Authority leases the Facilities to the District. As rental for the use and occupancy of the Facilities, the District covenants to pay Base Rental Payments to the Authority, which payments are pledged to the Trustee for the benefit of the Owners of the Bonds. The Base Rental Payments, which are subject to abatement, are calculated to generate sufficient Revenues to pay principal of and interest on the Bonds when due. [FIX DEFINED TERMS]

The Base Rental Payments made under the Facilities Sublease will be used by the Trustee to make payments on the Bonds and certain parity general obligation bonds that will be issued simultaneously with the Bonds and directly placed with [PURCHASER] (the "Direct Placement Bonds"). The Direct Placement Bonds will be issued in an aggregate principal amount of $_____ on the terms, maturing in the amounts and on the dates as set forth below. See "—Direct Placement Bonds" herein. [A more substantive description of the Direct Placement Bonds to come.]

The District has covenanted in the Facility Sublease to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. On [_____] 15, 2014 and on each [_____] 15 and [_____] 15 thereafter, the District must pay to the Trustee Base Rental Payments (to the extent required under the Facility Sublease) which are scheduled to be sufficient to pay, when due, interest on the Bonds, and provide for a deposit to the Principal Account according the schedule set forth below under the heading "Schedule of Interest Payments and Principal Account Deposits." Base Rental Payments are not subject to acceleration.

Under the Facility Sublease, the District agrees to pay Additional Payments for the payment of all expenses and all costs of the Authority and the Trustee related to the lease of the Facilities, including expenses of the Trustee payable by the Authority under the Trust Agreement, and fees of accountants, attorneys and consultants. The District is responsible for repair and maintenance of the Facilities during the term of the Facility Sublease.

The Base Rental Payments will be abated proportionately during any period in which by reason of any damage to or destruction of the Facilities, there is substantial interference with the use and occupancy of the Facilities by the District, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. During any such period of abatement, except to the extent that amounts held by the Trustee in the Revenue Fund are otherwise available to pay the Bonds, Base Rental Payments from the District will not be available to pay the Bonds. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facility Sublease will continue in full force and effect and the District waives any right to terminate the Facility Sublease by virtue of any such damage or destruction.

If the whole of the Facilities or so much thereof as to render the remainder unusable, is taken under power of eminent domain, the term of the Facility Sublease will cease as of the day possession is so taken. If less than the whole of the Facilities is taken by eminent domain, there will be a partial abatement of the rental due under the Facility Sublease in an amount equivalent to the amount by which the payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. The Authority will cause the entire award in eminent domain to be used for the redemption of Outstanding Bonds at a redemption price equal to the principal amount of the Bonds called for redemption.

If the District defaults under the Facility Sublease, the Authority may (i) terminate the Facility Sublease and take possession of the Facilities for the term of the Facility Lease or (ii) retain the Facility Sublease and seek to hold the District liable for all Base Rental Payments and Additional Payments thereunder (without acceleration) as they become due. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS–FACILITY SUBLEASE–Defaults and Remedies." Base Rental Payments and Additional Payments may not be accelerated. See "CERTAIN RISK FACTORS."

DIRECT PLACEMENT BONDS [TO COME]

Reserve Fund

[Upon issuance of the bonds, the District will deposit an amount equal to the Reserve Fund Requirement of approximately $_____ calculated at the maximum annual debt service on the outstanding Bonds. Pursuant to the terms of the Trust Agreement, the District may satisfy the Reserve Fund Requirement with respect to the Bonds at any time by depositing with the Trustee a surety bond issued by a company licensed to issue an insurance policy guaranteeing the timely payment of the principal of and interest on the Bonds (a "municipal bond insurer") if such municipal bond insurer is rated a rating in one of the two highest rating categories by at least one of the rating agencies. If at any time during the period the Reserve Fund Requirement is funded with a Reserve Fund Surety, and the rating of the provider of such Reserve Fund Surety is reduced or withdrawn so that it no longer meets the above-described rating test, the District is under no obligation under the terms of the Trust Agreement to replace such Reserve Fund Surety, or to deposit into the Reserve Fund cash sufficient to provide that there will be on deposit in the Reserve Fund an amount equal to the Reserve Fund Requirement.]

Liquidity Reserve Account

[The District has also deposited $_____ in cash into the Liquidity Reserve Fund established under the Trust Agreement. If three days prior to any interest or principal payment date there is a deficiency in the interest or principal account, the Trustee is irrevocably instructed to draw money from the Liquidity Reserve Account and transfer it to the interest or principal accounts in such amounts as may be necessary to eliminate such deficiency. The Trustee is further irrevocably instructed to deplete the Liquidity Reserve Fund in its entirety before drawing on the amounts or sureties in the Reserve Fund. The District is under no obligation under the terms of the Trust Agreement to replenish the Liquidity Reserve Account should the Trustee draw on such account.]

Base Rental Payments

The Base Rental Payments due on [_____] 15 and [_____] 15 of each year are for the use of the Facility for the year ending on the immediately succeeding May 31.

The obligation of the District to make Base Rental Payments is an obligation payable from amounts the general fund of the District, and does not constitute a debt of the District, the Authority or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction or an obligation for which the District must levy or pledge, or has levied or pledged, any form of taxation.

Additional Payments

The District will also pay such amounts (herein called the "Additional Payments") as required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Sublease and the Trust Agreement, in connection with its interest in the Facility and the sublease of the Facility to the District, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Facility including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest, if any, on the Bonds.

Such Additional Payments will be billed to the District by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facility will be included in the Additional Payments.

Covenant to Appropriate Funds

The District covenants under the Facility Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Facility Sublease as a separate line item in its annual budgets and to make the necessary annual appropriations therefor from its general fund.

Abatement

Base Rental Payments are paid by the District in each Rental Period for the District's right to use and occupy the Facilities for such Rental Period. The obligation of the District to pay Base Rental Payments will be abated during any period in which by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, there is substantial interference with the District's right to use and occupy any portion of the Facilities. The amount of such abatement will be agreed upon by the District and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Facilities available for use and occupancy by the District during such Rental Period. Such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage or destruction of the Facilities, ending with the substantial completion of the work of repair or replacement of the Facilities, or the portion thereof so damaged or destroyed, and the term of the Facility Sublease will be extended as provided in the Facility Sublease, except that the term will in no event be extended more than ten years beyond the Termination Date. For information regarding rental interruption insurance, see "— Insurance" below.

The Authority cannot terminate the Facility Sublease solely on the basis of such substantial interference. Abatement of Base Rental Payments is not an event of default under the Facility Sublease and does not permit the Authority to take any action or avail itself of any remedy against the District. For a description of abatement resulting from condemnation of all or part of the Facilities, see "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—FACILITY SUBLEASE—Rent Payments; —Rent Abatement."

Insurance

The Facility Sublease requires the District to maintain or cause to be maintained, throughout the term of the Facility Sublease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost as determined by the District. Such extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $100,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter described, will cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, to at least the same condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee will hold such proceeds in the Insurance and Condemnation Fund and will permit withdrawals upon written request for such purposes. Any balance of said proceeds not required for such repair, reconstruction or replacement will be treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of such insurance together with any other moneys then available for such purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Base Rental attributable to the portion of the Facilities so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facilities bears to the cost of the Facilities), the Authority, with the written consent of the District, may elect not to repair, reconstruct or

replace the damaged or destroyed portion of the Facilities and thereupon will cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the District covenant to promptly apply for federal or State disaster aid in the event that the Facilities are damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the District and the Authority, to redeem Outstanding Bonds if such use of such disaster aid is permitted.

As an alternative to providing the fire and extended coverage insurance, or any portion thereof, required by the Facility Sublease, the District may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection will afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the District. So long as such method or plan is being provided to satisfy the requirements of the Facility Sublease, there will be filed with the Trustee a statement of an actuary, insurance consultant or other qualified person (which may be the Risk Manager of the District), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facility Sublease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a certificate of the District setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the District under the Facility Sublease will be limited to the amounts in the self-insurance reserve fund or funds created under such method.

The Facility Sublease requires the District to maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the fire and extended coverage insurance required by the Facility Sublease described in the preceding paragraphs (provided that earthquake insurance will be required only if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the District), in an amount sufficient to pay the part of the total rent attributable to the portion of the Facilities rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facilities) for a period of at least two years, except that such insurance may be subject to a deductible clause of not to exceed $250,000 (or comparable amount adjusted for inflation or more in the case of earthquake coverage). Any proceeds of such insurance will be used by the Trustee to reimburse to the District any rental theretofore paid by the District under the Facility Sublease attributable to such structure for a period of time during which the payment of rental under the Facility Sublease is abated, and any proceeds of such insurance not so used will be applied to pay Base Rental Payments and Additional Payments.

