

AGENDA

SUTTER COUNTY BOARD OF EDUCATION

Regular Meeting

Wednesday, September 13, 2023- 5:30 p.m.

Sutter County Superintendent of Schools Office

970 Klamath Lane – Board Room

Yuba City, CA 95993

Public Hearing

- Sufficiency of Textbooks and/or Instructional Materials

A full Board packet is available for review at the Sutter County Superintendent of Schools Office Reception Desk, 970 Klamath Lane, Yuba City, CA (8:00 a.m. – 5:00 p.m., Monday through Friday – excluding legal holidays) and the Sutter County Superintendent of Schools' website at www.sutter.k12.ca.us.

5:30 p.m.

1.0 Call to Order

2.0 Pledge of Allegiance

3.0 Roll Call of Members:

June McJunkin, President

Victoria Lachance, Vice President

Gurv Pamma, Member

Harjit Singh, Member

Kash Gill, Member

4.0 Items of Public Interest to Come to the Attention of the Board

Members of the public are given an opportunity to address the Board regarding items not listed on the agenda. *The California Government Code, Section 54954.3(a) states, ".....no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.*

5.0 Approve the following Minutes of the Sutter County Board of

Education **[Action Item]**

The minutes of the August 9, 2023, regular meeting of the Sutter County Board of Education are presented for approval.

5.1 The minutes of the August 31, 2023, special board meeting of the Sutter County Board of Education are presented for approval.

6.0 Public Hearing on Sufficiency of Textbooks and/or Instructional Materials – Brian Gault, Assistant Superintendent

Education Code Section 60119 requires a public hearing to encourage participation by parents/guardians, teachers, members of the community and bargaining unit leaders who are interested in addressing the Board regarding sufficiency of textbooks or instructional materials for county-operated programs.

6.1 Public Notice of Sufficiency of Textbooks

7.0 Sufficiency of Instructional Materials.
Brian Gault, Assistant Superintendent

7.1 Resolution No. 22-23-I states the sufficiency of textbooks and/or instructional materials for students in county-operated programs are being presented for adoption.

[Action Item]

8.0 Business Services Report

8.1 Monthly Financial Report – August 2023– Nic Hoogeveen, Director Business Services

9.0 CTC Construction Guaranteed Maximum Price (GMP)
James Peters, Director FMOF

- 10.0 CTC Design Completion (70%)
James Peters, Director FMOF

- 11.0 Adopt Resolution of the Sutter County BOE approving the form of and authorizing the execution and delivery of a ground lease, a facilities lease, a trust agreement, a certificate purchase agreement, and a continuing disclose certificate; approving the form of and authorizing the distribution of an official statement; authorizing the sale of certificates of participation; and authorizing certain additional actions.
 - 11.1 SCSOS-2023 COP-Board Documents Memo-2023-09-1

 - 11.2 Sutter County BOE Resolution 23-24-II 2023 Certificates of Participation
[Action Item]

 - 11.3 Sutter County BOE Ground Lease 2023 Certificates of Participation

 - 11.4 Sutter County BOE Facilities Lease 2023 Certificates of Participation

 - 11.5 Sutter County BOE Trust Agreement 2023 Certificates of Participation

 - 11.6 Sutter County BOE Certificate Purchase Agreement 2023 Certificates of Participation

 - 11.7 Sutter County BOE Continuing Disclosure Certificate 2023 Certificates of Participation

 - 11.8 Sutter County BOE Preliminary Official Statement

- 12.0 Open a Sutter County Certificate of Participation Fund at the Auditor-Treasurer
Nic Hoogeveen, Director Business Services
 - 12.1 Sutter County COP Fund Resolution 23-24-III
[Action Item]

13.0 The Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds from various state and federal programs to county offices, school districts, and direct-funded charter schools throughout California

Nic Hooegeven Coordinator Business Department

13.1 SCSOS 2023 Consolidated Application

Nic Hooegeven, Director Business Services.

14.0 Items from the Superintendent/Board

15.0 Adjournment

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Board Meeting room, to access written documents being discussed at the Board Meeting, or to otherwise participate at Board Meetings, please contact the Superintendent's Office at 530-822-2900 for assistance. Notification at least 48 hours prior to the meeting will enable the Superintendent's Office to make reasonable arrangements to ensure accessibility to the Board Meeting and to provide any required accommodations, auxiliary aids or services.

All Open Session Agenda related documents, including materials distributed less than 72 hours prior to the scheduled meeting, are available to the public for viewing at the Sutter County Superintendent of Schools Office located at 970 Klamath Lane, Yuba City, CA 95993.

Unapproved

SUTTER COUNTY BOARD OF EDUCATION MINUTES

Regular Meeting

August 9, 2023

1.0 Call to Order

A regular meeting of the Sutter County Board of Education was called to order by President McJunkin at 5:30 p.m., August 9, 2023, at the Sutter County Superintendent of Schools Office, 970 Klamath Lane, Yuba City, California

2.0 Pledge of Allegiance

Trustee Kash Gill led the Pledge of Allegiance.

3.0 Roll Call of Members:

June McJunkin, President- Present

Victoria Lachance, Vice President- Present

Gurv Pamma, Member- Present

Harjit Singh, Member- Present

Kash Gill, Member- Present

Superintendent Reusser, Ex-officio Secretary- Present

Staff members present: Nic Hoogeveen, Ron Sherrod, Virginia Burns, Brian Gault, James Peters, Joe Hendrix, Lorilee Niessen, Chelsey McGraw, Paramjeet Singh, Karisa Williams

4.0 Items of Public Interest to Come to the Attention of the Board

None

5.0 Approve Minutes of the July 12, 2023, Regular Meeting

A motion was made for approval.

Motion: Kash Gill

Seconded: Victoria LaChance

Action: Motion Carried

Ayes: 5

Noes: 0

Absent: 0 *Abstain:* 0

6.0 Internal Business Department Presentation

Paramjeet Kaur, Coordinator of Internal Business, and Chelsey McGraw, Coordinator Payroll Department presented a department overview to the Board. The presentation included an overview of the functions of the Internal Business Department and specific duties of each department within the Internal Business Department.

7.0 Quarterly Report on Williams/Uniform Complaints

Tom Reusser shared the Quarterly Report on Williams Uniform Complaints for April 1, 2023 to June 30, 2023, pursuant to Education Code §35186. No reports were received within Sutter County during the last quarter.

8.0 Business Services Report

8.1 Monthly Financial Report – July 2023

Nic Hoogeveen, updated the board on the Increase in Federal funding of \$58K due to establishing revenue for the Workforce Innovation and Opportunity Act High Road Construction Career program at One Stop and aligning the Comprehensive Support and Improvement grant to award amount for Feather River Academy.

Laptops were budgeted in Special Education due to receiving an Education Foundation grant applied for by a teacher.

Services increased mainly in part to budgeting services to align to FRAs revised grant amount. These funds may be allocated differently once needs are assessed

9.0 Facilities Report

9.1 Facilities projects update for the last quarter of FY 22-23, and the initial quarter of FY 23-24 are being presented to the Board.

9.2 The Career Training and Conference Center 30% design drawings are available, and highlights are being presented to the Board.

James Peters, Director of Facilities, Maintenance and Operations updated the board on the 2022-2023 School year along with a spread sheet of projects that have been completed, and what progress are of others. HVAC for Shady Creek designs are completed. Harter Building plans are in Toms office for viewing. Special Meeting August 31st at 7:30 to go over plans.

10.0 Learning Communities for School Success Program (LCSSP) Grant

Virginia Burns, Director of Student Support and Outreach, stated it is a reporting requirement of the grant to update the Board. She distributed a year 1 summary report of the LCSSP Grant to the Board and reviewed the summary report with the Board.

Board President June McJunkin closed the regular Board Meeting at 6:03 pm.

11.0 Public Hearing to Sunshine 2023-2024 Bargaining Proposal of CSEA Chapter 634

Ron Sherrod Assistant Superintendent updated the Board on the Bargaining Proposal.

Board President June McJunkin opened the Public Hearing at 6:05pm

12.0 Public Hearing to Sunshine 2023-2024 Bargaining Proposal of CSEA Chapter 634

Ron Sherrod Assistant Superintendent updated the Board on the Proposal.

Board President June McJunkin closed the Public Hearing at 6:13pm

Board President June McJunkin opened the regular Board Meeting at 6:14 pm.

13.0 Items from the Superintendent/Board

- Tom Reusser, Superintendent updated the Board on our "Welcome Back" Day with a Health and Wellness theme, after business and awards staff was able to pick classes such as: nutrition, meal prepping, finding your purpose with our Blue Zone initiative, financial planning, chair yoga, CalPERS and TCSIG, Lunch was by La Unica. Bargaining units then had time with their time to end the day.
- Dr. Pan Yuba College Chancellor and Tom met to build a better partnership between SCSOS and Yuba Community College.
- Tom Reusser announced YCOE appointed Rob Gregor as their new Superintendent.

14.0 Adjournment

A motion was made to adjourn the meeting at 6:35 p.m

Motion: Gill

Seconded: Pamma

Action: Motion Carried

Ayes: 3 (Junkin, Lachance, Pamma, Gill)

Noes: 0

Absent: 1 (Singh)

Abstain: 0

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Unapproved
SUTTER COUNTY BOARD OF EDUCATION MINUTES
Special Meeting
August 31, 2023

1.0 Call to Order

A special meeting of the Sutter County Board of Education was called to order by President McJunkin at 7:32 p.m., August 31, 2023, at the Sutter County Superintendent of Schools Office, 970 Klamath Lane, Yuba City, California.

2.0 Pledge of Allegiance

President June McJunkin led the Pledge of Allegiance

3.0 Roll Call of Members:

June McJunkin, President- Present
Victoria Lachance, Vice President- Present
Harjit Singh, Member- Present via zoom
Kash Gill, Member- Present
Gurv Pamma, Member- Present via zoom

Tom Reusser, Ex-officio Secretary- Present

Staff Members Present: Karisa Williams, James Peters, Mona Evans, Lorilee Niessen, and Joe Hendrix

4.0 Career Training Center 30% Design and GMP

James Peters Director of FMOF updated the Board on the Career Training and Conference Center on the 30% Design and GMP. This building will combine services for maximum community need. Solar panels will be on the rooftop, 11 vehicle-charging stations due to state law per size of the building.

5.0 SCCTC Financing Plan Presentation

Lori Raineri, GFS-JPA, updated the board on the financing plan. The Guaranteed Maximum Price (GMP) is 25 million dollars and SCSOS is hopeful to stay at the 23 million dollar mark.

Next steps will be:

- Information will be presented at the September 13, 2023 Board meeting for approval.
- Bid opening will be on September 28, 2023.
- October 19, 2023 money comes in to invest.

Ron Sherrod, Assistant Superintendent, updated the board on his meeting with the County of Sutter Treasurer and discussed the payment plan.

6.0 Adjournment

A motion was made to adjourn the meeting at 8:39pm

Motion: Kash Gill

Seconded: Victoria Lachance

Action: Motion Carried

Ayes: 5

Noes: 0

Absent: 0

Abstain: 0

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, please provide a written request to: Tom Reusser, Superintendent, Sutter County Superintendent of Schools Office, 970 Klamath Lane, Yuba City, CA 95993, at least three working days prior to any public meeting.

BOARD AGENDA ITEM: Public Hearing on Sufficiency of Textbooks or Instructional Materials or Both

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

- Action
- Reports/Presentation
- Information
- Public Hearing
- Other (specify)

PREPARED BY:

Brian Gault, Chris Reyna, Jessica Burrone

SUBMITTED BY:

Brian Gault

PRESENTING TO BOARD:

Brian Gault

BACKGROUND AND SUMMARY INFORMATION:

Education Code Section 60119 requires the governing board to hold a public hearing to encourage participation by parents, teachers, and members of the community interested in the affairs for the County Office of Education, and bargaining unit leaders, to make a determination as to whether each pupil has sufficient textbooks or instructional materials or both, in each subject that are consistent with the content and cycles of the curriculum framework adopted by the State Board of Education:

- Mathematics
- Science
- History-Social Science
- English-language Arts, including English Language Development

The public hearing must be held before the eighth week of school (between the first day that the students attended school and the eighth week from that day)



970 Klamath Lane
Yuba City, CA 95993
Phone (530) 822-2900
Fax (530) 671-3422

NOTICE OF PUBLIC HEARING

Notice is hereby given that a Public Hearing will take place:

Date: Wednesday, September 13, 2023

Time: 5:30 p.m.