The District is required under the Facility Sublease to purchase commercial insurance to cover damage due to earthquake if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the District. See "CERTAIN RISK FACTORS–Absence of Earthquake and Flood Insurance."

The District is also required to obtain certain liability insurance coverage in protection of the Authority and the Trustee.

Accumulation of Base Rental Payments in the Interest Account and the Principal Account

The Trust Agreement requires that Base Rental Payments be deposited in the Revenue Fund maintained by the Trustee. In accordance with the Trust Agreement, the Trustee will transfer such amounts as are necessary to the Interest Account or the Principal Account, as the case may be, to pay principal of and interest on the Bonds as the same become due and payable. On or before each [____] 1 and [_____] 1, commencing [_____] 1, 2014, the Trustee will set aside from the Revenue Fund and deposit in the Interest Account the amount of interest coming due on the Bonds on that date, as shown on the Schedule of Interest Payments and Principal Account Deposits below. The Trustee will invest money in the Interest Account in Investment Securities as directed by the Authority. All funds in the Interest Account are pledged, and will be applied by the Trustee, to the payment of interest on the Bonds. On or before each [_____] 1, commencing [_____] 1, 201_, the Trustee will set aside from the Revenue Fund and deposit in the Principal Account the amount of money shown on the Schedule of Interest Payments and Principal Account Deposits below. The Trustee will invest money in the Principal Account, as permitted by the Tax

Credit Program, in Investment Securities pursuant to the Written Request of the Authority. All funds in the Principal Account are pledged, and will be applied by the Trustee, to the payment of the principal of the Bonds at their maturity. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS–TRUST AGREEMENT–Establishment and Maintenance of Accounts for Use of Money in Revenue Fund."

Schedule of Semi-Annual Payments

Date	Principal	Interest Payment	Total Debt Service

Substitution or Release

The District and the Authority may, with the prior written consent of the Bond Insurer, if any, substitute real property in place of the Facility for purposes of the Facility Lease and Facility Sublease. The District and the Authority shall confirm that the release will not cause a reduction or withdrawal in the rating assigned to the Bonds by each rating agency then providing a rating for the Bonds, and shall have filed evidence of such confirmation in writing with the Trustee, along with copies of the following:

(a) Executed copies of the Facility Sublease or amendments thereto and the Facility Lease or amendments thereto containing the amended description of the Facility, including the Demised Premises, including the legal description of the Demised Premises as modified if necessary.

(b) A Certificate of the District with copies of the Facility Sublease and the Facility Lease, if needed, or amendments thereto containing the amended description of the Facility stating that such documents have been duly recorded in the official records of the County Recorder of the County of Sacramento.

(c) A Certificate of the District, that may include an appraisal performed by an independent appraiser, evidencing that (i) the annual fair rental value of the Facility which will constitute the Facility after such substitution will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending May 31 or in any subsequent year ending May 31, (ii) that the insured or replacement value of the Facility which will constitute the Facility after such substitution will be equal to or greater than the amount of Outstanding Bonds, (iii) that the useful life of the Facility which will constitute the Facility after such substitution will equal to or greater than the last maturity of the Bonds; and (iv) that the Facility which is constitute the Facility after such substitution is essential to the operations of the District.

(d) A Certificate of the District stating that, based upon review of such instruments, certificates or any other matters described in such Certificate of the District, the District has good merchantable title to the Facility which will constitute the Facility after such substitution. The term "Good Merchantable Title" shall mean such title as is satisfactory and sufficient for the needs and operations of the District.

(e) A Certificate of the District stating that such substitution does not adversely affect the District's use and occupancy of the Facility, [and that the substituted facility is essential to the District][discuss bond insurer as stand-in].

(f) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Trust Agreement; (ii) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the District; and (iv) will not cause interest payable in respect of the Bonds, if any, to be included in gross income for California state income tax purposes.

(g) The District and the Authority may, with the prior written consent of the Bond Insurer, if any, release real property from the Facility Lease and this Sublease, but only after the District shall have made a reasonable attempt to confirm that the release will not cause a reduction or withdrawal in the rating agency's rating and shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following

(1) Executed copies of the Facility Lease and this Sublease or amendments thereto containing the amended description of the Project and the Demised Premises.

(2) A Certificate of the District with copies of the Facility Lease and this Sublease, if needed, or amendments thereto containing the amended description of the Project and the Demised Premises stating that such documents shall be duly recorded in the official records of the County Recorder of the County.

(3) A Certificate of the District that the annual fair rental value of the Project and the Demised Premises which will constitute the Project and the Demised Premises after such release (which may be based on the construction or acquisition cost, replacement cost or insured value of such facility to the District) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending July 15 or in any subsequent year ending July 15 and which shall be no less than the debt service coming due on the Bonds then Outstanding under the Trust Agreement in the then current year or in each subsequent year.

(4) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and this Lease; (ii) complies with the terms of the Constitution and laws of the State and of this Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the District in accordance with its terms; and (iv) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

There is no requirement that any substitute Facilities be of the same or a similar nature or function as the then existing Facilities.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are shown below.

SOURCES

Principal Amount of Bonds	
Available Funds on Hand	
Less Original Issue Premium/Discount	
Total Sources	

USES

Escrow Fund	
Costs of Issuance Fund[(1)]	
Underwriter's Discount	
Total Uses	

[(1)] Includes legal, rating agency, financial advisory, sale and printing fees and other miscellaneous costs of issuance.

BASE RENTAL PAYMENT SCHEDULE

The Facility Sublease requires the following Base Rental Payments be made on or before each date set forth below. The amounts payable under the immediately preceding sentence on any given date will be reduced by the amount of the balance of the Revenue Fund on such given date. This Base Rental Payment Schedule shall apply unless and until there is a default in the payment of Base Rental. In that event, the District shall prepare an extended rent payment schedule pursuant to Section 3.01 of the Facility Sublease.

Date	Interest Payment	Principal Account Deposit	Base Rental Payment

DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION

The following information describes the combined operations of the District, its assessed value, and property tax information for the District.

Introduction

The District, located in Sacramento County, California (the "County"), is the 12th largest school district in the State of California (the "State") in terms of 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 Sacramento County, although the District has attained "fiscal accountability" status under the State Education Code. See "THE BONDS – Authority for Issuance" herein. The District's estimated average daily attendance for fiscal year 2013-14 is 39,539.

The District currently operates 40 elementary schools (grades K-6), eight elementary/middle schools (grades K 8), seven middle schools (grades 7-8), one middle/high school (grades 7-12), seven comprehensive high schools (grades 9-12), one independent study school, four continuation/alternative schools, two adult education centers, four dependent charter schools, two special education centers and 44 children's centers which includes preschools. Nine independent charter schools also operate in the District for a total of thirteen charter schools serving kindergarten through grade 12 ("K-12") with a total estimated enrollment of 5,344 students. As of June 30, 2012, the District employed approximately 4,143 employees which include 2,403 certificated (credentialed teaching) employees, 1,718 classified (noninstructional) employees and 22 supervisory/other personnel.

In its Budget for fiscal year 2013-14 (the "Budget"), the District has projected general fund expenditures of approximately $385 million. Total assessed valuation of taxable property in the District in Fiscal Year 2013-14 is approximately $26.3 billion.

The District is governed by a Board of Education (the "Board") consisting of seven members and one student member. The regular members are elected to staggered four-year terms every two years. Beginning in 2008, board member elections are no longer held District-wide, but instead are held among voters who reside in each of seven trustee areas.

The day-to-day operations are managed by a board-appointed Superintendent of Schools. Jonathan Raymond was appointed Superintendent on July 23, 2009 and his term commenced on August 21, 2009. Mr. Raymond previously served as chief accountability officer for Charlotte-Mecklenburg Schools in North Carolina. Mr. Raymond has announced his resignation, effective December 31, 2013. The District has not yet found a replacement. Ken Forrest began his term as the Chief Business Officer on April 1, 2013. Mr. Forrest has 35 years of experience as a financial and business officer for K-12 school districts. Mr. Forrest most recently was the Chief Business Officer ("CBO") for the Matanuska-Susitna Borough School District in Palmer, Alaska and previously worked as the CBO for the Poudre School District in Fort Collins, Colorado, the CBO for the Travis Unified School District in Fairfield, California, and served as the Chief Financial Officer for the Detroit Public Schools. Mr. Forrest has received the Government Finance Officers Association and the Association of School Business Officials Certificate of Excellence in Financial Reporting in multiple districts.

The District is a "revenue limit district." Local property tax revenues account for approximately 26% of the District's aggregate revenue limit income, and are projected to be approximately $57.4 million, or approximately 15% of total general fund revenue in fiscal year 2013-14.

State Funding of Education; State Budget Process

General. As is true for all school districts in the State, the District's operating income consists primarily of two components: a State portion funded from the State's general fund and a locally-generated portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. Because the District's legal minimum funding level is not expected to be met from local property taxes alone, the District

budgeted receipt of general operating funds from the State in fiscal year 2013-14. The District projects receipt of about [$223.4] million in revenue limit funding from the State in fiscal year 2013-14. The District also projects receipt of approximately $226.0 million in State categorical funding in fiscal year 2013-14. Total State funding accounts for about [29.6%] of the District's overall revenues. As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

State funding is guaranteed to a minimum level for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. The funding guarantee is known as "Proposition 98", a constitutional and statutory initiative amendment adopted by the State's voters in 1988, and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution).

Recent years have seen frequent reductions or lower collections than predicted in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is at the heart of annual budget negotiations and adjustments.

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under a constitutional amendment initiative approved by the State's voters on November 2, 2010 as "Proposition 25," a final budget must be adopted by a majority vote (rather than a two-third majority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the 2013-14 Budget on June 27, 2013.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website www.sco.ca.gov. Neither the District nor the Underwriters take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount is expected to increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the

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

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent, and others, sued the State or Governor in 1995, 2005, and 2009, to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring the year-end apportionment from June 30 to July 2; by suspending Proposition 98, and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

2013-14 State Budget. The Governor signed the fiscal year 2013-14 State budget (the "2013-14 State Budget") on June 27, 2013. The 2013-14 State Budget represents a multiyear plan that maintains a $1.1 billion reserve and pays down certain budgetary debt. The 2013-14 State Budget provides for $97.1 billion in revenues and transfers for fiscal year 2013-14 (down slightly from the $98.2 billion estimated for fiscal year 2012-13), and $96.3 billion in total expenditures for fiscal year 2013-14 (up slightly from the $95.7 billion estimates for fiscal year 2012-13). However, unlike recent years, the State enters fiscal year 2013-14 with a positive prior year general fund balance, approximately $872 million, as compared to a negative general fund balance of $1.7 billion at the start of fiscal year 2012-13. The 2013-14 State Budget, accordingly, is able to set aside a $1.1 billion reserve in a special fund for economic uncertainties.

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 (the "Temporary Tax Measure"), the 2013-14 State Budget reinvests in, rather than cuts, education funding. The Temporary Tax Measure increased the personal income tax rates on the State's highest income taxpayers by up to three percent for a period of seven years beginning with the 2012 tax year, and increased the sales tax by one-quarter percent for a period of four years beginning on January 1, 2013.

For kindergarten through twelfth grade ("K-12") education, the 2013-14 State Budget provides $55.3 billion (or $8,220 per student) in Proposition 98 funding in fiscal year 2013-14, which is slightly lower than the $56.5 billion estimated in fiscal year 2012-13 but an increase of more than $8 billion (or $1,045 per student) from fiscal year 2011-12 levels. The 2013-14 State Budget projects $67.1 billion (or $10,010 per student) in Proposition 98 funding in fiscal year 2016-17. Total funding under the 2013-14 State Budget for all K-12 education in fiscal year 2013-14 is approximately $70 billion.

The 2013-14 State Budget also contains a new formula for funding the school finance system (the "Local Control Funding Formula"). The Local Control Funding Formula is designed to increase local control and flexibility, reduce State bureaucracy and better allocate resources based on student needs. The Local Control

Funding Formula would replace the existing revenue limit funding system and most categorical programs. See "– *Local Control Funding Formula*" herein for more information.

Certain budget adjustments for K-12 programs include the following:

- Local Control Funding Formula. An increase of $2.1 billion in Proposition 98 general funds for school districts and charter schools, and $32 million in Proposition 98 general funds for county offices of education, to support first-year funding provided through the Local Control Funding Formula.

- Common Core Implementation. An increase of $1.25 billion in one-time Proposition 98 general funds to support the implementation of the Common Core, which are new standards for evaluating student achievement in English-language arts and mathematics. Such funding will be distributed to local education agencies on the basis of enrollment to support necessary investments in professional development, instructional materials and technology. Local education agencies will be required to develop a plan to spend this money over the next two years and to hold a public hearing on such plan.

- Career Technical Education Pathways Grant Program. An increase of $250 million in Proposition 98 general funds for one-time competitive capacity-building grants for K-12 school districts and community colleges to support programs focused on work-based learning. K-12 schools and community colleges must obtain funding commitments from program partners to support ongoing program costs.

- K-12 Mandates Block Grant. An increase of $50 million in Proposition 98 general funds to reflect the inclusion of the Graduation Requirements mandate within the block grant program. This increase will be distributed to school districts, county offices of education and charter schools with enrollment in grades 9-12.

- K-12 Deferrals. An increase of $1.6 billion in Proposition 98 general funds in fiscal year 2012-13 and an increase of $242.3 million in Proposition 98 general funds in fiscal year 2013-14 for the repayment of inter-year budgetary deferrals. When combined, total funding over such two-year will reduce K-12 inter-year deferrals to $5.6 billion by the end of fiscal year 2013-14.

- 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:

- 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 cost-of-living, is as follows: $6,845 for grades K-3, $6,947 for grades 4-6, $7,154 for grades 7-8 and $8,289 for grades 9-12 (the "Target Base Grant"). This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 22.5% of a local education agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local education agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the Local Control Funding Formula. Upon full implementation, local education agencies would receive the greater of the Target Base Grant or the ERT.

Of the projected $25 billion in new funding to be invested through the Local Control Funding Formula over the next eight years, the vast majority of new funding will be provided for Base Grants. Specifically, of every dollar invested through the Local Control Funding Formula, 84 cents will go to Base Grants, 10 cents will go to supplemental grants and 6 cents will go to concentration grants.

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

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.

The State Legislature enacted similar legislation for fiscal year 2012-13 that provided for $1.2 billion of K-12 payments to be deferred in July 2012, $600 million to be deferred in August 2012, $800 million to be deferred in October 2012 and $900 million to be deferred in March 2013. Of such deferred amounts, $700 million of the deferral made in July 2012 [was] paid in September 2012, the remaining $1.9 billion deferred in July, August and October of 2012 was paid in January 2013, and the $900 million deferred in March 2013 [was] repaid in April 2013. The District is authorized to borrow temporary funds to cover its annual cash flow deficits and, as a result of this or similar future legislation, the District might find it necessary to utilize cash flow borrowings or increase the size or frequency of its cash flow borrowings in fiscal year 2012-13 and in future years. In future fiscal years, if the District finds that its other funds are insufficient to cover any cash flow deficits, the District is authorized to borrow funds from the County.

The District cannot predict when, if, and to what extent the State may defer some or all of those payments due to school districts during the 2013-14 fiscal year.

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 such actions will have on State revenues available in the current or future years for K-12 education. The State budget will be affected by national and State economic conditions and other factors over which the District cannot predict and will have no control. State budget shortfalls or changes in funding for education could have a material adverse financial impact on the District.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved. 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:

- 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;

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

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

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

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

Allocation of State Funding to School Districts.

As part of the 2013-14 State Budget, the formula for determining the level of funding per student changed to the "revenue limit" formula to the "Local Control Funding Formula" discussed above. The California Department of Education has not yet provided an update to the Standardized Accounting Code Structure (which all school districts in California use to account for their funds), nor has the California Department of Education begun to fund California schools pursuant to the new formula. As such, the budgetary information presented herein remains in "revenue limit" form. The California Department of Education has indicated it will begin to fund California schools pursuant to the Local Control Funding Formula on or around July 2, 2014 and the District expects to be able to present its financial information in a format that reflects the new formula on or about that date.

Under Education Code Section 42238 and following, prior to fiscal year 2013-14 each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance ("A.D.A."). The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

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

Enrollment

District enrollment decreased by __% over the past 15 years. The following table shows a 15-year history of enrollment for the District based on the [October CBEDS count] in each school year.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
K-12 Student Enrollment
Fiscal 1998-99 through 2012-13

Sacramento City Unified School District

Year	Enrollment	Annual Change	Annual % Change
1998-99			
1999-2000			
2000-01			
2001-02			
2002-03			
2003-04			
2004-05			
2005-06			
2006-07			
2007-08			
2008-09			
2009-10			
2010-11			
2011-12			
2012-13			

Source: Sacramento City Unified School District, based on October CBEDS.