Place: Sutter County Superintendent of Schools Office
970 Klamath Lane
Yuba City, CA 95993

PUBLIC HEARING: Sufficiency of Instructional Material

Education Code Section 60119 requires the governing board to hold a public hearing to encourage participation by parents, teachers, and members of the community interested in the affairs of the County Office of Education, and bargaining unit leaders, and shall make a determination through a resolution, as to whether each pupil has sufficient textbooks or instructional materials, or both, in each subject that are consistent with the content and cycles of the curriculum framework adopted by the State Board of Education:

- (i) Mathematics
- (ii) Science
- (iii) History – Social Science
- (iv) English/Language Arts, including English Language Development

FOR ADDITIONAL INFORMATION CONTACT:
Sutter County Superintendent of Schools
(530)822-2947

Posted on: August 28, 2023

BOARD AGENDA ITEM: Adopt Resolution for Sufficiency of Instructional Materials in Science, History/Social Science, Mathematics, and English/Language Arts

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

- Action
- Reports/Presentation
- Information
- Public Hearing
- Other (specify)

PREPARED BY:

Brian Gault, Chris Reyna, Jessica Burrone

SUBMITTED BY:

Brian Gault

PRESENTING TO BOARD:

Brian Gault

BACKGROUND AND SUMMARY INFORMATION:

After the public hearing on the sufficiency of textbooks and/or instructional materials, the board will be asked to adopt a resolution to make a determination as to whether each pupil has sufficient textbooks or instructional materials, or both, in each subject that are consistent with the content and cycles of the curriculum framework adopted by the State Board of Education.

**SUTTER COUNTY BOARD OF EDUCATION
SUTTER COUNTY SUPERINTENDENT OF SCHOOLS**

RESOLUTION NUMBER 23-24-1

**SUFFICIENCY OF INSTRUCTIONAL MATERIALS
2023-24**

Whereas, the governing board of Sutter County Superintendent of Schools, in order to comply with the requirements of *Education Code* Section 60119 held a public hearing on September 13, 2023, at 5:30 p.m., which is on or before the eighth week of school (between the first day that students attend school and the end of the eighth week from that day) and which did not take place during or immediately following school hours, and;

Whereas, the governing board provided at least 10 days notice of the public hearing posted in at least three public places within the county that stated the time, place, and purpose of the hearing, and;

Whereas, the governing board encouraged participation by parents/guardians, teachers, members of the community, and bargaining unit leaders in the public hearing, and;

Whereas, information provided at the public hearing and to the governing board at the public meeting detailed the extent to which textbooks and instructional materials were provided to all students, including English learners, in the district/county office of education, and;

Whereas, the definition of "sufficient textbooks or instructional materials" means that each student, including each English learner, has a standards-aligned textbook and/or instructional materials to use in class and to take home, which may include materials in a digital format but shall not include photocopied sheets from only a portion of a textbook or instructional materials copied to address a shortage, and;

Whereas, the definition of "sufficient textbooks or instructional materials" also means that all students who are enrolled in the same course within the Sutter County Superintendent of Schools, have standards-aligned textbooks or instructional materials from the same adoption cycle, and;

Whereas, sufficient textbooks and instructional materials were provided to each student, including English learners that are aligned to the academic content standards and consistent with the cycles and content of the curriculum frameworks in the following subjects:

FOR A FINDING OF SUFFICIENT INSTRUCTIONAL MATERIALS SCIENCE, HISTORY-SOCIAL SCIENCE, MATH, ELA AND READING FOR SPECIAL EDUCATION

Special Education

Science: K–Grade 5 uses *Pearson Scott Foresman California*.

Grade K-8 uses the Unique Learning System Online Curriculum.

Grade 6 uses *Holt, Rinehart and Winston*, California Earth Science.

Grade 7 uses *Holt, Rinehart and Winston* California Life Science.

Grade 8 uses *Holt, Rinehart and Winston* California Physical Science.

Science: Grades 9 – 12 uses *McDougal Littell*, Biology 2008.

Science: Grades 9 – 12 uses Earth Science, *Holt, Reinhart & Winston*.

Science: Grades 9 – 12 uses Physical Science with Earth Science, *Glencoe-McGraw Hill*.

Science: Grades 9 – 12 uses Unique Learning System, Online Curriculum

History/Social Studies: Grade 12 uses *Holt, Rinehart, and Winston*, 2003, Economics and Prentice Hall, 2006, American Government.

History/Social Studies: Grade 11 uses *McDougal Littell*, 2003, The Americans.

History/Social Studies: Grade 10 uses *McDougal Littell*, 2006, Modern World History.

History/Social Studies: Grade 7-12 uses Unique Learning Systems, Online Curriculum

History/Social Studies: Grade 8 uses *Teachers' Curriculum Institute*, 2005, History Alive!, The United States Through Industrialism.

History/Social Studies: Grade 7 uses *Teachers' Curriculum Institute*, 2005, History Alive!, The Medieval World and Beyond.

History/Social Studies: Grade K-6 uses Unique Learning System, Online Curriculum

History/Social Studies: Grade 6 uses *Teachers' Curriculum Institute*, 2004. History Alive!, The Ancient World.

History/Social Studies: Grade 5 uses *Scott Foresman*, 2006, Our Nation.

History/Social Studies: Grade 4 uses *Scott Foresman*, 2006, Our California.

History/Social Studies: Grade 3 uses *Scott Foresman*, 2006, Our Communities.

History/Social Studies: Grade 2 uses *Scott Foresman*, 2006, Then and Now.

History/Social Studies: Grade 1 uses *Scott Foresman*, 2006, Time and Place.

History/Social Studies: Grade K uses *Scott Foresman*, 2006, Learn and Work.

Mathematics curriculum for Grade K-6 Unique Learning System, Online Curriculum

Mathematics curriculum for Grade K-6th Touch Math

Mathematics curriculum for Grade K-3rd SWUN Volume 1-3

Mathematics curriculum for K-5 enVision Math, *Scott Foresman-Addison Wesley*, 2009.

Mathematics curriculum for Grade 6 Course 1: Numbers to Algebra, *Holt, Rinehart, and Winston*, 2008.

Mathematics curriculum for Grade 6-8 Unique Learning System, Online Curriculum

Mathematics curriculum for Grade 7 Course 2: Pre- Algebra I, *Holt, Rinehart, and Winston*, 2008.

Mathematics curriculum for Grade 8 Course 1: Algebra 1, *Holt, Rinehart, and Winston*, 2008.

Mathematics curriculum for Grades 9 – 12 California Pre-Algebra, *Pearson-Prentice Hall*.

Mathematics curriculum for Grades 9 – 12 Algebra 1 – Classics, *Smith Charles, Pearson-Prentice Hall*.

Mathematics curriculum for Grades 9 – 12 California Geometry, *Pearson-Prentice Hall*.

Mathematics curriculum for Grades 9 – 12 Beginning Algebra with Applications, *Houghton Mifflin*.

Mathematics curriculum for Grades 9-12 Unique Learning System, Online Curriculum

English Language Arts curriculum for Grades K-12 Unique Learning System, Online Curriculum,

English Language Arts curriculum for Grades K-6 Piloting, Wonder Works, *McGraw Hill Education*.

English Language Arts curriculum for Grades 7-12 High Point, Intervention

English Language Arts curriculum iReady Grades K-6th DHH

**FOR A FINDING OF SUFFICIENT INSTRUCTIONAL MATERIALS SCIENCE, HISTORY-
SOCIAL SCIENCE, MATH, ELA AND READING FOR
FEATHER RIVER ACADEMY**

Feather River Academy

Science: Grade 6-12 Edgenuity Courseware

History-Social Science: Grade 6-12 Edgenuity Courseware

Mathematics: Grade 6-12 Edgenuity Courseware

Reading/English/Language Arts: Grade 6-12 Edgenuity Courseware, Supplemental- Reading w/
Relevance

**FOR A FINDING OF SUFFICIENT INSTRUCTIONAL MATERIALS SCIENCE, HISTORY-
SOCIAL SCIENCE, MATH, ELA AND READING FOR
PATHWAYS CHARTER ACADEMY**

Pathways Charter Academy

Science: Grade 6-12 Edgenuity Courseware

History Social Science: Grade 6-12 Edgenuity Courseware

Mathematics: Grade 6-12 Edgenuity Courseware

Reading/English/Language Arts: Grade 6-12 Edgenuity Courseware, Supplemental- Reading w/
Relevance

Therefore, it is resolved that for the 2023-24 school year, the Sutter County Superintendent of Schools Office has provided each student with sufficient textbooks and instructional materials aligned to the academic content standards and consistent with the cycles and content of the curriculum frameworks.

PASSED AND ADOPTED at a regular meeting of the Sutter County Board of Education on the 13th day of September 2023, by the following vote:

McJunkin ____; Lachance ____; Pamma ____; Gill ____; Singh ____

Ayes:

Noes:

Absent:

June McJunkin, President
Sutter County Board of Education

Tom Reusser, Ex-officio
Sutter County Board of Education

BOARD AGENDA ITEM: Business Services Report

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

- Action
- Reports/Presentation
- Information
- Public Hearing
- Other (specify)

PREPARED BY:

Nicolass Hoogeveen

SUBMITTED BY:

Nicolass Hoogeveen

PRESENTING TO BOARD:

Nicolass Hoogeveen

BACKGROUND AND SUMMARY INFORMATION:

The monthly financial report for August will be reviewed

Summary Report of Revenues, Expenditures and Changes in Fund Balance (Unrestricted and Restricted Combined)

August 2023

07/16/23-08/15/23

Description	Account Codes	Original Budget	Operating Budget	Actuals to Date	Projected Yr Totals	Difference (Col D - B)	2023-24 % Actuals as a % of Budget
		7/1/23 (A)	7/15/23 (B)	8/15/23 (C)	8/15/23 (D)	(E)	
A. Revenues							
1. Local Control Funding Formula	8010-8099	\$ 11,306,536	\$ 11,306,536	\$ 489,871	\$ 11,306,536	-	A 4.3%
2. Federal Revenues	8100-8299	\$ 5,036,967	\$ 5,095,284	\$ 127,556	\$ 5,114,822	19,538	B 2.5%
3. Other State Revenues	8300-8599	\$ 14,144,633	\$ 14,144,633	\$ 1,197,629	\$ 14,332,496	187,863	C 8.5%
4. Other Local Revenues	8600-8799	\$ 16,070,941	\$ 16,070,941	\$ 55,899	\$ 15,765,974	(304,967)	D 0.3%
5. TOTAL REVENUES		\$ 46,559,077	\$ 46,617,394	\$ 1,870,955	\$ 46,519,828	\$ (97,566)	4.0%
B. Expenditures							
1. Certificated Salaries	1000-1999	\$ 10,147,561	\$ 10,147,561	\$ 363,963	\$ 10,152,561	5,000	E 3.6%
2. Classified Salaries	2000-2999	\$ 12,983,439	\$ 12,993,439	\$ 672,666	\$ 12,987,852	(5,587)	F 5.2%
3. Employee Benefits	3000-3999	\$ 10,672,644	\$ 10,673,575	\$ 393,299	\$ 10,674,757	1,182	G 3.7%
4. Books and Supplies	4000-4999	\$ 1,191,623	\$ 1,205,066	\$ 69,682	\$ 1,397,293	192,227	H 5.8%
5. Services, Other Operation	5000-5999	\$ 8,050,467	\$ 8,111,446	\$ 947,746	\$ 8,102,822	(8,624)	I 11.7%
6. Capital Outlay	6000-6999	\$ 648,184	\$ 648,184	\$ 13,060	\$ 1,081,348	433,164	J 2.0%
7. Other Outgo	7100-7299	\$ 509,024	\$ 509,024	\$ -	\$ 537,024	28,000	K 0.0%
8. Direct Support/Indirect	7300-7399	\$ (117,633)	\$ (117,633)	\$ (5,297)	\$ (117,633)	-	L 4.5%
9. Debt Service	7400-7499	\$ -	\$ -	\$ -	\$ -	-	M 0.0%
10. TOTAL EXPENDITURES		\$ 44,085,309	\$ 44,170,662	\$ 2,455,119	\$ 44,816,024	645,362	5.6%
C. Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses (A5-B10)							
		\$ 2,473,768	\$ 2,446,732	\$ (584,164)	\$ 1,703,804	\$ (742,928)	-34.3%
D. Other Financing Sources/Uses							
1. Transfers In	8910-8979	\$ 35,000	\$ 35,000	\$ -	\$ 35,000	-	0.0%
2. Transfer Out	7610-7629	\$ 2,716,977	\$ 2,716,977	\$ -	\$ 2,716,977	-	0.0%
3. Contributions	8980-8999	\$ -	\$ -	\$ -	\$ -	-	0.0%
Total, Other Fin Sources/Uses		\$ (2,681,977)	\$ (2,681,977)	\$ -	\$ (2,681,977)	\$ -	0.0%
E. Net Change to Fund Balance							
		\$ (208,209)	\$ (235,245)	\$ (584,164)	\$ (978,173)	\$ (742,928)	H
F. Fund Balance (Fund 01 only)							
1. Beginning Balance		\$ 16,095,590	\$ 16,095,590	\$ 16,095,590	\$ 16,095,590	-	
2. Adjustments/Restatements		\$ -	\$ -	\$ -	\$ -	-	
Ending Balance		\$ 15,887,381	\$ 15,860,345	\$ 15,511,426	\$ 15,117,417	\$ (742,928)	
G. Components of Ending Fund Balance							
Designated Amounts	9711-9730	\$ 10,500	\$ 10,500		\$ 10,500	\$ -	
Legally Restricted	9740-9760	\$ 4,911,518	\$ 4,412,928		\$ 3,657,620	\$ -	
Assigned	9780	\$ 8,625,249	\$ 9,092,535		\$ 9,072,647	\$ -	
Restricted Economic Uncertainty	9789	\$ 2,340,114	\$ 2,344,382		\$ 2,376,650	\$ -	
Unassigned/Unappropriated	9790	\$ -	\$ -		\$ -	\$ -	