The following tables show the District's A.D.A. and the revenue limit per A.D.A. for the most recent 15 years. The District's attendance rate in 2012-13 was 86.2%.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Average Daily Attendance and Base Revenue Limit
Fiscal Years 1998-99 through 2012-13

Fiscal Year	Average Daily Attendance [1]	Annual Change in A.D.A.	Revenue Limit per A.D.A
1999-2000	50,223	-	
2000-01	51,253	1,030	
2001-02	52,530	1,277	
2002-03	51,948	(582)	
2003-04	48,181	(3,767)	
2004-05	46,539	(1,642)	
2005-06	45,198	(1,341)	
2006-07	44,230	(968)	
2007-08	44,024	(206)	
2008-09	41,758	(2,266)	
2009-10	41,653	(105)	
2010-11	41,347	(306)	
2011-12	41,131	(216)	
2012-13	40,638	(493)	
2013-14[2]	39,539	(1,099)	

Note: All amounts are rounded to the nearest whole number.
(1) Average daily attendance for the second period of attendance, typically in mid-April of each school year.
(2) Budgeted as of September 19, 2013 Adoption of Unaudited Actuals

Source: Sacramento City Unified School District 2013-14 budget.

In its fiscal year 2013-14 budget, the District projects that it will receive approximately $223.4 million in aggregate revenue limit income in fiscal year 2013-14, or approximately 58.6% of its general fund revenues. This amount represents an increase of 1.0% from the $220.4 million that the District received in fiscal year 2012-13. State funds for special programs are budgeted to be $226.0 for fiscal year 2013-14. This amount includes a small portion from State Lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property or the construction of facilities. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue was $8,092,634 in fiscal year 2012-13 and is budgeted at approximately $6,777,482 for fiscal year 2013-14.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State aid, and receives only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts are known as "basic aid districts." Districts that receive some State aid are commonly referred to as "revenue limit districts."

The District is not a "basic aid district." Local property tax revenues account for approximately 26% of the District's aggregate revenue limit income, and are budgeted to be $57.4 million, or approximately 15% of total

projected general fund revenue in fiscal year 2012-13. For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" below.

Local Property Taxation

General. Taxable property located in the District has a 2013-14 assessed value of $26.3 billion. Taxable property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. State law also exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling provided that the owner files for such exemption. This exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

The assessment of all property and levy and collection of local property taxes is required to be performed for the District by the County. District property taxes are assessed and collected by the County at the same time and on the same rolls as county, special district, and city property taxes. The valuation of secured property and a statutory tax lien is established as of January 1 and is subsequently equalized in August of each year. The resulting secured property tax is payable in two equal installments due November 1 and February 1, and payments become delinquent on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold) are due on August 31 of each year. Taxes on unsecured property are levied at the preceding fiscal year's tax rate and become delinquent on October 31.

Future assessed valuation growth allowed under Article XIIIA (as a result of new construction, certain changes of ownership, and increases in the cost of living of up to 2% per year) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in an agency tax base is affected by the existence or establishment of redevelopment agencies which, under certain circumstances, may be entitled to such revenues.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property, business inventories, boats and airplanes. Unsecured property is assessed on the "unsecured roll."

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

Assessed Valuation of Property Within District. Shown in the following table are the assessed valuations of property in the District for fiscal years 2008-09 through 2013-14.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 2004–05 through 2009–10

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2008-09	26,664,260,222	6,526,133	1,369,019,604	28,039,805,959	-
2009-10	25,300,012,709	6,515,367	2,436,477,398	26,743,005,474	(4.62)
2010-11	24,998,615,578	6,555,142	1,379,440,206	26,384,610,926	(1.34)
2011-12	24,360,833,460	6,602,390	1,381,399,468	25,748,835,318	(2.41)
2012-13	24,081,405,373	7,130,520	1,312,707,722	25,401,243,615	(1.35)
2013-14	25,064,499,161	6,354,537	1,240,891,839	26,311,745,537	3.58

Source: California Municipal Statistics, Inc.

Largest Taxpayers in District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the 2013-14 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Twenty Largest
Fiscal Year 2013-14 Local Secured Taxpayers

	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
4.	300 Capitol Associates NF LP	Office Building	109,000,000	0.43
5.	CIM & 980 9th Street Sacramento LP	Office Building	98,534,014	0.39
6.	HP Hood LLC	Commercial	79,814,336	0.32
7.	500 Capitol Mall LLC	Office Building	79,118,795	0.32
8.	Capitol Regency LLC	Hotel	73,991,716	0.30
9.	CIM & J Street Hotel Sacramento LP	Hotel	73,882,043	0.29
10.	GPT Properties Trust	Office Building	71,734,523	0.29
11.	Procter & Gamble Manufacturing Co.	Industrial	70,045,023	0.28
12.	Hines VAF II Sacramento Properties LP	Office Building	69,272,251	0.28
13.	1325 J Street LLC	Office Building	67,973,741	0.27
14.	M&H Realty Partners VI LP	Undeveloped	65,489,655	0.26
15.	AREF Sacramento LP	Office Building	61,852,000	0.25
16.	Sacramento Equities REIT	Office Building	61,000,000	0.24
17.	1415 Meridian Plaza LLC / Valley View Investments	Office Building	59,039,864	0.24
18.	John A. Forster	Office Building	58,477,553	0.23
19.	McClatchy Newspapers	Newspaper	57,430,703	0.23
20.	Hines REIT 1515 S. Street LP	Office Building	53,542,952	0.21
			$1,672,448,064	6.67%

(1) 2013-14 Local Secured Assessed Valuation: $25,064,499,161

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District on the fiscal year 2013-14 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2013-14

Assessed Valuation and Parcels by Land Use

Non-Residential:	2013-14 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 9,193,791	0.04%	18	0.02%
Commercial	5,559,694,584	22.18	3,589	3.51
Vacant Commercial	101,540,657	0.41	513	0.50
Industrial	1,370,247,161	5.47	1,279	1.25
Vacant Industrial	50,012,546	0.20	264	0.26
Recreational	51,683,827	0.21	90	0.09
Government/Social/Institutional	197,790,656	0.79	315	0.31
Miscellaneous	1,567,257	0.01	299	0.29
Subtotal Non-Residential	$7,341,730,479	29.29%	6,367	6.22%
Residential:				
Single Family Residence	$13,952,898,603	55.67%	83,071	81.21%
Condominium/Townhouse	248,884,577	0.99	1,798	1.76
Mobile Home	35,290,762	0.14	1,659	1.62
Mobile Home Park	35,866,745	0.14	33	0.03
2-4 Residential Units	1,191,470,187	4.75	6,439	6.29
5+ Residential Units/Apartments	1,686,109,291	6.73	1,515	1.48
Hotel/Motel	409,661,914	1.63	54	0.05
Miscellaneous Residential	43,113,651	0.17	119	0.12
Vacant Residential	119,472,952	0.48	1,239	1.21
Subtotal Residential	$17,722,768,682	70.71%	95,927	93.78%
Total	$25,064,499,161	100.00%	102,294	100.00%

[(1)] Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows the assessed valuation of single family homes located in the District for fiscal year 2013-14.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Per Parcel 2013-14 Assessed Valuation of Single Family Homes

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	83,071	$13,952,898,603	$167,641	$131,933

2013-14 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	943	1.135%	1.135%	$ 16,211,801	0.116%	0.116%
$25,000 - $49,999	7,201	8.668	9.804	285,505,145	2.046	2.162
$50,000 - $74,999	9,927	11.950	21.754	626,382,686	4.489	6.652
$75,000 - $99,999	10,894	13.114	34.868	950,626,662	6.813	13.465
$100,000 - $124,999	9,886	11.901	46.768	1,110,634,065	7.960	21.425
$125,000 - $149,999	8,733	10.513	57.281	1,197,827,629	8.585	30.009
$150,000 - $174,999	7,153	8.611	65.892	1,158,123,664	8.300	38.310
$175,000 - $199,999	5,738	6.907	72.799	1,072,204,396	7.684	45.994
$200,000 - $224,999	4,212	5.070	77.870	892,339,315	6.395	52.390
$225,000 - $249,999	3,196	3.847	81.717	757,221,502	5.427	57.816
$250,000 - $274,999	2,532	3.048	84.765	663,274,333	4.754	62.570
$275,000 - $299,999	2,125	2.558	87.323	609,609,902	4.369	66.939
$300,000 - $324,999	1,743	2.098	89.421	544,841,734	3.905	70.844
$325,000 - $349,999	1,556	1.873	91.294	523,955,497	3.755	74.599
$350,000 - $374,999	1,374	1.654	92.948	497,506,147	3.566	78.165
$375,000 - $399,999	1,112	1.339	94.287	430,292,362	3.084	81.249
$400,000 - $424,999	895	1.077	95.364	368,630,531	2.642	83.891
$425,000 - $449,999	664	0.799	96.164	290,080,516	2.079	85.970
$450,000 - $474,999	510	0.614	96.777	235,769,540	1.690	87.659
$475,000 - $499,999	417	0.502	97.279	203,191,614	1.456	89.116
$500,000 and greater	2,260	2.721	100.000	1,518,669,562	10.884	100.000
Total	83,071	100.000%		$13,952,898,603	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Tax Rate

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness. Significant changes in assessed value of taxable property in the district could affect the tax rate levied on taxpayers. See, "– Assessed Valuation of Property Within the District – *Risk of Decline in Property Values"* in this section, above.