Explanation of Differences
Net Change in Current Year Budget August Board Report
07/16/23-08/15/23

	<u>Amount</u>	<u>Explanation of Differences</u>
B <u>Federal Revenues (8100-8299)</u>		
County Office	\$ (30,572)	<i>Align budget to match ESSER III Grant Balance</i>
Curriculum, Instruction, and Accountability (CIA)	\$ 19,226	<i>Adjust budget for Title III 22/23 Carryover</i>
Student Support and Outreach (SSO)	\$ (31,327)	<i>Adjust budget for ESSER III Balance</i>
Pathways Charter Academy	\$ 22,719	<i>Adjust budget for ELO-ESSER III, Title I 22/23 Carryover</i>
Special Education Local Plan Area (SELPA)	\$ 16,720	<i>21/22 & 22/23 Alternate Dispute Resolution balance</i>
Infant Program	\$ 22,770	<i>Adjust budget for American Rescue Plan Revenue</i>
Various departments	\$ 2	<i>Miscellaneous Adjustments</i>
	<u>\$ 19,538</u>	
C <u>Other State Revenues (8300-8599)</u>		
County Office	\$ 144,194	<i>Establish ESSER III budget for FMOF HVAC Project</i>
Regional Occupation Program (ROP)	\$ 23,886	<i>Adjust CTEIG Revenue for Prior Year unspent</i>
Infant Program	\$ 19,783	<i>22/23 Infant Additional Funds</i>
	<u>\$ 187,863</u>	
D <u>Other Local Revenues (8600-8799)</u>		
Curriculum, Instruction, and Accountability (CIA)	\$ (64,967)	<i>Remove ELO Consortium revenue for Meridian</i>
Student Support and Outreach (SSO)	\$ (240,000)	<i>Adjust budget of match CALHOPE Award amount to reflect amounts not yet received</i>
	<u>\$ (304,967)</u>	
E <u>Certificated Salaries (1000-1999)</u>		
Infant Program	\$ 5,000	<i>Establish budget for extra pay from ARP Part C</i>
	<u>\$ 5,000</u>	
F <u>Classified Salaries (2000-2999)</u>		
County Office	\$ (5,700)	<i>Adjust budget to replace staff computers</i>
Various departments	\$ 113	<i>Miscellaneous Adjustments</i>
	<u>\$ (5,587)</u>	
G <u>Employee Benefits (3000-3999)</u>		
Infant Program	\$ 1,171	<i>Establish budget for extra pay from ARP Part C</i>
Various departments	\$ 11	<i>Miscellaneous Adjustments</i>
	<u>\$ 1,182</u>	
H <u>Books and Supplies (4000-4999)</u>		
County Office	\$ 5,504	<i>Adjust budget to replace staff computers</i>
Special Education	\$ 2,050	<i>Adjust budget to cover books and headphones</i>
Curriculum, Instruction, and Accountability (CIA)	\$ 134,158	<i>Establish ELOP Consort 22/23 carryover budget</i>
Shady Creek Outdoor School	\$ 9,139	<i>22/23 Kitchen Infrastructure and Training Funds Carryover fund balance</i>
Pathways Charter Academy	\$ 25,704	<i>Adjust budget for Title I 22/23 carryover</i>
Infant Program	\$ 13,700	<i>Adjust budget for Infant supplies</i>
Various departments	\$ 1,972	<i>Miscellaneous Adjustments</i>
	<u>\$ 192,227</u>	

Explanation of Differences
Net Change in Current Year Budget August Board Report
07/16/23-08/15/23

	<u>Amount</u>	<u>Explanation of Differences</u>
I		
<u>Services, Other Operations (5000-5999)</u>		
Special Education	\$ 2,136	<i>Adjust balance for contracted services</i>
Curriculum, Instruction, and Accountability (CIA)	\$ (21,679)	<i>Adjust budget for Math Lesson Study and Teaching Channel</i>
Student Support and Outreach (SSO)	\$ (47,357)	<i>Adjust budget for Feather River Academy Counselors and ESSER III Deferred Revenue</i>
Regional Occupation Program (ROP)	\$ 23,886	<i>Adjust CTEIG deferred revenue to actuals</i>
Feather River Academy (FRA)	\$ 17,548	<i>Adjust budget for SSO Counselors</i>
Pathways Charter Academy	\$ 1,059	<i>Establish budget for ELO ESSER III</i>
Special Education Local Plan Area (SELPA)	\$ 13,987	<i>21/22 and 22/23 ADR conference and PD balance</i>
Various departments	\$ 1,796	<i>Miscellaneous Adjustments</i>
	<u>\$ (8,624)</u>	
J		
<u>Capital Outlay (6000-6999)</u>		
County Office	\$ 113,622	<i>Align budget for HVAC Project</i>
Shady Creek Outdoor School	\$ 87,880	<i>Kitchen Infrastructure & Training Funds carryover from 22/23</i>
Pathways Charter Academy	\$ 6,662	<i>Adjust budget for 22/23 carryover and Centegix</i>
Special Education Local Plan Area (SELPA)	\$ 225,000	<i>Adjust budget for new vans</i>
	<u>\$ 433,164</u>	
K		
<u>Other Outgo (7100 - 7299)</u>		
Curriculum, Instruction, and Accountability (CIA)	\$ 28,000	<i>Adjust budget for Math Lesson Study MOU</i>
	<u>\$ 28,000</u>	
Net Change in Current Year Budget	<u>\$ (742,928)</u>	

Agenda Item No. 9.0

BOARD AGENDA ITEM: CTC Construction GMP

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

PREPARED BY:

Action

James Peters

Reports/Presentation

SUBMITTED BY:

Information

James Peters

Public Hearing

PRESENTING TO BOARD:

Other (specify)

James Peters

BACKGROUND AND SUMMARY INFORMATION:

The Career Training and Conference Center 30% design overview and **Construction** Guaranteed Maximum Price is being presented to the Board for approval to proceed with the Public Bid Process to attain firm pricing. Information and approval to construct the CTC will occur at a Regularly Scheduled Board Meeting at a later date and time.



SCSOS CTC REV.7
Yuba City CA

8/25/2023

BREAKDOWN RECAP

1	DIVISION 1 - General Requirements:	<u>\$3,047,466</u>
2	DIVISION 2 - Site Work:	<u>\$2,444,935</u>
3	DIVISION 3 - Concrete:	<u>\$824,050</u>
4	DIVISION 4 - Masonry:	<u>\$62,608</u>
5	DIVISION 5 - Metals:	<u>\$2,519,700</u>
6	DIVISION 6 - Wood & Plastic:	<u>\$424,867</u>
7	DIVISION 7 - Thermal and Moisture Protection:	<u>\$694,841</u>
8	DIVISION 8 - Doors & Windows:	<u>\$1,255,320</u>
9	DIVISION 9 - Finishes:	<u>\$2,127,059</u>
10	DIVISION 10 - Specialties:	<u>\$455,525</u>
11	DIVISION 11 - Equipment:	<u>\$0</u>
12	DIVISION 12 - Furnishings:	<u>OFOI</u>
13	DIVISION 13 - Special Construction:	<u>\$885,000</u>
14	DIVISION 14 - Conveying Systems:	<u>\$194,500</u>
15	DIVISION 15 - Mechanical:	<u>\$2,129,638</u>
16	DIVISION 16 -	<u>\$1,546,020</u>
	TOTAL CONSTRUCTION:	<u><u>\$18,611,528</u></u>



BID BREAKDOWN

DIVISION 1: GENERAL REQUIREMENTS

Supervision Wages	\$352,160
General Conditions	\$277,837
Insurance	\$68,601
Profit & Overhead	\$861,241
Builder Risk	\$2,500
Builder Risk	\$68,875
Bond	\$146,966
Construction Contingency	\$1,174,420
Final Clean	\$19,466
Laborer	\$75,400

TOTAL GENERAL REQUIREMENTS \$3,047,466

DIVISION 2: SITE WORK

Const. Staking	\$23,375
Replacement Staking	\$3,500
-	\$0
Erosion Control	\$0
Swpp Plan	\$2,500
Straw Wattle/ Silt Fence	\$8,200
DI Filter	\$3,000
Const Entrance Install/remove	\$6,200
Swpp Maintenance	\$4,200
Monitoring	\$44,800
Concrete Washouts	\$1,800
Street Sweeping	\$3,000
-	\$0
Demolition	\$0
Clear and Grub	\$30,048
-	\$0
Earthwork - Grading	\$0
Grading Cut to fill 24"	\$160,256
Regrade / Fine Grade	\$180,288
Building Pad	\$0
Off -haul footing spoils	\$31,200
-	\$0
Water	\$0
Domestic/ Irrigation 1.5" to 3"	\$4,800
Domestic- Irrigation -BF- Meter	\$3,600
Fire Water - 8"	\$77,770
Fire Water - 6"	\$5,000
Fire Hydrant	\$24,000
FDIC-PIV-BFV Set	\$16,400
BFP Cages	\$1,200
Tie-In	\$3,500
-	\$0
Sewer -	\$0
6" SDR	\$34,080
6" C.O.	\$2,200
SS Manhole	\$10,500
Tie-In	\$2,500



-	\$0
Storm Drain	\$0
12" SDR 35	\$84,300
18" SDR 35	\$5,280
6" PVC	\$25,920
4" PVC Perforated	\$22,200
SD Manhole	\$11,300
Drain Inlet 24"x24"	\$30,800
Contech Filter Vault	\$0
Storm Tech SC 310 15 Chambers	\$74,250
Storm Tech DC 710 60 Chambers	\$225,000
-	\$0
Site Electrical	\$0
Primary Power Joint Trench	\$59,000
Secondary Power Joint Trench	\$18,360
Additional Vault	\$10,000
- Site Lights	\$208,000
- Transformer Pad	\$10,000
Car Charging Station (Come In Pairs of 2) 6 Pairs	\$180,000
Car Charging Station Future Conduit	\$24,000
-	\$0
Aggregate Base AC 6" (Double)	\$0
Aggregate Base Site Concrete 4"	\$53,370
AC Drive Isles 3'AC /8"AB	\$55,250
AC Parking Areas 3"AC / 6" AB	\$127,925
-	\$0
Pavement Markings	\$13,936
Wheel stops	\$0
Site Signage	\$0
- Bike Rack - Uline #2892BL (3 ea.)	\$1,255
- Bike Locker	\$6,200
-	\$0
Landscaping / Irrigation	\$123,585
- Sleeving	\$4,000
Site Benches-Precast	\$0
-	\$0
Site Concrete	\$0
Sidewalk & Flatwork	\$121,510
Curb 6"	\$75,575
Curb and Gutter 24"	\$19,570
Valley Gutter	\$7,776
Mow Strip at Building Perimeter	\$3,240
Ramps-Truncated Domes	\$16,500
Trash Slab/Apron	\$19,896
Lot Light Bases	\$59,520
Trash Enclosure - Split Face w/ Cap	\$14,500
Site steel - T/E gates -Roof (Incl w/ Steel #)	\$0
Light Bollards	\$45,000
-	\$0
Fencing	\$0
	<hr/>
TOTAL SITE WORK	\$2,444,935
-	



DIVISION 3: CONCRETE (BLDG)

Termite Control	\$2,919	
-	\$0	
Misc/Anchor Bolts / Hold Downs (Majority with Steel #)	\$5,838	
Rebar	\$0	
-	\$0	
Building 1st Level Footings and Slab	\$470,399	
Elevator Pit	\$0	
Building 2nd Floor Deck Slab	\$251,654	
Stair Tread - Landings-Infill	\$0	
Pad Footings	\$0	
Concrete Tread Infill	\$0	
Stair Tread Nosing 72" 80ea	\$15,360	
-	\$0	
Concrete Polishing/Seal	\$77,880	
-		
TOTAL CONCRETE		<u>\$824,050</u>

DIVISION 4: MASONRY

Rebar	\$0	
Anchorage / Reinforcement / Acc's	\$0	
-		
Veneer Smooth Face	\$62,608	
TOTAL MASONRY		<u>\$62,608</u>

DIVISION 5: METALS

Bollards	<u>\$22,500</u>	
-	<u>\$0</u>	
Structural Steel (Remove HVAC Roofs)	<u>\$2,496,000</u>	
Stairs	<u>\$0</u>	
Railing	<u>\$0</u>	
Columns Beams	<u>\$0</u>	
Brace Frame	<u>\$0</u>	
Metal Decking	<u>\$0</u>	
Second Floor Deck	<u>\$0</u>	
Roof Deck	<u>\$0</u>	
Closure Angles	<u>\$0</u>	
Stiffeners	<u>\$0</u>	
Elevator Steel	<u>\$0</u>	
Rail Brackets	<u>\$0</u>	
Guide Rails	<u>\$0</u>	
Hoist Beam w/ Mounting Plates	<u>\$0</u>	
Pit Ladder	<u>\$1,200</u>	
Canopy For Parking Solar	<u>\$0</u>	
TOTAL METALS		<u>\$2,519,700</u>

DIVISION 6: WOOD AND PLASTICS

PT at Roof edge 1210lf x4ea	<u>\$39,688</u>	
Misc. Backing / Blocking	<u>\$10,000</u>	
Nichiha Faux Wood w/ rainscreen	<u>\$213,004</u>	
Finish Carpentry	<u>\$38,975</u>	
-	<u>\$0</u>	
Casework / Cabinets & Countertops	<u>\$123,200</u>	
-		
TOTAL WOOD AND PLASTICS		<u>\$424,867</u>



DIVISION 7: THERMAL AND MOISTURE PROTECTION

Fluid Applied Waterproofing	\$35,000
Waterproof Elevator Pit	<u>\$5,000</u>
Building Insulation	<u>\$97,438</u>
-	<u>\$0</u>
Horizontal Metal Siding Panels	<u>\$44,746</u>
ACM Panels	<u>\$12,480</u>
-	<u>\$0</u>
Membrane Roofing - Built-up / TPO	<u>\$268,646</u>
R-30 (2 Layers 2.6" Polyiso)	<u>\$0</u>
Moisture Barrier at Roof	<u>\$0</u>
Tapered EPS	<u>\$0</u>
Tapered Crickets	<u>\$0</u>
1/2" Dens Deck on Metal Deck	<u>\$0</u>
Roofing Over Parapet	<u>\$0</u>
-	<u>\$0</u>
Standing Seam 24g	<u>\$56,504</u>
-	<u>\$0</u>
Flashing and Sheet Metal	<u>\$77,590</u>
-	<u>\$0</u>
Fire Stopping & Smoke Protection	<u>\$38,975</u>
Joint Sealants & Caulking	<u>\$58,463</u>
-	
TOTAL THERMAL AND MOISTURE PROTECTION	<u>\$694,841</u>

DIVISION 8: DOORS AND WINDOWS

Doors- Frames-Hardware	\$879,000
Door Install	<u>\$0</u>
-	<u>\$0</u>
Access Doors / Panels	<u>\$5,000</u>
Fire Rated Elevator Smoke Containment Door	<u>\$0</u>
-	<u>\$0</u>
Storefront System	<u>\$143,520</u>
Storefront Windows Interior	<u>\$0</u>
Auto Door Openers	<u>\$10,000</u>
Windows	<u>\$214,200</u>
Interior Glazing Systems	<u>\$0</u>
Interior Window Frames	<u>\$3,600</u>
TOTAL DOORS AND WINDOWS	<u>\$1,255,320</u>



DIVISION 9: FINISHES

Plaster/Stucco	\$137,396	
Scaffolding	\$0	
-	\$0	
Steel Stud 18g Drywall / Tile Backer Board	\$1,298,925	
Hard Lids, soffits	\$0	
Exterior Densglass	\$0	
Paint Prep Coat	\$47,518	
-	\$0	
Ceramic Tile	\$0	
Wall Tile - per elevations	\$83,020	
-	\$0	
Acoustical Ceiling - 2x4 Grid	\$186,312	
Light Wires	\$4,000	
-	\$0	
LVT Plank	\$230,368	
Moisture Testing	\$10,000	
FRP	\$4,800	
Painting	\$124,720	
-		
TOTAL FINISHES		\$2,127,059

DIVISION 10: SPECIALTIES

Louvers / Vents	\$53,500	
Operable Partition 12' 2ea Skyfold	\$262,000	
Operable Partition 18' 2ea Skyfold	\$0	
Thread Rod Support Header Support	\$15,800	
Wall & Corner Guards	\$1,600	
Monument Sign	\$50,000	
Building Sign	\$10,000	
Signs - Interior Building Supply- Install	\$15,000	
Lockers	\$0	
Fire Ext - Recessed Cabinets	\$5,328	
Fire Ext - Install	\$960	
Window Awnings (Powder Coating)	\$0	
Toilet Partitions	\$30,657	
Restroom Accessories Grab Bars Etc.	\$10,000	
Soap/ Paper Towel at Handsinks	\$0	
Mirrors	\$0	
Knox Boxes	\$680	
TOTAL SPECIALTIES		\$455,525



DIVISION 11: EQUIPMENT

Install Equipment

TOTAL EQUIPMENT \$0

DIVISION 12: FURNISHINGS

Window Coverings \$0

Marker Boards \$0

Appliances \$0

FFE \$0

TOTAL FURNISHING OFOI

DIVISION 13: SPECIAL CONSTRUCTION

Solar and Back up \$885,000

Back up 450kw \$0

TOTAL SPECIAL CONSTRUCTION \$885,000

DIVISION 14: CONVEYING SYSTEMS

Elevator \$185,000

Standby Time \$3,000

Testing \$5,000

Temp Safety Rails \$1,500

-

TOTAL CONVEYING SYSTEMS \$194,500



DIVISION 15: MECHANICAL

Fire Sprinklers	\$175,388	
Permits	\$0	
Fire Sprinkler Riser	\$5,500	
-	\$0	
Plumbing	\$857,450	
-	\$0	
HVAC	\$1,091,300	
Air Handlers w/ Curbs	\$0	
Split System Heat Pumps	\$0	
HVAC Control System	\$0	
Testing/Adjusting/Balancing	\$0	
-		
TOTAL MECHANICAL		<u>\$2,129,638</u>

DIVISION 16: ELECTRICAL

Electrical	\$1,247,200	
Additional Gear required for Car Chargers	\$15,000	
Fire Alarm	\$77,950	
Security System	\$46,770	
Communications & Data	\$155,900	
Title 24 Certs	\$3,200	
-		
TOTAL ELECTRICAL		<u>\$1,546,020</u>
TOTAL CONSTRUCTION		<u><u>\$18,611,528</u></u>

BOARD AGENDA ITEM: CTC Design Completion (70%)

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

PREPARED BY:

X Action

James Peters

____ Reports/Presentation

SUBMITTED BY:

____ Information

James Peters

____ Public Hearing

PRESENTING TO BOARD:

____ Other (specify)

James Peters

BACKGROUND AND SUMMARY INFORMATION:

The Career Training and Conference Center 30% design overview and Guaranteed Maximum Price is being presented to the Board for approval to proceed with the completion of the remaining 70% of the design.



Tom Reusser, Superintendent

**Presentation to the
SUTTER COUNTY BOARD OF EDUCATION
For the
CAREER TRAINING & CONFERENCE CENTER
30% DESIGN, VIABILITY REVIEW,
AND GUARANTEED MAXIMUM PRICE**

August 31, 2023



BACKGROUND

The Sutter County Superintendent of Schools and the Sutter County Board of Education are dedicated to the principles of educational excellence for all ages and needs, community partnerships, and sound fiscal practices. The SCSOS seeks to improve the availability and effectiveness of the career training programs by developing a building to house the necessary offices, mixed-use classrooms, and conference spaces to consolidate efforts, provide maximum accessibility to the community, and reduce long-term costs.

The Sutter County Superintendent of Schools, Mr. Tom Reusser, strives to lead the SCSOS office in a direction that best serves students, Sutter County School Districts, and the community. With a specific impression that education leads to opportunity and opportunity looks different to each unique individual within the community, Mr. Reusser aspires to ensure that the SCSOS is positioned to help everyone grow and thrive in the direction that best suits their hopes and dreams. While maintaining a high priority in the K-12 education arena, Mr. Reusser has also prioritized adult education and regional occupation programs. A critical piece in this equation is determining at what capacity the SCSOS can fulfill this vision while limiting duplication of services for our regional partners.

The Sutter County Board of Education has a long-standing reputation as a good steward of education, fiscal practices, and asset management for the Sutter County community. To best support Mr. Reusser's vision to benefit the community, the Board commissioned a Long-Range Facilities Master Plan (FMP) to support and provide direction. The information attained during the FMP process helped the SCSOS determine that consolidating programs and services into a single building, which also offers plentiful classroom and conference space, would improve services and opportunities, reduce costs, and fortify Mr. Reusser's vision into a long-term actuality.

As a result, the Board of Education has asked the SCSOS to administer the Design and Construction of the Career Training and Conference Center. The SCSOS has completed a formal selection process for a Design-Build Firm and accomplished the objectives necessary to compile a design (30%) that provides enough information to allow for a viability review, including a guaranteed maximum price (GMP) cost engineering.

The SCSOS is proud to present the process results thus far to the Sutter County Board of Education and will seek approval to proceed with the CTC project in September.

The SCSOS' Goals and Objectives

Career training is a diverse and ever-changing industry. Providing for community needs, garnering available funding options and grants, and avoiding duplication of services with regional partners require fluid planning and flexibility.

A significant challenge comes from finding available spaces that meet the criteria to provide services best. The SCSOS intends to design and construct a facility that can adapt to needed changes and offer educational services for many decades.

The SCSOS intends to achieve the following goals and objectives.

1. To consolidate relevant programs operating on multiple sites into a single location.
2. Improve upon effectiveness and efficiency of career training and job placement activities.
3. To provide local employment opportunities by streamlining operations.
4. To reduce expenditures associated with property leases and invest in SCSOS-owned property.
5. To enhance the economic value of the SCSOS' assets by developing the assets in a manner that supports the SCSOS' goals.
6. To provide structures aesthetically compatible with the SCSOS facilities and surrounding neighborhoods.
7. To provide enhanced environments and reduced costs in our classrooms.
8. To provide much-needed conference space designed for larger institutions, agencies, schools, and businesses in the region.
9. To have a building designed for long-term use and adaptable to the changing needs of programs.





Project Overview

The new Career Training Center (CTC) will be an advanced, sustainable, energy-efficient, and adaptable two-story building, approximately thirty-six thousand (36,000) square feet, housing multiple programs and departments including (but not limited to):

1. Sutter County 1 STOP
 - a. Business Workforce Specialist offices
 - b. Job Central
 - c. California Employment Development Department branch
2. Sutter County Adult Education offices
3. Tri-County Regional Occupation Program offices
4. North Central Adult Education Consortium offices
5. Sutter County Education Services - Curriculum, Instruction & Accountability
6. Program classrooms and conference rooms
7. Community Conference Room

The Project will:

1. Be constructed for sustainability and efficiency, with spans that allow most interior partition walls to be non-load bearing and relocatable or operable.
2. Be designed and built to provide a healthy environment, reduce waste, and conserve energy and water.
3. Be designed to include as close to net-zero energy-ready photovoltaic systems, energy management for HVAC and lighting, and integrated door access and camera surveillance.
4. Be designed to include network connectivity and audio/video needs for the modern office, classroom, and conference spaces.
5. Be constructed with a secure, reliable, and fault-tolerant data center.

Performance Criteria

The SCSOS has determined that the best value, not to exceed, guaranteed maximum price (GMP), design-build delivery method for the Project is in the best interest of the SCSOS and its constituents, as it allows for the SCSOS and the Design-Builder to work closely throughout the Project to accomplish the following minimum goals:

1. Establish a project budget that does not increase SCSOS operating expenditures.
2. Design and build according to the budget, adjusting as necessary.
3. Allow for disclosure to and feedback from stakeholders, the SCSOS, and the Sutter County Board of Education through planned meetings, and implement feedback as possible.
4. Verify the viability of the Project and provide a 30% design and cost evaluation as a Guaranteed Maximum Price for the Sutter County Board of Education's approval.
5. Maintain goals while developing the final 70% of the Design.
6. Construct a new building that meets the budget and the needs of the programs to be housed within and is adaptable to future change.



30% Design – Proposed floor plan and elevations

The Design-Build Firm (DBF), Hilbers Inc., and NMR Architects have been instrumental in helping SCSOS determine if our goals are achievable. Through many hours and long planning sessions, the sheer professionalism, expertise, and commitment to this Project bring great credit to them, their Firms, the SCSOS, and the Sutter County Board of Education, and is to be commended.