One factor in the ability of taxpayers to pay additional taxes for school bonds is the cumulative rate of tax. 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 27.9% of the total assessed value of property in the District.

Sacramento City Unified School District
Summary of *ad valorem* Tax Rates
(Dollars per $100 of Assessed Valuation)
Typical Total Tax Rate (3-005)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14[(1)]
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Los Rios Community College District	.0074	.0124	.0090	.0192	.0193	.0181
Sacramento Unified School District	.0938	.0911	.0979	.0982	.0999	.1225
Total	$1.1012	$1.1035	$1.1069	$1.1174	$1.1192	$1.1406

(1) The 2013-14 assessed valuation of TRA 3-005 is $7,456,100,539 which is 28.34% of the total assessed valuation of the district.
Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

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

The County Treasurer-Tax Collector's Office prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches. If taxes remain unpaid by June 30, the tax is deemed to be in default. Penalties then begin to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the Tax Collector.

Annual bills for property taxes on the unsecured roll are generally issued in July, are due in a single payment within 30 days, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll. Unsecured taxes remaining unpaid at 5 p.m. on the last day of the second month after the 10% penalty attaches shall be subject to an additional penalty of 1.5%, attaching on the first day of each succeeding month on the amount of the original tax. To collect unpaid taxes, the Tax Collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and possessory interest of the taxpayer. The Tax Collector may also bring a civil suit against tax taxpayer for payment. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including school districts, receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district bonds.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the

County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency.

The following table shows a recent history of real property tax collections and delinquencies in the District.

Sacramento City Unified School District
Secured Tax Charges[(1)]
Fiscal Years 2005-06 Through 2012-13

Fiscal Year	Secured Tax Charge[(1)]	Amount Delinquent as of June 30	Percent Delinquent as of June 30
2005-06	$23,657,125	$495,983	2.10%
2006-07	20,063,598	712,321	3.55
2007-08	22,499,937	899,744	4.00
2008-09	24,538,884	761,754	3.10
2009-10	22,583,246	572,615	2.54
2010-11	24,021,726	601,074	2.50
2011-12	24,460,162	412,252	1.76
2012-13	23,564,394	342,084	1.45

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

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.

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 16 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:

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

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

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

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

The District received tax-increment pass-through payments of $1,360,163 for fiscal year 2012-13, and estimates it will receive $1,360,163 for fiscal year 2013-14. The District does not anticipate the dissolution of redevelopment agencies to have any significant effect on its total general revenues.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K through 12 school districts. Financial transactions are accounted for in accordance with the Department of Education's *California School Accounting Manual.* This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2012, which are included as APPENDIX B. Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year.

The following tables contain District general fund data abstracted from financial statements prepared by the District's independent auditor Crowe Horwath LLP, Certified Public Accountants & Consultants, Sacramento, California, for fiscal year 2009-10 through fiscal year 2011-12, and certain unaudited financial information provided by the District for fiscal years 2012-13 and 2013-14. The District's auditor has not been requested to consent to the use or to the inclusion of its report in this Official Statement, and it has neither audited nor reviewed this Official Statement. The District is required by law to adopt its financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The District categorizes its general fund revenues into four sources: (i) revenue limit sources, (ii) federal revenues, (iii) other State revenues, and (iv) other local revenues. Each of these revenue sources is described below:

Revenue Limit Sources. In general, revenue limits are calculated for each school district by multiplying (i) the A.D.A. for such district by (ii) the school district's base revenue limit per unit of A.D.A. The base revenue limit is calculated from the school district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, declining enrollment, etc. Funding of the District's revenue limit is provided by a mix of local property taxes and State aid. Revenue limit revenues comprised approximately 58.6% of the District's general fund revenues in 2013-14.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under The No Child Left Behind Act (NCLB) of 2001 (PL 107-110), and specialized programs such as nutrition education and Indian education. The federal revenues, most of which are restricted, comprised approximately 11.3% of the District's general fund revenues in 2013-14.

Other State Revenues. As discussed above, the District receives State apportionment of aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid, Home-to-School Transportation, class size reduction program and various block grants. The other State revenues comprised approximately 29.6% of the District's general fund revenues in 2013-14.

The District receives revenue from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the

education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, interagency services and other local sources. Other local revenues comprised approximately 0.004% of the District's general fund revenues in 2013-14.

SACRAMENTO CITY SCHOOL DISTRICT

Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2009-10 through 2013-14

	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13[(1)]	Fiscal Year 2013-14[(2)]
REVENUES					
Revenue limit sources					
State apportionment	$154,299,252	$165,947,805	$165,358,995	$166, 600,946	$172,323,364
Local sources	60,544,496	56,618,816	55,206,471	53,775,094	51,034,377
Total Revenue Limit	214,843,748	222,566,621	220,565,466	220,376,040	223,357,741
Federal Revenue	57,663,445	72,051,245	47,367,141	47,813,969	43,413,835
Other State Revenue	113,183,976	109,156,582	108,799,926	103,236,313	112,872,978
Other Local Revenue	9,442,044	9,136,901	13,173,587	8,470,309	1,476,660
Total Revenues	395,133,213	412,911,349	389,906,120	379,896,631	381,121,214
EXPENDITURES					
Certificated Salaries	$172,906,681	$175,556,153	$170,919,753	$160,051,516	$164,744,257
Classified Salaries	54,043,150	52,390,166	52,722,192	48,975,962	48,498,232
Employee Benefits	95,971,539	102,090,242	110,321,022	101,434,552	107,848,056
Books and Supplies	12,699,281	16,484,359	12,506,975	10,711,931	14,496,788
Services, Other Operating Expenditures	58,552,553	56,372,037	55,661,409	59,986,078	48,701,732
Capital Outlay	645,994	2,358,049	3,877,564	569,141	249,877
Other (outgo)	18,318	27,684	23,414	2,211,244	2,125,000
Debt service	2,328,317	576,329	2,175,521	[ ]	[ ]
Principal					
Interest					
Total Expenditures	397,165,833	405,855,019	408,207,850	[ ]	[ ]
Excess (Deficiency) of Revenues Over Expenditures	(2,032,620)	7,056,330	(18,119,662)[(3)]	(2,714,658)	(3,899,965)
Other Financing Sources (Uses):					
Transfers in	4,848,912	$12,364,418	$4,734,799	$945,853	$1,617,168
Transfers Out	(16,191,057)	(9,397,892)	(17,890)	–	–
Net Financing Sources (Uses)	(11,342,145)	2,966,526	4,716,909	[ ]	[ ]
NET CHANGE IN FUND BALANCES					
Fund Balance – Beginning	37,687,945	24,360,591	34,399,424	$21,113,495	$19,409,345
Fund Balance – Ending	$24,360,591	$34,399,424	$21,113,495	$19,409,345	$17,123,548

Source: Audited Financial Report for Fiscal Years 2009-10 through 2011-12.
(1) District's unaudited financial statements for Fiscal Year ending June 30, 2013.
(2) District's 2013-14 Budget.
(3) The decrease in fund balance represents planned carryover from the previous fiscal year of ARRA, Federal Education Jobs Funds and unrestricted funds to protect the District from anticipated mid-year trigger reductions.

The following table shows the general fund balance sheets of the District for the fiscal years 2007-08 through 2011-12.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of General Fund Balance Sheet
as of June 30, 20008, 2009, 2010, 2011 and 2012

	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12
ASSETS					
Deposits and investments					
Cash in County Treasury	$1,388,345	$14,471,421	$3,401,030	$7,280,382	$8,287,352
Cash in revolving fund	225,000	225,000	225,000	225,000	225,000
Cash with Fiscal Agent	-	-	-	-	-
Local Agency Investment Fund	-	-	-	-	-
Accounts Receivable	50,282,147	70,872,051	77,849,292	105,158,177	105,139,872
Due from other funds	6,702,304	8,827,078	7,934,575	9,732,779	6,742,101
Stores inventories	315,191	194,460	150,479	130,123	119,219
Prepaid expenses	64,464	-	10,450	26,601	2,254
Total Assets	58,977,451	94,590,010	89,570,826	122,553,06	120,515,798
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	15,165,689	12,445,609	14,899,739	14,137,017	14,913,987
Deferred revenue	2,720,781	10,544,835	6,682,064	5,062,889	1,767,694
Due to other funds	5,531,441	34,118,792	43,994,116	19,185,601	8,092,536
Total Liabilities	23,417,911	57,109,236	65,575,919	38,385,507	24,774,217
FUND BALANCES					
Total Fund Balances	35,641,886	37,687,945	24,360,591	34,399,424	21,113,495
Total Liabilities and Fund Balances	118,037,248	189,387,191	179,507,336	195,337,993	166,403,510

Source: District Audited Financial Report for fiscal years 2007-08 through 2011-12.