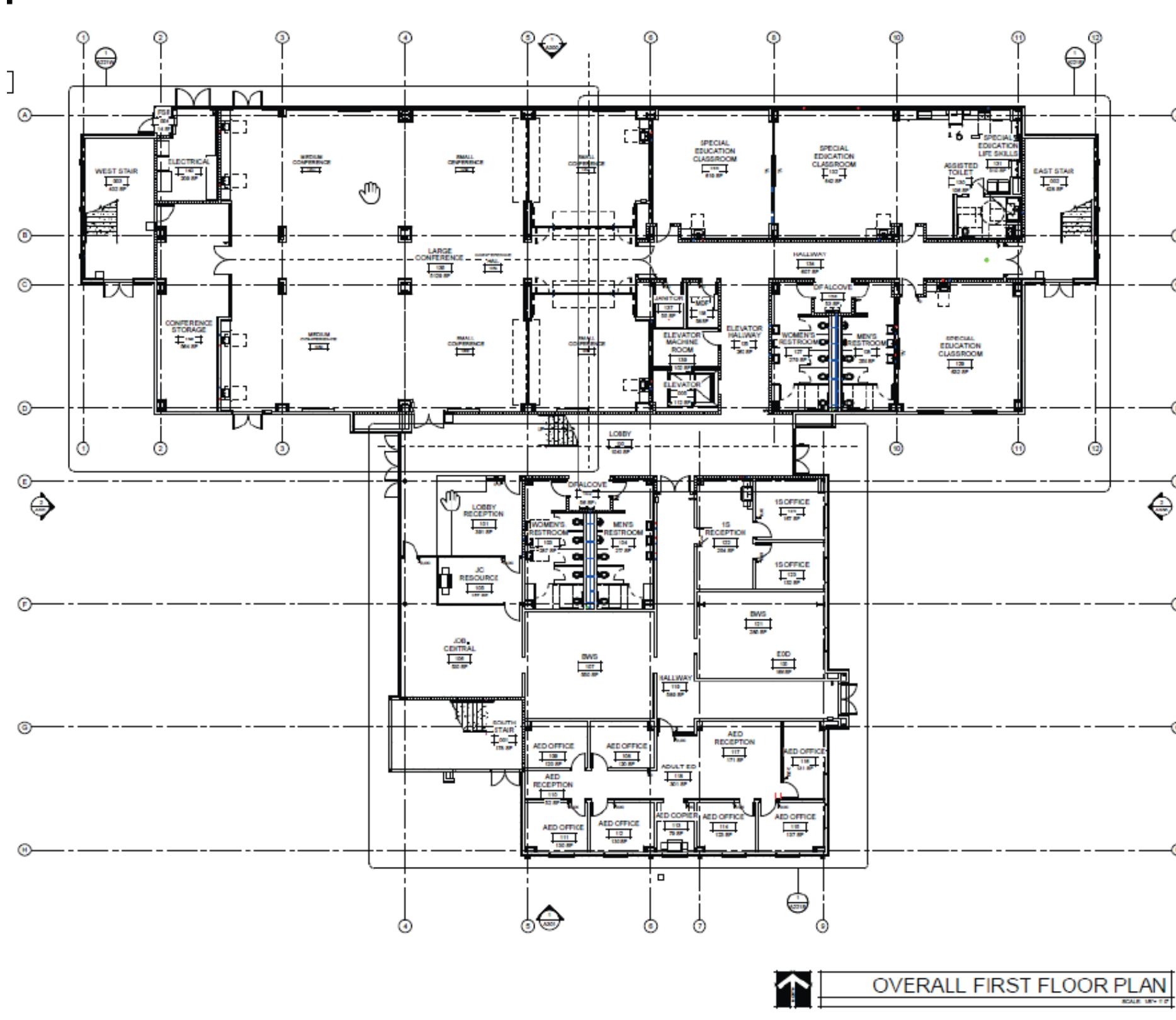
The proposed CTC Building has gone through multiple renditions, as hurdles have arisen, from occupancy type, parking, structural, and fire/life safety. Hilbers and NMR have worked diligently to resolve the issues and formulate a design that meets the criteria.

Ultimately, the Design-Builder and the SCSOS have reached the goal, find that the Project is viable, and are proud to present the following details.

Please keep in mind that the Project is currently designed to 30%. Many details are still to be determined and incorporated in the final 70% design phase.

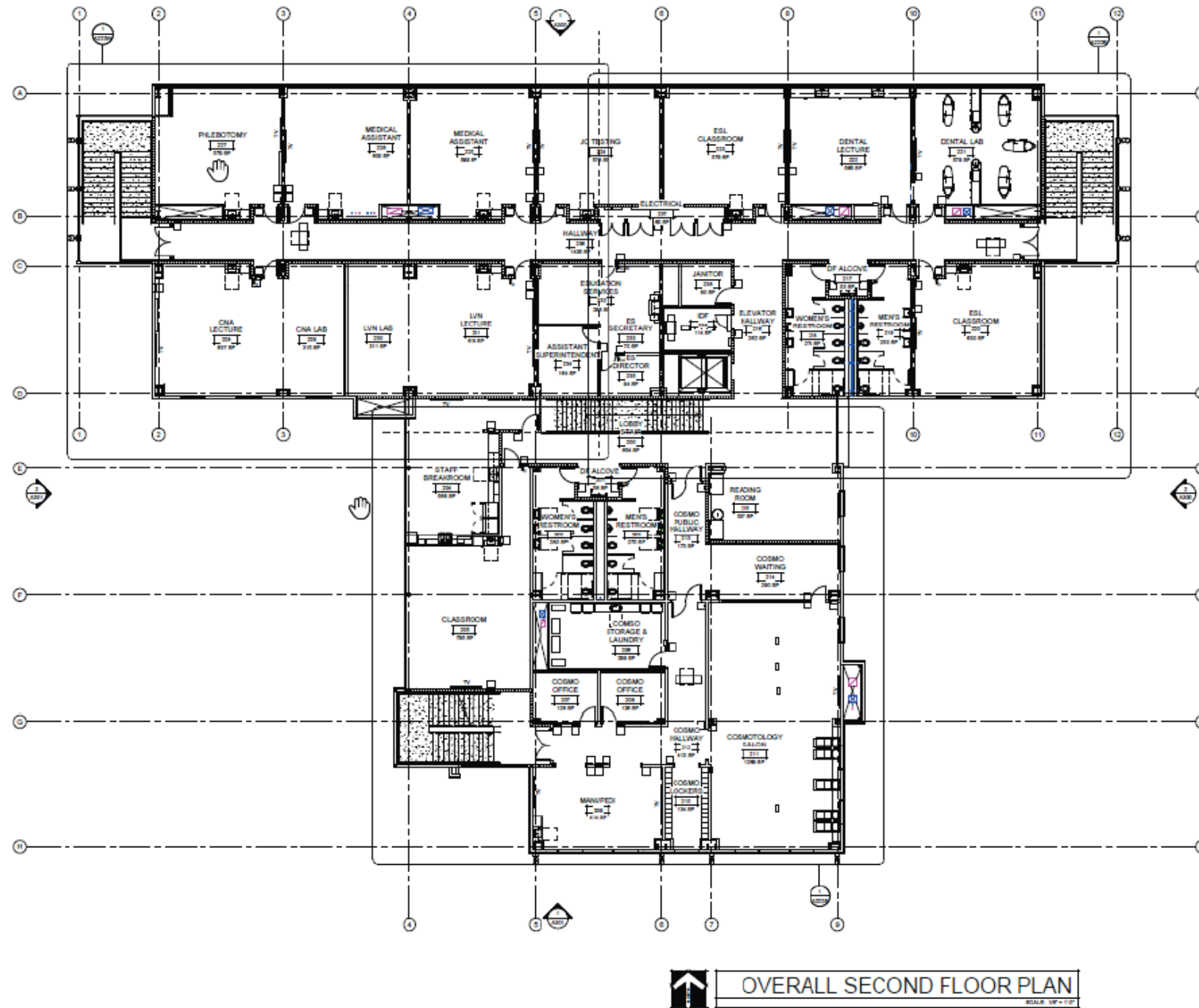
1. The building is approximately thirty-six thousand (36,000) square feet, has two floors, and stands nearly forty-two (42) feet tall.
2. The space programming has been optimized to maximize space available for all of the programs while ensuring streamlined traffic flows and emergency exit paths.
3. The building structure will be a steel frame at all exterior and interior walls.
4. The first and second floors will be concrete.
5. The building will primarily have a stucco exterior, storefront window systems, and architectural siding/stone veneers to enhance aesthetics.
6. The building will have a roof-mounted 450 kw solar system, with battery storage for systems operating after hours.
7. Most interior flooring is polished concrete, with luxury vinyl tile in key locations (such as the lobby) and ceramic tile in the restrooms.
8. The site has been optimized to allow for as many parking spaces as possible and multiple exit points.
9. The parking lot includes eleven (11) electric vehicle charging stations, with underground infrastructure in place to expand eleven (11) more spaces in the future.
10. The parking lot lights are proposed to be spaced in a method that is optimal for replacing them with shade structures in the future.

30% Design – Proposed Space Layout – First floor



First Floor
Lobby & Reception
Conference Room
Special Education Life Skills
The 1 Stop Administration
Job Central
Business Workforce Specialists
Adult Education Administration

30% Design – Proposed Space Layout – Second floor



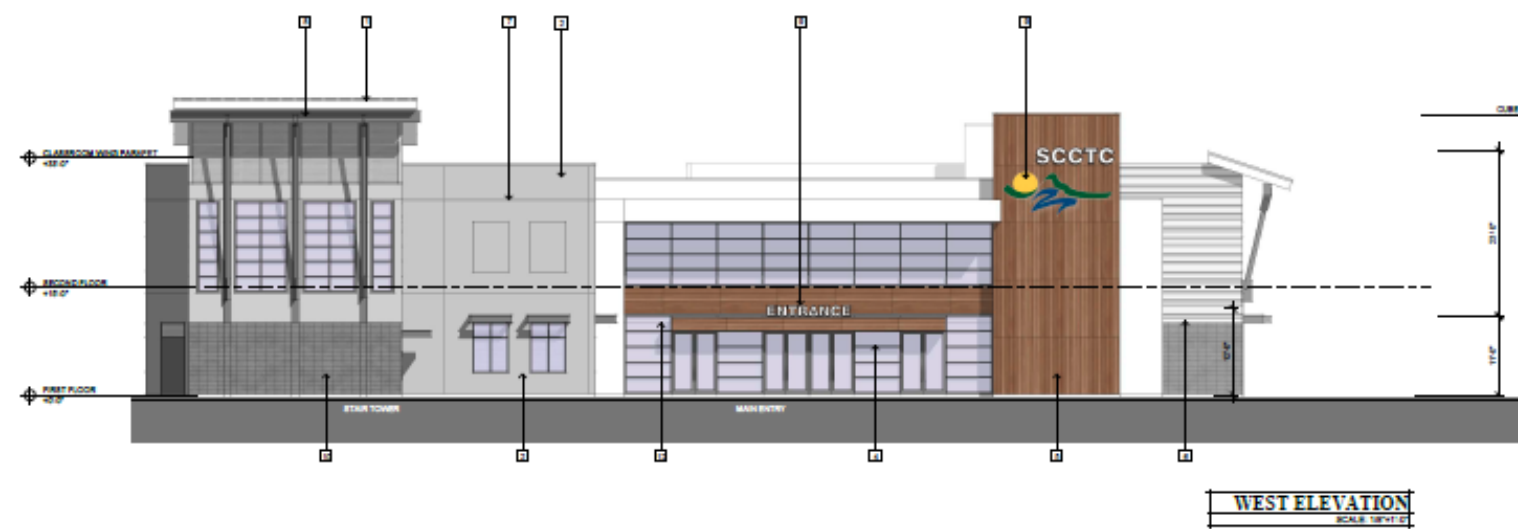
Second Floor
Cosmetology
Dental
English as a 2nd Language
High School Diploma/GED
Medical Assisting
Phlebotomy
Certified Nursing Assistant
Licensed Vocational Nurse
Education Services-CI&A
Student and Staff Breakrooms
Additional meeting/classroom spaces