District Budget Process and County Review

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

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

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that

complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's Board of Trustees of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 ("A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the County Superintendent. The District has received a qualified certification in the last three fiscal years. The District budget has not received a negative certification by the County Superintendent in at least the most recent five fiscal years.

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 each recent year 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.

Issuance Date	Principal Amount	Interest Rate	Yield	Due Date
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
05/11/11	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	9/26/13

Special Tax Bonds. Special tax bonds outstanding represent the unpaid portion of a bond issuance by voters to finance construction of three school facilities (the "Series 1997 C" Bonds). The Series 1997 C Bonds mature on September 1, 2013. Scheduled payments on Series 1997 C Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	$635,000	$49,870	$686,870
2014	595,000	16,363	611,363
TOTAL	$1,230,000	$66,233	$1,296,233

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 Bonds." All of the Measure E Bonds have been issued. On June 30, 2011, the District issued $79,585,000 in general obligation refunding bonds to refund a portion of its outstanding General Obligation Bonds (Election of 1999) Series B (the "Series 1999B Bonds"), General Obligation Bonds (Election of 1999) Series C (the "Series 1999C Bonds"), and General Obligation Refunding Bonds, Series 2001 (the 2001 Refunding Bonds"). A portion of the District's General Obligation Bonds (Election of 1999) Series D (the "Series D Bonds") remain outstanding.

On June 14, 2012, the District issued $113,245,000 in general obligation refunding bonds to refund all of its outstanding Series 1999B Bonds, all of its outstanding Series 1999C Bonds, a portion of its General Obligation Bonds (Election of 1999) Series D, a portion of its 2001 Refunding Bonds, and all of its General Obligation Bonds (Election of 2002) Series A.

On November 2, 2002, voters in the Sacramento City Unified School District approved a bond measure authorizing the District to issue $225,000,000 in general obligation bonds, colloquially known as "Measure I" bonds. The District sold $80,000,000 of the Measure I bonds on March 1, 2003, $80,000,000 of the Measure I bonds on July 1, 2005, and $64,997,966 of the Measure I bonds on November 14, 2007. Substantially all of the Measure I Bonds have been issued. A portion of its General Obligation Bonds (Election of 2002) Series 2005 and its General Obligation Bonds (Election of 2002) Series 2007 remain outstanding.

On November 6, 2012, voters in the Sacramento City Unified School District approved two bond measures known locally as "Measure Q" bonds and "Measure R" bonds. Measure Q authorizes the District to issue $346,000,000 in general obligation bonds. Measure R authorizes the District to issue $68,000,000 in general obligation bonds. [__ of the Measure Q bonds and ___ of the Measure R bonds have been issued. ___ remain outstanding.]

The District's outstanding general obligation bonds are summarized in the table below.

Issue Name	Issuance Date	Original Principal Amount	Amount Outstanding	Interest Rate	Original Due Dates
1999 Series D	08/01/2004	$ 55,000,000	$ 1,345,000	2.5-5.25%	2011-2029
2002 Series 2005	07/01/2005	80,000,000	72,305,000	4.0-5.0	2012-2030
2002 Series 2007	11/14/2007	64,997,966	50,882,966	3.5-5.0	2012-2032
2011 Refunding Bonds	06/30/2011	79,585,000	75,900,000	3.0-5.5	2012-2030
2012 Refunding Bonds	06/14/2012	113,245,000	113,245,000	2.0-5.25	2013-2032
2013 Series 2013A					
2013 Series 2013B					

Approximately [$313,677,966] of the District's general obligation bonds remains outstanding.

Certificates of Participation. On April 18, 2001, Certificates of Participation ("COPs") of $43,580,000 were issued with variable interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with remaining 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 Certificates of Participation for the advance refunding of 1998 Series A COPs (with remaining obligation of $13,750,000) and 1999 Series D COPs (with remaining obligation of $15,480,000) and to provide additional capital for construction projects. The District advance refunded and defeased its 1998 Series A COPs and the 1999 Series D COPs. The 2002 Variable Rate COPs were remarketed on March 14, 2011 in the aggregate principal amount of $48,020,000, maturing on March 1, 2040. The 2002 Variable Rate COPs are currently in SIFMA Term Floater Rate Mode, which is scheduled to expire March 1, 2014. Unless the District refinances the 2002 Variable Rate COPs, the interest rate borne by the 2002

Variable Rate COPs will increase to 9% and shall stay at such rate until such date as they are refunded. Interest on these Variable Rate COPs is based on the SIFMA Term Floater Rate, determined by the Remarketing Agent as such terms are defined in the remarketing memorandum describing the issue.

Scheduled payments for the COPs are as follows:

Year Ending June 30,	COPs Payments
2013	$3,055,895
2014	3,071,175
2015	3,083,075
2016	3,101,495
2017	3,126,100
2018-2022	15,922,975
2023-2027	18,305,750
2028-2032	20,401,250
2033-2037	16,325,000
2038-2040	14,370,000
Total payments	$100,762,715
Less: Interest Portion	(19,207,715)
Net Minimum Payments	$81,555,000

Voter-approved bonds, and bonds issued to refund such bonds are payable from a special *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. Certificates of Participation are not payable from special *ad valorem* taxes, but are payable instead from the District's General Fund. See the table above for a description of principal and interest owed on all bonds outstanding.

Direct and Overlapping Debt. Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of May 1, 2013, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

Sacramento City Unified School District
Direct and Overlapping Bonded Debt

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

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable[1]	Debt 11/1/13
Los Rios Community College District	17.951%	$ 66,467,168
Sacramento City Unified School District	**100.**	**373,907,966**
City of Sacramento Community Facilities Districts	100.	5,685,000
City and Special District 1915 Act Bonds (Estimate)	Various	102,385,297
Southgate Recreation and Park Benefit Assessment District	17.860	951,961
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	$549,397,392	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	21.954%	$ 68,588,918
Sacramento County Pension Obligations	21.954	217,412,116
Sacramento County Board of Education Certificates of Participation	21.954	1,918,780
Los Rios Community College District Certificates of Participation	17.951	1,057,314
Sacramento City Unified School District Certificates of Participation	**100.**	**80,160,000**
Sacramento City Unified School District Pension Obligations	**100.**	**2,255,000**
City of Elk Grove General Fund Obligations	0.409	91,657
City of Rancho Cordova Certificates of Participation	10.804	2,380,121
City of Sacramento General Fund Obligations	58.892	399,096,361
Sacramento Metropolitan Fire District Pension Obligations	6.059	3,716,226
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT	$776,676,493	
Less: Sacramento County supported obligations	1,417,131	
City of Sacramento supported obligations	232,888,120	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT	$542,371,242	
OVERLAPPING TAX INCREMENT DEBT:		$179,340,855
GROSS COMBINED TOTAL DEBT		$1,505,414,740[2]
NET COMBINED TOTAL DEBT		$1,271,109,489

Ratios to 2012-13 Assessed Valuation:

Direct Debt ($373,907,966)	**1.42%**
Total Direct and Overlapping Tax and Assessment Debt	2.09%
Combined Direct Debt ($456,322,966)	**1.73%**
Gross Combined Total Debt	5.72%
Net Combined Total Debt	4.83%

Ratios to Redevelopment Incremental Valuation ($3,912,340,648):

Total Overlapping Tax Increment Debt	4.58%

(1) Based on 2012-13 ratios.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Employment

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 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 in fiscal year 2013-14. This amount represents a decrease of approximately 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

Labor Organization	Employees Represented	Contract Expiration
Sacramento City Teachers Association	2,282	June 30, 2014 with reopeners
Service Employees International Union	1,663	June 30, 2013 with reopeners[(1)]
United Professional Educators	121	June 30, 2014 with reopeners
Teamsters	55	June 30, 2014 with reopeners
Classified Supervisors Association	22	June 30, 2014 with reopeners
Total	4,143	

[(1)] The District is currently in negotiations with labor organization.
Source: The District.

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

Because of the downturn in the stock market, an actuarial valuation as of June 30, 2003 showed a $118 million shortfall in the baseline benefits—one-tenth of 1% of accrued liability. Consequently, the surcharge kicked in for the first time in the fiscal year 2004-05 at 0.524% for three quarterly payments, which amounted to an additional $92 million from the State's general fund in fiscal year 2004-05. However, in addition to the small shortfall in pre-enhancement benefits (triggering the surcharge), the June 30, 2003, valuation also showed a substantial $23 billion unfunded liability for the entire system, including enhanced benefits. As indicated above, there is no required contribution from teachers, school districts or the State to fund this unfunded liability.

As of June 30, 2011, an actuarial valuation for the entire system, including enhanced benefits, showed an estimated unfunded actuarial liability of $64.5 billion, an increase of $8.5 billion from the June 30, 2010 valuation. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions.