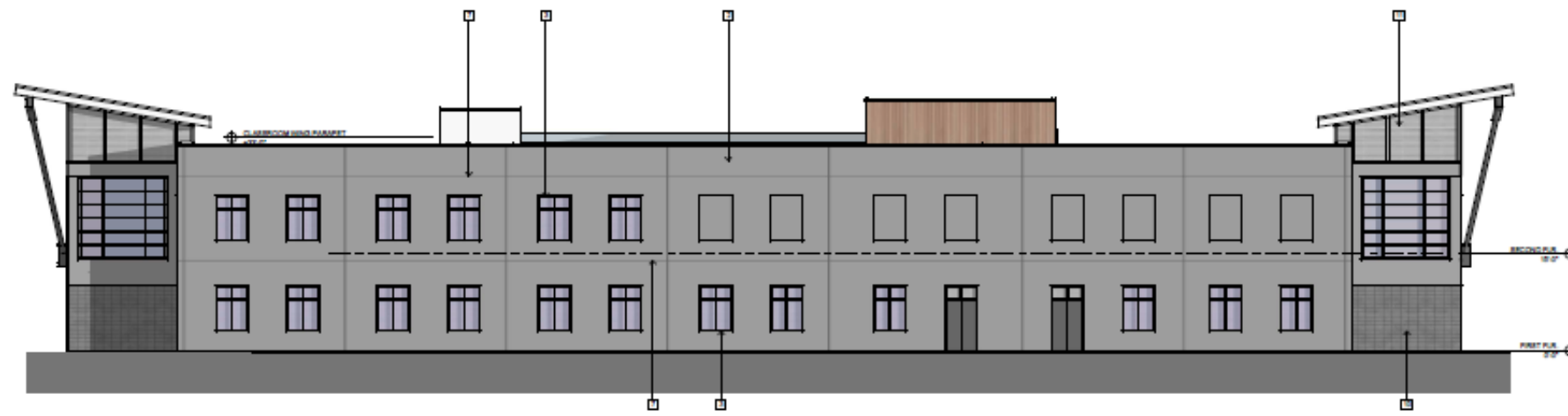
KEYNOTES

NOT ALL OCCURRENCES ARE CALLED OUT AT ALL LOCATIONS

- 3" STANDING SEAM METAL ROOFING
- EXTERIOR PLASTER, SMOOTH FINISH
- ALUMINUM STOREFRONT WINDOW
- ALUMINUM CURTAIN WALL WINDOW
- COMPOSITE WOOD VENEER PANELING (HICKORY OR BIRCH)
- VERTICAL METAL SCANS - BRASS/PATTERN OFFSET
- HORIZONTAL JOISTS
- PLASTER SCORE LINES
- STEEL BEAM & SUPPORT PIPE COLUMNS - PAINTED
- RAISED ALUMINUM BONACOR (ILLUMINATED)
- STACKED BRICK CMU WALL (PAINTED)



30% Design – Proposed Elevations



NORTH ELEVATION
SCALE 1/8"=1'-0"

KEYNOTES	
NOT ALL OCCURRENCES ARE CALLED OUT AT ALL LOCATIONS	
[Symbol]	2" STANDING SEAM METAL ROOFING
[Symbol]	EXTERIOR PLASTER - SMOOTH FINISH
[Symbol]	ALUMINUM STOREFRONT WINDOW
[Symbol]	ALUMINUM CURTAIN WALL WINDOW
[Symbol]	COMPOSITE WOOD VENEER PANELING (HICKORY OR EQ.)
[Symbol]	VERTICAL METAL RIBS - RAINSCREEN PATTERN, OFFSET HORIZONTAL JOINTS
[Symbol]	PLASTER SCORE LINE
[Symbol]	STEEL BEAM & SUPPORT PIPE COLUMN - PAINTED
[Symbol]	RAISED ALUMINUM SIGNAGE (ILLUMINATED)
[Symbol]	STACKED BOND BRICK WALL (PAINTED)



EAST ELEVATION
SCALE 1/8"=1'-0"

30% Design – Guaranteed Maximum Price (GMP) cost proposal

An essential element of the 30% Design and GMP is to maintain the budget as the utmost priority in the design and construction of the Project. Other delivery methods consider cost evaluations, but the final price is often determined at the end of the process.

A guaranteed maximum price proposal is intended to provide certainty and security, ensuring that the approved GMP is not to be exceeded.

The CTC project GMP proposal is attached for consideration, formatted as presented in the Request for Qualifications packet. The Hilbers Inc. long-form proposal is also included for your reference.

This resulting proposal is a hybrid of estimating practices from industry experience, square foot averages, hard bids from suppliers, etc. It is intended to outline expected costs for the Project but is not exact.

The CTC project is a public works project, and as such, the Project will be publicly bid according to the California Public Contract Code. The bids received will differ from the numbers presented here. If the bids received cause the total project cost to exceed the approved GMP, the design will be revised until the cost is below the GMP or deemed unviable.

SCSOS Summary of Long Form Proposal

Preconstruction & Soft cost		Cost Estimate	% of Cost	Cost p/ft2
1	Design Fees Preliminary Plans/Preconstruction (Phase 2, 30%)	\$420,679.00	1.76%	\$10.86
2	Design Progressive Design-Build (Phase 3, 70%)	\$811,239.00	3.40%	\$20.95
	Design CO	\$65,000.00	0.27%	\$1.68
4	Geotechnical	\$66,800.00	0.28%	\$1.73
5	Special Inspections	\$43,750.00	0.18%	\$1.13
6	Utility fees	\$100,000.00	0.42%	\$2.58
7	Commissioning	\$48,000.00	0.20%	\$1.24
8	Project Development/CM/Consultant Fees	\$175,000.00	0.73%	\$4.52
9	Design review/permit fees (DSA)	\$197,500.00	0.83%	\$5.10
10	Inspector (DSA certified/owner retained)	\$260,000.00	1.09%	\$6.71
11	Environmental Approvals	\$0.00	0.00%	\$0.00
12	Builder's Course of Construction Insurance	\$0.00	0.00%	\$0.00
13	Legal	\$3,500.00	0.01%	\$0.09
	Building Permit Fees	\$723,289.00	3.03%	\$18.68
	Subtotal Indirect Design/Construct Costs	\$2,914,757.00	12.20%	\$75.27
	Total preconstruction and soft costs	\$2,914,757.00	12.20%	\$75.27

Construction

1	Construction Design-Build Services	\$15,281,593.00	63.96%	\$394.64
2	Site work	\$2,444,935.00	10.23%	\$63.14
3	Solar	\$885,000.00	3.70%	\$22.85
	Subtotal Direct Design/Construct Costs	\$18,611,528.00	77.90%	\$480.63
	Owner Contingency Direct Costs (10%)	\$1,666,784.00	6.98%	\$43.04
	Total Design/Construction Cost	\$20,278,312.00	84.88%	\$523.68

SCSOS Direct cost

1	Owner fixtures, furniture and equipment	\$612,500.00	2.56%	\$15.82
2	Signage	\$0.00	0.00%	\$0.00
3	Window Coverings	\$85,000.00	0.36%	\$2.20
	Subtotal SCSOS Direct Costs	\$697,500.00	2.92%	\$18.01
	Total SCSOS Direct Construction Cost	\$697,500.00	2.92%	\$18.01

TOTAL CONSTRUCTION COSTS **\$23,890,569.00** **100.00%** **\$616.96**



SCSOS CTC REV.7
Yuba City CA

8/25/2023

BREAKDOWN RECAP

1	DIVISION 1 - General Requirements:	<u>\$3,047,466</u>
2	DIVISION 2 - Site Work:	<u>\$2,444,935</u>
3	DIVISION 3 - Concrete:	<u>\$824,050</u>
4	DIVISION 4 - Masonry:	<u>\$62,608</u>
5	DIVISION 5 - Metals:	<u>\$2,519,700</u>
6	DIVISION 6 - Wood & Plastic:	<u>\$424,867</u>
7	DIVISION 7 - Thermal and Moisture Protection:	<u>\$694,841</u>
8	DIVISION 8 - Doors & Windows:	<u>\$1,255,320</u>
9	DIVISION 9 - Finishes:	<u>\$2,127,059</u>
10	DIVISION 10 - Specialties:	<u>\$455,525</u>
11	DIVISION 11 - Equipment:	<u>\$0</u>
12	DIVISION 12 - Furnishings:	<u>OFOI</u>
13	DIVISION 13 - Special Construction:	<u>\$885,000</u>
14	DIVISION 14 - Conveying Systems:	<u>\$194,500</u>
15	DIVISION 15 - Mechanical:	<u>\$2,129,638</u>
16	DIVISION 16 -	<u>\$1,546,020</u>
	TOTAL CONSTRUCTION:	<u>\$18,611,528</u>



Design Fees/Preconstruction Phase 2	\$420,679
Design Design Build Phase 3	\$811,239
Design Increase SF	\$65,000
Special Inspections	\$43,750
Geotech Report	\$66,800
PGE Fees	\$100,000
Commissioning	\$48,000
Project Development Consultant Fees	\$175,000
Design Review/ Permit Fees (DSA)	\$197,500
Inspector (DSA Certified/Owner Retained)	\$260,000
Environmental Approvals	
Legal Review Costs	\$3,500
Contingency SCSCS Direct Costs	
Owner Fixtures Furniture and Equipment	\$612,500
Signage	see below
Window Coverings	\$85,000
Contingency SCSCS FFE Costs	see below
Building Permit Fees	\$723,289
Owner Contingency	\$1,666,784
TOTAL SCSSOSTC Items:	<u>\$5,279,041</u>
TOTAL COMBINATION BID:	<u><u>\$23,890,569</u></u>



BID BREAKDOWN

DIVISION 1: GENERAL REQUIREMENTS

Supervision Wages	<u>\$352,160</u>
General Conditions	<u>\$277,837</u>
Insurance	<u>\$68,601</u>
Profit & Overhead	<u>\$861,241</u>
Builder Risk	<u>\$2,500</u>
Builder Risk	<u>\$68,875</u>
Bond	<u>\$146,966</u>
Construction Contingency	<u>\$1,174,420</u>
Final Clean	<u>\$19,466</u>
Laborer	<u>\$75,400</u>

TOTAL GENERAL REQUIREMENTS

\$3,047,466

DIVISION 2: SITE WORK

Const. Staking	<u>\$23,375</u>
Replacement Staking	<u>\$3,500</u>
-	<u>\$0</u>
Erosion Control	<u>\$0</u>
Swpp Plan	<u>\$2,500</u>
Straw Wattle/ Silt Fence	<u>\$8,200</u>
DI Filter	<u>\$3,000</u>
Const Entrance Install/remove	<u>\$6,200</u>
Swpp Maintenance	<u>\$4,200</u>
Monitoring	<u>\$44,800</u>
Concrete Washouts	<u>\$1,800</u>
Street Sweeping	<u>\$3,000</u>
-	<u>\$0</u>
Demolition	<u>\$0</u>
Clear and Grub	<u>\$30,048</u>
-	<u>\$0</u>
Earthwork - Grading	<u>\$0</u>
Grading Cut to fill 24"	<u>\$160,256</u>
Regrade / Fine Grade	<u>\$180,288</u>
Building Pad	<u>\$0</u>
Off -haul footing spoils	<u>\$31,200</u>
-	<u>\$0</u>
Water	<u>\$0</u>
Domestic/ Irrigation 1.5" to 3"	<u>\$4,800</u>
Domestic- Irrigation -BF- Meter	<u>\$3,600</u>
Fire Water - 8"	<u>\$77,770</u>
Fire Water - 6"	<u>\$5,000</u>
Fire Hydrant	<u>\$24,000</u>
FDIC-PIV-BFV Set	<u>\$16,400</u>
BFP Cages	<u>\$1,200</u>
Tie-In	<u>\$3,500</u>
-	<u>\$0</u>
Sewer -	<u>\$0</u>
6" SDR	<u>\$34,080</u>
6" C.O.	<u>\$2,200</u>
SS Manhole	<u>\$10,500</u>
Tie-In	<u>\$2,500</u>



-	\$0
Storm Drain	\$0
12" SDR 35	\$84,300
18" SDR 35	\$5,280
6" PVC	\$25,920
4" PVC Perforated	\$22,200
SD Manhole	\$11,300
Drain Inlet 24"x24"	\$30,800
Contech Filter Vault	\$0
Storm Tech SC 310 15 Chambers	\$74,250
Storm Tech DC 710 60 Chambers	\$225,000
-	\$0
Site Electrical	\$0
Primary Power Joint Trench	\$59,000
Secondary Power Joint Trench	\$18,360
Additional Vault	\$10,000
- Site Lights	\$208,000
- Transformer Pad	\$10,000
Car Charging Station (Come In Pairs of 2) 6 Pairs	\$180,000
Car Charging Station Future Conduit	\$24,000
-	\$0
Aggregate Base AC 6" (Double)	\$0
Aggregate Base Site Concrete 4"	\$53,370
AC Drive Isles 3'AC /8"AB	\$55,250
AC Parking Areas 3"AC / 6" AB	\$127,925
-	\$0
Pavement Markings	\$13,936
Wheel stops	\$0
Site Signage	\$0
- Bike Rack - Uline #2892BL (3 ea.)	\$1,255
- Bike Locker	\$6,200
-	\$0
Landscaping / Irrigation	\$123,585
- Sleeving	\$4,000
Site Benches-Precast	\$0
-	\$0
Site Concrete	\$0
Sidewalk & Flatwork	\$121,510
Curb 6"	\$75,575
Curb and Gutter 24"	\$19,570
Valley Gutter	\$7,776
Mow Strip at Building Perimeter	\$3,240
Ramps-Truncated Domes	\$16,500
Trash Slab/Apron	\$19,896
Lot Light Bases	\$59,520
Trash Enclosure - Split Face w/ Cap	\$14,500
Site steel - T/E gates -Roof (Incl w/ Steel #)	\$0
Light Bollards	\$45,000
-	\$0
Fencing	\$0
	<hr/>
TOTAL SITE WORK	\$2,444,935
-	



DIVISION 3: CONCRETE (BLDG)

Termite Control	\$2,919	
-	\$0	
Misc/Anchor Bolts / Hold Downs (Majority with Steel #)	\$5,838	
Rebar	\$0	
-	\$0	
Building 1st Level Footings and Slab	\$470,399	
Elevator Pit	\$0	
Building 2nd Floor Deck Slab	\$251,654	
Stair Tread - Landings-Infill	\$0	
Pad Footings	\$0	
Concrete Tread Infill	\$0	
Stair Tread Nosing 72" 80ea	\$15,360	
-	\$0	
Concrete Polishing/Seal	\$77,880	
-		
TOTAL CONCRETE		<u>\$824,050</u>

DIVISION 4: MASONRY

Rebar	\$0	
Anchorage / Reinforcement / Acc's	\$0	
-		
Veneer Smooth Face	\$62,608	
TOTAL MASONRY		<u>\$62,608</u>

DIVISION 5: METALS

Bollards	<u>\$22,500</u>	
-	\$0	
Structural Steel (Remove HVAC Roofs)	<u>\$2,496,000</u>	
Stairs	<u>\$0</u>	
Railing	<u>\$0</u>	
Columns Beams	<u>\$0</u>	
Brace Frame	<u>\$0</u>	
Metal Decking	<u>\$0</u>	
Second Floor Deck	<u>\$0</u>	
Roof Deck	<u>\$0</u>	
Closure Angles	<u>\$0</u>	
Stiffeners	<u>\$0</u>	
Elevator Steel	<u>\$0</u>	
Rail Brackets	<u>\$0</u>	
Guide Rails	<u>\$0</u>	
Hoist Beam w/ Mounting Plates	<u>\$0</u>	
Pit Ladder	<u>\$1,200</u>	
Canopy For Parking Solar	<u>\$0</u>	
TOTAL METALS		<u>\$2,519,700</u>

DIVISION 6: WOOD AND PLASTICS

PT at Roof edge 1210lf x4ea	<u>\$39,688</u>	
Misc. Backing / Blocking	<u>\$10,000</u>	
Nichiha Faux Wood w/ rainscreen	<u>\$213,004</u>	
Finish Carpentry	<u>\$38,975</u>	
-	\$0	
Casework / Cabinets & Countertops	<u>\$123,200</u>	
-		
TOTAL WOOD AND PLASTICS		<u>\$424,867</u>



DIVISION 7: THERMAL AND MOISTURE PROTECTION

Fluid Applied Waterproofing	<u>\$35,000</u>
Waterproof Elevator Pit	<u>\$5,000</u>
Building Insulation	<u>\$97,438</u>
-	<u>\$0</u>
Horizontal Metal Siding Panels	<u>\$44,746</u>
ACM Panels	<u>\$12,480</u>
-	<u>\$0</u>
Membrane Roofing - Built-up / TPO	<u>\$268,646</u>
R-30 (2 Layers 2.6" Polyiso)	<u>\$0</u>
Moisture Barrier at Roof	<u>\$0</u>
Tapered EPS	<u>\$0</u>
Tapered Crickets	<u>\$0</u>
1/2" Dens Deck on Metal Deck	<u>\$0</u>
Roofing Over Parapet	<u>\$0</u>
-	<u>\$0</u>
Standing Seam 24g	<u>\$56,504</u>
-	<u>\$0</u>
Flashing and Sheet Metal	<u>\$77,590</u>
-	<u>\$0</u>
Fire Stopping & Smoke Protection	<u>\$38,975</u>
Joint Sealants & Caulking	<u>\$58,463</u>
-	<u>\$0</u>
TOTAL THERMAL AND MOISTURE PROTECTION	<u>\$694,841</u>

DIVISION 8: DOORS AND WINDOWS

Doors- Frames-Hardware	<u>\$879,000</u>
Door Install	<u>\$0</u>
-	<u>\$0</u>
Access Doors / Panels	<u>\$5,000</u>
Fire Rated Elevator Smoke Containment Door	<u>\$0</u>
-	<u>\$0</u>
Storefront System	<u>\$143,520</u>
Storefront Windows Interior	<u>\$0</u>
Auto Door Openers	<u>\$10,000</u>
Windows	<u>\$214,200</u>
Interior Glazing Systems	<u>\$0</u>
Interior Window Frames	<u>\$3,600</u>
TOTAL DOORS AND WINDOWS	<u>\$1,255,320</u>



DIVISION 9: FINISHES

Plaster/Stucco	<u>\$137,396</u>
Scaffolding	<u>\$0</u>
-	<u>\$0</u>
Steel Stud 18g Drywall / Tile Backer Board	<u>\$1,298,925</u>
Hard Lids, soffits	<u>\$0</u>
Exterior Densglass	<u>\$0</u>
Paint Prep Coat	<u>\$47,518</u>
-	<u>\$0</u>
Ceramic Tile	<u>\$0</u>
Wall Tile - per elevations	<u>\$83,020</u>
-	<u>\$0</u>
Acoustical Ceiling - 2x4 Grid	<u>\$186,312</u>
Light Wires	<u>\$4,000</u>
-	<u>\$0</u>
LVT Plank	<u>\$230,368</u>
Moisture Testing	<u>\$10,000</u>
FRP	<u>\$4,800</u>
Painting	<u>\$124,720</u>
-	<u>\$0</u>
TOTAL FINISHES	<u>\$2,127,059</u>

DIVISION 10: SPECIALTIES

Louvers / Vents	<u>\$53,500</u>
Operable Partition 12' 2ea Skyfold	<u>\$262,000</u>
Operable Partition 18' 2ea Skyfold	<u>\$0</u>
Thread Rod Support Header Support	<u>\$15,800</u>
Wall & Corner Guards	<u>\$1,600</u>
Monument Sign	<u>\$50,000</u>
Building Sign	<u>\$10,000</u>
Signs - Interior Building Supply- Install	<u>\$15,000</u>
Lockers	<u>\$0</u>
Fire Ext - Recessed Cabinets	<u>\$5,328</u>
Fire Ext - Install	<u>\$960</u>
Window Awnings (Powder Coating)	<u>\$0</u>
Toilet Partitions	<u>\$30,657</u>
Restroom Accessories Grab Bars Etc.	<u>\$10,000</u>
Soap/ Paper Towel at Handsinks	<u>\$0</u>
Mirrors	<u>\$0</u>
Knox Boxes	<u>\$680</u>
TOTAL SPECIALTIES	<u>\$455,525</u>



DIVISION 11: EQUIPMENT

Install Equipment

TOTAL EQUIPMENT \$0

DIVISION 12: FURNISHINGS

Window Coverings \$0

Marker Boards \$0

Appliances \$0

FFE \$0

TOTAL FURNISHING OFOI

DIVISION 13: SPECIAL CONSTRUCTION

Solar and Back up \$885,000

Back up 450kw \$0

TOTAL SPECIAL CONSTRUCTION \$885,000

DIVISION 14: CONVEYING SYSTEMS

Elevator \$185,000

Standby Time \$3,000

Testing \$5,000

Temp Safety Rails \$1,500

- \$0

TOTAL CONVEYING SYSTEMS \$194,500



DIVISION 15: MECHANICAL

Fire Sprinklers	<u>\$175,388</u>	
Permits	<u>\$0</u>	
Fire Sprinkler Riser	<u>\$5,500</u>	
-	<u>\$0</u>	
Plumbing	<u>\$857,450</u>	
-	<u>\$0</u>	
HVAC	<u>\$1,091,300</u>	
Air Handlers w/ Curbs	<u>\$0</u>	
Split System Heat Pumps	<u>\$0</u>	
HVAC Control System	<u>\$0</u>	
Testing/Adjusting/Balancing	<u>\$0</u>	
-		
TOTAL MECHANICAL		<u>\$2,129,638</u>

DIVISION 16: ELECTRICAL

Electrical	<u>\$1,247,200</u>	
Additional Gear required for Car Chargers	<u>\$15,000</u>	
Fire Alarm	<u>\$77,950</u>	
Security System	<u>\$46,770</u>	
Communications & Data	<u>\$155,900</u>	
Title 24 Certs	<u>\$3,200</u>	
-		
TOTAL ELECTRICAL		<u>\$1,546,020</u>
TOTAL CONSTRUCTION		<u>\$18,611,528</u>
SCSOS CTC ITEMS:		<u>\$5,279,041</u>
COMBINED TOTAL:		<u>\$23,890,569</u>

BOARD AGENDA ITEM: ADOPT RESOLUTION OF THE SUTTER COUNTY BOARD OF EDUCATION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, A FACILITIES LEASE, A TRUST AGREEMENT, A CERTIFICATE PURCHASE AGREEMENT, AND A CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT; AUTHORIZING THE SALE OF CERTIFICATES OF PARTICIPATION; AND AUTHORIZING CERTAIN ADDITIONAL ACTIONS.

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

- Action
- Reports/Presentation
- Information
- Public Hearing
- Other (specify)

PREPARED BY:

Ron Sherrod

SUBMITTED BY:

Ron Sherrod

PRESENTING TO BOARD:

Ron Sherrod

BACKGROUND AND SUMMARY INFORMATION:

The Board recently received an update of the financing plan by GFSJPA for construction of a new Career Training and Conference Center at a Board workshop on August 31, 2023.

Subject to the adoption of the resolution approving the sale of the 2023 Certificates of Participation (the "COPs"), the Board intends to use the proceeds of the Certificates along with funds on-hand to develop, construct and furnish a new Career Training and Conference Center, and to pay for the costs of issuing the COPs.

MEMORANDUM

To: Ron Sherrod
From: Sirikhwan Weaver *S. K. W.*
Date: September 1, 2023
Re: 2023 Certificates of Participation—Authorizing Resolution and Financing Documents

Ron, as you know, the Board will be asked to consider a resolution authorizing the issuance of the 2023 Certificates of Participation (the “Certificates”) at the September 13th Board meeting. In order to assist the Board with a review and understanding of the main documents involved with the issuance of the Certificates, we have prepared this memorandum summarizing the purpose and contents of the authorizing resolutions and associated legal documents.

Resolution

In addition to authorizing the sale of the Certificates via a competitive process using the negotiated sale statutes, the Resolution also:

- Approves the forms of various financing documents (the Ground Lease, the Facilities Lease, the Trust Agreement, the Certificate Purchase Agreement, the Continuing Disclosure Certificate and the Preliminary Official Statement) as described in the following sections. Note that since the Resolution approves the financing documents in form only to be finalized after the sale of the Certificates, many of the financial terms in the documents are blank and will be filled in following the results of the sale.
- Authorizes certain District officials—the Superintendent and the Assistant Superintendent of Business Services—to execute the final versions of such documents to be completed after the sale of the Certificates.
- Sets the maximum amount of Certificates that may be issued (\$25.0 million). Note that we will only issue as many Certificates as needed to raise sufficient funds for the new facility, but the maximum allows us the flexibility to adjust to changing market conditions.
- Authorizes the use of the proceeds of the Certificates along with funds on-hand to finance the new facility.
- Approves our firm as public finance consultant, The Bank of New York Trust Company as trustee, Parker & Covert LLP as special counsel, and Lozano Smith, LLP as disclosure counsel in connection with the issuance of the Certificates.
- Provides a good faith estimate of the financing. Note that this estimate assumes no insurance policy will be obtained to guarantee the debt service payments on the Certificates for investors. However, if we can purchase this insurance, the additional upfront cost will lead to lower overall cost of borrowing through lower interest on the Certificates.



Form of the Ground Lease

Under the Ground Lease, SCSOS leases the sites chosen as collateral for the Certificates to the Corporation in exchange for a one-time payment equal to the Certificates' proceeds. The collateral is currently planned to consist of three sites:

- Main Administration Building, 970 Klamath Lane, Yuba City, California
- Feather River Academy, 1895 Lassen Boulevard, Yuba City, California
- Site of the new Career Training and Conference Center, Yuba City, California

Form of the Facilities Lease

Under the Facilities Lease, a non-profit corporation, Public Property Financing Corporation of California, subleases the collateral back to SCSOS in exchange for rental payments. The rental payments made by SCSOS to the Corporation are assigned to the bank designated as Trustee (The Bank of New York Trust Company) in the Trust Agreement (see below) and serve as SCSOS's debt service payments. Basic terms of the Facilities Lease include, among other items:

- The duration of the lease and the amount and timing of rental payments.
- A provision for the substitution of collateral, in the event SCSOS desires to substitute another facility or site in place of the original collateral. This will allow SCSOS staff to remove the Main Administration Building and/or Feather River Academy once the new Career Training and Conference Center is completed.
- A covenant that SCSOS will annually furnish to the Trustee a certificate of SCSOS stating that SCSOS budget for the year includes the rental payments due in that year (the Trustee may send you a formal request for the annual certificate).
- Provisions stating the required minimum levels of insurance for the collateral and the requirement to furnish to the Trustee certificates confirming the renewal of the policies prior to their expiration.
- Provisions regarding prepayment of the lease, including mandatory prepayment from insurance or eminent domain proceeds.