CalSTRS has developed options to address the shortfall but most would require legislative action. In addition, in the Governor's 2005–06 proposed State budget and the 2005-06 May revise of the 2005-06 proposed State budget, the Governor previously proposed increasing the fixed contribution rate from 8.25% to 10.25% for school districts. Subsequently, the final 2005-06 State budget was adopted with a contribution rate of 8.25%. In addition to such prior proposal by the Governor to increase the fixed contribution rate for school districts, other proposals have been previously suggested that would modify the District's obligation to make contributions to CalSTRS to closely parallel the full cost of the retirement benefits provided by CalSTRS, which proposals would include components for unfunded liability. If such proposals were adopted, the District's annual obligations to CalSTRS would likely increase substantially. Governor Brown, however, has recently signed a pension reform

measure that is expected to reduce future pension obligations of public employers like the District. See *"–Governor's Pension Reform"* below.

The District's employer contribution to STRS from the general fund was $12.9 million for fiscal year 2012-13 and is projected at approximately $12.8 million in fiscal year 2013-14.

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

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability.

According to the CalPERS State and Schools Actuarial Valuation as of June 30, 2011, the CalPERS Schools plan had a funded ratio of 78.7% on a market value of assets basis. The funded ratio as of June 30, 2010, June 30, 2009, June 30, 2008 and June 30, 2007 was 69.5%, 65.0%, 93.8% and 107.8%, respectively. In June 2009, the CalPERS Board of Administration adopted a new employer rate smoothing methodology for local governments and school employer rates. It was designed to ease the impact of the investment losses which were then expected in fiscal year 2008-09 on affiliated public employers while strengthening the long-term financial health of the pension fund. Under such methodology, investment losses are amortized and paid off over a fixed and declining 30-year period instead of a rolling 30-year amortization period. In March, 2012, the CalPERS Board of Administration adopted new economic actuarial assumptions to be used with the June 30, 2011 actuarial valuation; in particular, lowering the price inflation assumption from 3.00% to 2.75%. Lowering the price inflation assumption resulted in a reduced discount rate, which is the fund's assumed rate of return calculated based on expected price inflation and the expected real rate of return, from 7.75% to 7.5%. According to CalPERS, this reduction in the discount rate is anticipated to increase State and school district employer contributions for each fiscal year beginning in fiscal year 2012-13 by 1.2% to 1.6% for miscellaneous plans (which includes general office and others) and by 2.2 to 2.4% for safety plans beginning in fiscal year 2012-13.

The District is required to contribute toward CalPERS, at a State-determined percentage of CalPERS-eligible salaries. For fiscal year 2011-12, the contribution percentage was 10.923%. For fiscal year 2012-13, the contribution percentage is 11.417%. The District's total contribution from the general fund was $5.2 million for fiscal year 2012-13 and is projected at approximately $4.9 million in fiscal year 2013-14.

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

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State

law. The District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX C: "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2012," Note 9.

GASB 25 and 27. On July 8, 2011, the Governmental Accounting Standards Board ("GASB") released its exposure draft of proposed changes in pension accounting and financial reporting standards for state and local governments (GASB 25 and 27), and if implemented, these changes will impact the accounting treatment of pension plans, such as CalSTRS and CalPERS, in which state and local governments, like the District, participate. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Following public comments on the exposure draft in 2011, new standards could be adopted in final form in 2012 and are expected to take effect in fiscal years beginning mid-2013 for most employers. The District cannot predict whether GASB will implement these proposed changes in its accounting standards.

Post-Employment Benefits. In addition to the pension benefits described above, the District provides post-employment health benefits for eligible employees who retire early and certain of their dependents. The amount and length of these benefits depends on a variety of factors, including age at retirement, length of service, and status as a certificated, classified or management employee.

Beginning in fiscal year 2008-09, the District was required to implement Governmental Accounting Standards Board Statement No. 45 ("GASB 45") which directs certain changes in accounting for post-employment healthcare benefits ("OPEB") in order to quantify a government agency's current liability for future benefit payments. GASB 45 is directed at quantifying and disclosing OPEB obligations, and does not impose any requirement on public agencies to fund such obligations. On October 6, 2011, Bickmore Risk Management Services completed an evaluation of the District's obligations as of December 1, 2010.

The report calculates the value of all future benefits already earned by current retirees and current employees, known as the "actuarial accrued liability" ("AAL"). As of December 1, 2010, the most recent actuarial valuation date, the District had an actuarial accrued liability of approximately $566.3 million for 3,206 current retirees and beneficiaries and 4,448 additional future participants. In its Budget for fiscal year 2013-14, the District estimates that it provides benefits to 3,345 current retirees. As of June 30, 2012, the AAL was $591.6 million. The AAL is an actuarial estimate that depends on a variety of assumptions about future events such as health care costs and beneficiary mortality. Every year, active employees earn additional future benefits, an amount known as the "normal cost," which is added to the AAL. The report estimated the normal cost at $18.1 million for the year beginning December 1, 2010. To the extent that the District has not set aside moneys in an OPEB trust with which to pay these accrued and accruing future liabilities, there is an *unfunded* actuarial accrued liability ("UAAL"). This district currently funds the costs of retiree benefits on a pay-as-you-go basis. In addition, SCTA has agreed to contribute to the liability through payroll contributions.

The annual required contribution ("ARC") is the amount required if the District were to fund each year's normal cost plus an annual amortization of the unfunded actuarial accrued liability, assuming the UAAL will be fully funded over a 30-year period. If the amount budgeted and funded in any year is less than the ARC, the difference reflects the amount by which the UAAL is growing. In December 2010, the ARC was determined to be approximately $43.6 million. In 2011-12, the District funded $22.9 million in pay-as-you-go expenditures. The District's fiscal year 2012-13 projected pay-as-you-go expenditure for post-retirement benefits is $21.8 million.

See also APPENDIX C: "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2012," Note 10.

Accrued Vacation and Other Obligations. The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2012 was $7.0 million. See APPENDIX C: "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2012," Note 1.

School Closures. On February 21, 2013, the District Board voted to confirm the closure of seven elementary schools within the District. The closure of the schools is estimated to save the District $1.1 million in fiscal year 2013-14. On June 10, 2013, students from the District filed a lawsuit, *Arriaga, et. al. vs. Sacramento City Unified School District, et. al.* (United States District Court, Eastern District of California) against the District seeking declaratory and injunctive relief to prevent the school closures. The plaintiffs are also seeking damages. The District cannot predict whether or to what extent the plaintiffs' lawsuit will succeed or, if successful, how any final court decision with respect to the lawsuit would affect the financial status of the District.

Insurance and Joint Ventures

Self Insurance. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's Self-Insurance Fund provides workers' compensation insurance for the District, Stanislaus Union School District, and Sylvan Union School District. Under this program the Self-Insurance Fund provides coverage through a Workers' Compensation Insurance Indemnity Fund. The District receives user charges based upon each members' respective covered payroll. Coverage is provided for workers compensation with $350,000 per occurrence being self-funded. Costs above the first $350,000 are covered by an excess insurance policy of up to $25,000,000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District receives property/casualty loss and general liability insurance coverage under the Internal Service Fund. A $5,000,000 insurance policy is in effect with a deductible per occurrence of up to $250,000. Costs above the first $5,000,000 are covered by excess insurance policies of up to $45,000,000 through SELF. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Joint Powers Authorities. The District is a member of the Schools Insurance Authority (the "SIA"), a Joint Powers Authority (a "JPA") which operates as a common risk management and insurance program for property and liability coverage. The District is also a member with other school districts of the Self-Insured Schools of California, also a JPA, which provides a means of combining the administration of claims and obtains lower insurance rates for the benefit of the District.

Sacramento County Treasury Pool

In accordance with Education Code Section 41001, substantially all District operating funds are required to be held by the Treasurer-Tax Collector of the County (the "County Treasurer"). See APPENDIX E hereto.

Neither the District nor the Underwriter has made an independent investigation of the investments in the County Pool and has made no assessment of the current County Investment Policy. The value of the various investments in the County Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the consent of the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the County Pool will not vary significantly from the values described herein.

A complete copy of the County's Investment Policy is contained in APPENDIX E hereto.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations

The obligation of the District to make the Base Rental Payments does not constitute a debt of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State is obligated to levy or pledge any form of taxation or for which the District or the State has levied or pledged any form of taxation.

Although the Facility Sublease does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Facility Sublease to pay the Base Rental Payments from any source of legally available funds and the District has covenanted in the Facility Sublease that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make necessary annual appropriations therefor. The District is currently liable, and may become liable, on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments.

The District has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the District, the funds available to make Base Rental Payments may be decreased. In the event the District's revenue sources are less than its total obligations, the District could choose to fund other activities before making Base Rental Payments and other payments due under the Facility Sublease.