Form of the Trust Agreement

The Trust Agreement between the Trustee, SCSOS and the Corporation establishes the terms and conditions upon which the Certificates will be delivered to investors and identifies other terms of the Certificates including:

- The assignment of the Corporation's rights under the Facilities Lease to the Trustee, including the right to receive rental payments made by SCSOS.
- The duration and structure of the Certificates and debt service payments.
- Provisions for prepayment of the Certificates, both optional and mandatory (as in the case of eminent domain, for example).
- The creation of funds and accounts associated with the Certificates and the application of the Certificates' proceeds.
- Roles and responsibilities of the Trustee.
- How and when the legal documents may be amended.



Form of the Certificate Purchase Agreement

The Certificate Purchase Agreement between SCSOS and the winning Underwriter will be signed on the day of sale. The Certificate Purchase Agreement identifies the purchase price that SCSOS will receive as well as the interest rates and resulting debt service due on the Certificates. The Certificate Purchase Agreement also outlines the documents that are required to close the financing and describes conditions under which the agreement can be canceled by the Underwriter.

Form of the Continuing Disclosure Certificate

The Continuing Disclosure Certificate outlines SCSOS's responsibilities for updating the municipal market and investors with information after the Certificates have been issued. The intent is to inform the market of the annual financial condition of SCSOS as well as other events that may be significant to investors. The required contents of the annual report and the list of significant events are outlined in the Continuing Disclosure Certificate.

Form of the Preliminary Official Statement

The Preliminary Official Statement (the "POS") is the offering document containing material information for an investor to make an informed investment decision. Please note that the POS provided is a draft and is not complete. The completed version of the POS will be provided to prospective investors approximately one week before the currently planned sale date of September 28th.

Each Board member should review the POS and let District staff know if there are any concerns that the POS fails to provide accurate and complete information that a reasonable investor would consider significant in making a decision to purchase the Certificates. In reviewing the POS, please keep in mind that it is written with a certain amount of disclaimer and formality. This style is consistent with the industry standard for preparing such documents and enables the Certificates to be effectively marketed to potential investors. Based on the current schedule of events, it would be very helpful if any questions or comments regarding the POS could be shared with us by September 19th.

After the sale of the Certificates, we will incorporate the terms of the sale, including the final principal amounts and interest rates, at which point the document becomes the final Official Statement.

Ron, I hope that you have found this memorandum helpful. As always, please let us know if you have any questions.

SKW:abm

RESOLUTION NO. 23-24-II

**RESOLUTION OF THE SUTTER COUNTY BOARD OF EDUCATION
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION
AND DELIVERY OF A GROUND LEASE, A FACILITIES LEASE,
A TRUST AGREEMENT, A CERTIFICATE PURCHASE AGREEMENT,
AND A CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE
FORM OF AND AUTHORIZING THE DISTRIBUTION OF
AN OFFICIAL STATEMENT; AUTHORIZING THE SALE OF
CERTIFICATES OF PARTICIPATION; AND AUTHORIZING CERTAIN
ADDITIONAL ACTIONS**

WHEREAS, the Sutter County Board of Education, a county board of education duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “Board of Education”), is authorized under provisions of the Constitution and laws of the State of California to lease real property, buildings, equipment, and facilities as the Board of Education may determine is necessary or proper;

WHEREAS, the Board of Education wishes to finance the development, construction, furnishing, and equipping of a new building to house various programs including for job search and training and for a conference center (the “Project”);

WHEREAS, the following documents and proposed agreements relating to the execution and delivery of the Certificates (as defined herein), which are incorporated herein by reference, have been presented to the Board of Education for its review and approval:

(a) a ground lease (the “Ground Lease”) between the Board of Education, as lessor, and the Public Property Financing Corporation of California (the “Corporation”), as lessee, whereby the Board of Education will lease to the Corporation certain identified real property (the “Facilities”);

(b) a facilities lease (the “Facilities Lease”) between the Corporation, as lessor, and the Board of Education, as lessee, whereby the Corporation will sublease the Facilities to the Board of Education;

(c) a trust agreement (the “Trust Agreement”) between The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), the Corporation, and the Board of Education that provides for the execution and delivery of certificates of participation (the “Certificates”) in the rental payments to be made by the Board of Education under the Facilities Lease, the proceeds of the sale of which will finance the Project;

(d) a purchase agreement (the “Certificate Purchase Agreement”) or other agreement authorizing the sale of the Certificates to an underwriter, whereby an underwriter will agree to purchase the Certificates when and as executed and delivered by the Trustee;

(e) an official statement (the “Official Statement”) describing the Certificates, the Corporation, and the Board of Education; and

(f) a continuing disclosure undertaking (the “Continuing Disclosure Certificate”), whereby the Board of Education undertakes to provide annual reports and significant events notices as required under federal securities laws; and

WHEREAS, it appears to the Board of Education that the authorization, approval, execution, and delivery of the agreements and documents described above or contemplated thereby or incidental thereto and the execution and delivery of the Certificates in accordance with the Trust Agreement are desirable and in the best interests of the Board of Education.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Education as follows:

Section 1. Recitals. This Board of Education finds and determines that all of the above recitals are true and correct.

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board of Education hereby authorizes and directs the President, the Vice President, and the Secretary of the Board of Education; the Superintendent and the Assistant Superintendent of Business Services of the Sutter County Superintendent of Schools Office (the “Designated Officers”), and each of them individually, for and in the name of and on behalf of the Board of Education, to approve, execute, and deliver the following agreements and documents:

- (a) the Ground Lease;
- (b) the Facilities Lease;
- (c) the Trust Agreement;
- (d) the Certificate Purchase Agreement;
- (e) the Official Statement; and
- (f) the Continuing Disclosure Certificate,

in substantially the forms presented to this meeting, which agreements and documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved, with the advice of Parker & Covert LLP (“Special Counsel”), by the officer or officers executing the agreements or documents for the Board of Education. The execution of the foregoing by a Designated Officer or Officers of the Board of Education shall constitute conclusive evidence of such officer’s or officers’ and the Board of Education’s approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of agreements and documents presented to this meeting. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, form, registration privileges, place or places of payment, terms of redemption, and other terms of the Certificates and provisions relating to municipal bond insurance, if any, shall be as provided in the Trust Agreement and the Facilities Lease as finally executed. The execution of the Certificate Purchase Agreement shall be subject to the further conditions set forth in Section 3 below.

Section 3. Authorization of Sale. The Board of Education hereby authorizes the sale of not to exceed \$25,000,000 principal amount of Certificates.

The Board of Education hereby authorizes the Designated Officers, and each of them individually, on behalf of the Board of Education, upon the recommendation of Government Financial Services Joint Powers Authority (the “Public Finance Consultant”), to conduct a negotiated sale of the Certificates, following a competitive process to select, with the approval of a Designated Officer, an underwriter (the “Underwriter”), and to execute and deliver the Certificate Purchase Agreement to the Underwriter. Such method of sale described above has been selected by the Board of Education because it offers greater flexibility than a public sale process in setting and changing the time and terms of the sale.

The Board hereby determines that the underwriting discount shall not exceed 2.00%, the maximum interest rate applicable to the Certificates shall not exceed 6.00%, and the maximum true interest cost of the financing shall not exceed 6.00%.

Section 4. Distribution of Official Statement. The Board of Education hereby authorizes and directs the Public Finance Consultant and/or the Underwriter to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Certificates offered publicly and to deliver copies of the final Official Statement to all purchasers of such Certificates. The Board of Education hereby authorizes and directs the Designated Officers, and each of them individually, to deliver to the Underwriter or the Public Finance Consultant a certificate to the effect that the Board of Education deems the preliminary Official Statement, in the form approved by the Superintendent or the Assistant Superintendent of Business Services, to be final and complete as of its date, except for certain final pricing and related information that may be omitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

Section 5. Authorization to Expend Available Funds for the Project. The Board of Education hereby authorizes the expenditure of funds legally available, including funds designated for construction in Fund 40, for the development, construction, furnishing, and equipping of the Project to be expended prior to or concurrently with the expenditure of proceeds from the sale of the Certificates. Further, it is the Board of Education’s intent to spend the funds designated for construction in Fund 40 ratably with the proceeds from the sale of the Certificates.

Section 6. Good Faith Estimates. In compliance with the requirements of Section 5852.1 of the California Government Code, applicable to bonds with a term greater than thirteen months, the Board of Education has obtained from its Public Finance Consultant the required good faith estimates related to the Certificates. Such estimates are disclosed and set forth in Exhibit A, attached hereto.

Section 7. Identification of Professionals Involved. The Board of Education hereby approves the firm of Government Financial Services Joint Powers Authority to act as Public Finance Consultant; The Bank of New York Mellon Trust Company, N.A. to act as Trustee; the firm of Parker & Covert LLP, to act as special counsel to the Board of Education, and the firm of Lozano Smith, LLP, to act as disclosure counsel to the Board of Education with respect to the sale

and delivery of the Certificates, in accordance with agreements for the respective services on file with the Secretary of the Board of Education.

Section 8. General Authorization. The Designated Officers and other officers of the Board of Education, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the Board of Education, to execute and deliver any and all documents (including, but not limited to, an application for and purchase of a municipal bond insurance policy, and selecting the real property to comprise the Facilities), to do any and all things and take any and all actions that may be necessary or advisable in their discretion, in order to consummate the sale, execution, and delivery of the Certificates and to effect the purposes of this Resolution. All actions heretofore taken by such officers, employees, and agents of this Board of Education that are in conformity with the purposes and intent of this Resolution are hereby approved, confirmed, and ratified.

Section 9. Official Intent to Reimburse Expenditures. (a) The Board of Education expects to pay certain capital expenditures (the “Reimbursement Expenditures”) in connection with the Project prior to the issuance by it of the Certificates for the purpose of financing the costs of the Project on a long-term basis. The Board of Education reasonably expects that certain of the proceeds of the Certificates will be used to reimburse the Board of Education for Reimbursement Expenditures.

(b) The Board of Education hereby declares its official intent to use a portion of the proceeds of the Certificates to reimburse the Board of Education for the Reimbursement Expenditures. The foregoing statement is a declaration of official intent that is made under and only for the purpose of establishing compliance with the requirements of Treasury Regulations section 1.150-2.

Section 10. Effective Date. This Resolution shall take effect immediately upon its adoption.

[Signature Page Follows]

ADOPTED AND APPROVED by the Sutter County Board of Education this ____ day of September 2023.

McJunkin ____; Singh ____; Lachance ____; Pamma ____; Gill ____

AYES _____

NOES _____

ABSENT _____

**SUTTER COUNTY BOARD OF
EDUCATION**

President of the Board of Education

ATTEST:

Secretary of the Board of Education

EXHIBIT A

GOOD FAITH ESTIMATES (California Government Code section 5852.1)

Sutter County Board of Education 2023 Certificates of Participation

Supplemental to the terms and conditions of the Certificates set forth in this Resolution, the good faith estimates set forth in this Exhibit A are provided with respect to the Certificates in compliance with California Government Code section 5852.1. Such good faith estimates have been provided to the Board of Education by Government Financial Services Joint Powers Authority, as the Board of Education's Public Finance Consultant (as identified in Section 7 of this Resolution).

True Interest Cost of the Certificates. The Public Finance Consultant has informed the Board of Education that, assuming the estimated principal amount of \$18,740,000 is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 5.49%.

Finance Charge of the Certificates. The Public Finance Consultant has informed the Board of Education that, assuming the estimated principal amount of \$18,740,000 is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is \$435,250.

Amount of Proceeds to Be Received. The Public Finance Consultant has informed the Board of Education that, assuming the estimated principal amount of \$18,740,000 is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Board of Education for sale of the Certificates, less the finance charge of the Certificates, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Certificates, is \$16,097,549.

Total Payment Amount. The Public Finance Consultant has informed the Board of Education that, assuming the estimated principal amount of \$18,740,000 is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Board of Education will make to pay rental payments on the Certificates, plus the finance charges for the Certificates, as described above, not paid with proceeds of the Certificates, calculated to the final maturity of the Certificates, is \$46,134,611 (before the application of capitalized interest and interest earnings from the reserve fund).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Certificates issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Certificates being

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Certificates sold being different from the estimated principal amount of \$18,740,000 (c) the actual amortization of the Certificates being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates of the Certificates being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Board of Education's financing plan, or a combination of such factors.

RECORDING REQUESTED BY:

Sutter County Board of Education

WHEN RECORDED RETURN TO:

Parker & Covert LLP
2520 Venture Oaks Way, Suite 190
Sacramento, California 95833-4228
Attention: Stacy Toledo, Attorney

THIS PROPERTY IS SUBJECT