Abatement

In the event of substantial interference with the District's right to use and occupy any portion of the Facilities by reason of material damage to, or destruction or condemnation of, the Facilities, or any defect in title to the Facilities, Base Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Abatement." In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the District's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which other amounts are available from other funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Bonds, there could be insufficient funds to make payments to Bond Owners in full.

Absence of Earthquake and Flood Insurance

The District is not required under the Facility Sublease to maintain earthquake or flood insurance on the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance." The District does not currently insure against the risks of earthquake or flood with respect to the Facilities and does not anticipate obtaining such insurance in the future. See "— Seismic Factors" below.

Limited Recourse on Default

If the District defaults on its obligations to make Base Rental Payments, the Authority, may (subject to the restrictions described below) retain the Facility Sublease and hold the District liable for all Base Rental Payments as they become due and will have the right to reenter and relet the Facilities. In the event such reletting occurs, the District would be liable for any resulting deficiency in Base Rental Payments. Alternatively, the Authority may (subject to the restrictions described below) terminate the Facility Sublease with respect to the Facilities and proceed against the District to recover damages pursuant to the Facility Sublease.

Due to the specialized nature of the Facilities, no assurance can be given that the Authority will be able to relet any portion of the Facilities so as to provide rental income sufficient to make payments of principal and interest evidenced by the Bonds in a timely manner, and the Authority is not empowered to sell the Facilities for the benefit of the Owners of the Bonds. In addition, due to the governmental function of the Facilities, it is not certain whether a court would permit the exercise of the remedies of repossession and reletting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against school districts in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such reletting would not adversely affect the exclusion of any interest on the Bonds from state income taxation.

No Acceleration Upon Default

In the event of a default, there is no available remedy of acceleration of the Base Rental Payments due over the term of the Facility Sublease. The District would only be liable for Base Rental Payments as they become due, and the Authority may seek judgments for delinquent Base Rental Payments.

Substitution or Release of Facilities

The Facility Sublease provides that, upon satisfaction of the other conditions specified therein, the District may release from the Facility Sublease any portion of the Facilities or substitute alternate real property for all or any portion of the Facilities. Such a replacement or release could have an adverse impact on the security for the Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release.

Bankruptcy

In addition to the limitations on remedies contained in the Facility Sublease and the Trust Agreement, the rights and remedies provided in the Facility Sublease and the Trust Agreement may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Seismic, Flood and other Factors

The District, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the area of the District could result in substantial damage and interference with the District's right to use and occupy all or a portion of the Facilities, which could result in the Base Rental Payments being subject to abatement. See "–Abatement" above. The District is not required by the Facility Sublease or otherwise to obtain or maintain earthquake insurance for the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance."

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes) or declines due to market conditions in the housing industry or economy. Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. [LANGUAGE RE FLOODING DISCLOSURE TO COME.]

The Facilities consist of [THE FACILITIES]. [THE FACILITIES] were constructed between [____ and ____] and all building components of the school were constructed under the standards of the "Field Act" (California State Building Code, Title 24). The Field Act requires substantially higher construction standards for public schools and hospitals than are required for other types of construction. The Field Act requires that building systems be capable of withstanding seismic forces from the "most credible" earthquake likely to occur in the vicinity of the building system being constructed.

Economic Conditions in California

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because much of the District's revenues derive from payments from the State, the District's revenues can vary significantly from year to year, even in the absence of significant education policy changes. Decreases in the State's general fund revenues may significantly affect appropriations made by the State to school districts, including the District. See "DISTRICT HISTORY, OPERATION AND FINANCIAL INFORMATION—State Funding of Education; State Budget Process" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 98 and Proposition 111."

No Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments by the District, or with respect to the performance by the District of other agreements and covenants required to be performed by it contained in the Facility Sublease or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement..

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Limitations on Revenues

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for payment of the District's general obligation bonds approved at the 2012 election falls within the exception for bonds approved by a 55% vote.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIC and Article XIIID 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 XIIIC and XIIID 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 XIIIC 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 XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the

county treasurer and tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the duty of the District and the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are restricted as to use and are neither pledged nor available to pay the Bonds.

The interpretation and application of Proposition 218 continues to be considered and determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

Article XIIIB of the California Constitution. In addition to the limits Article XIIIA 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 XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, 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 tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity, each has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, 50% of the excess is transferred to fund the State's contribution to school and college districts.

In fiscal year 2012-13, the District had an appropriations limit of $_____ and appropriations subject to the limit of $_____. For fiscal year 2013-14, the District's appropriations limit is budgeted at $_____.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

RATINGS

Standard and Poor's ("S&P") has assigned the Bonds the rating of "__." Fitch has assigned the BOnds the rating of "__". The rating agencies may have obtained and considered information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings are not a recommendation to buy, sell or hold the Bonds. The ratings reflect only the view of the rating agencies and an explanation of the significance of such rating may be obtained directly from it. No assurance can be given that the ratings of the rating agencies will be maintained for any given period of time or that the ratings may not be revised downward or withdrawn entirely by the ratings agencies, if in its own judgment, circumstances warrant. Any such downward change in or withdrawal may have an adverse effect on the market price of the Bonds. The Underwriter and the District have not undertaken any responsibility after the offering of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

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

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

owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration's proposed 2014 budget includes a legislative proposal which, for tax years beginning after December 31, 2013, would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the 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 Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the beneficial owners to incur significant expense.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, will render an opinion with respect to the legality of the Facility Sublease and the Trust Agreement. The form of the legal opinion proposed to be delivered by Bond Counsel is included as APPENDIX C to this Official Statement. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District and the Authority by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District and the Authority; and for the District and the Authority by [____], as counsel to the District and the Authority.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Bonds, the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the District, threatened against the District (i) which affects or seeks to prohibit, restrain or enjoin the issuance of the Bonds, the Facility Sublease, the Facility Lease or the Trust Agreement, (ii) contesting the validity of the Facility Sublease, the Facility Lease or the Trust Agreement, the powers of the District to enter into or perform its obligations under the Facility Sublease, the Facility Lease or the Trust Agreement, or the existence or powers of the District, or (iii) which, if determined adversely to the District, would materially impair the District's ability to meet its obligations under the Facility Sublease or materially and adversely affect the District's financial condition.

The District does have claims pending against it. The aggregate amount of the uninsured liabilities of the District which may result from all claims will not, in the opinion of the District, materially affect the District's finances or impair its ability to make Base Rental Payments under the Facility Sublease.

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 enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E: "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). In fiscal years 2008-09 through 2010-11, the District failed to timely file certain financial operating information required by the terms of its previous undertakings. [In March 2013, the District hired Capitol Public Finance Group as Dissemination Agent to assist the District in filing all necessary information to make the District current in its continuing disclosure obligations under the Rule and to work with the District in establishing the necessary safeguards to ensure timely filing of required information going forward. The District subsequently filed supplemental financial reports. The District is currently in compliance with its disclosure requirements under the Rule.][More detail to come if required.]

UNDERWRITING

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

CGMI has entered into an agreement (the "Distribution Agreement") with TMC Bonds L.L.C. ("TMC") for the distribution to retail investors of certain municipal securities offerings. In connection with the Distribution Agreement, TMC has established an electronic primary offering application through which certain broker-dealers and municipal securities dealers approved by CGMI and TMC (each an "Approved Party") can submit orders for, and receive allocations of, new issue municipal securities for retail investors, and CGMI may share with TMC a portion of its underwriting compensation, which TMC may share with each Approved Party, with respect to Bonds that are allocated to such retail orders. Citigroup Financial Products Inc., CGMI's parent company, owns a 31.35% equity interest in TheDebtCenter L.L.C., the parent company of TMC.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

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

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Chief Financial Officer

SACRAMENTO CITY SCHOOLS JOINT POWERS FINANCING AUTHORITY

By: _____
Treasurer

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

[TO COME]

The following is a summary of certain provisions of the principal legal documents which are not described elsewhere in this Official Statement. This summary does not purport to be a definitive or comprehensive summary of all of the provisions of such documents. This summary is qualified in its entirety by reference to the full text of such documents. Copies of such documents are available from the Sacramento City Schools Joint Powers Financing Authority.

APPENDIX B

DISTRICT 2011-12 AUDITED FINANCIAL STATEMENTS

APPENDIX C

FORM OF BOND COUNSEL OPINION

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E

COUNTY OF SACRAMENTO INVESTMENT POLICY

In accordance with Education Code Section 41001, substantially all District operating funds are required to be held by the Director of Finance of the County (the "Director of Finance"). The following information has been provided by the Director of Finance. The District has not independently verified this information and takes no responsibility for the accuracy or completeness thereof. Further information may be obtained from the Director of Finance.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM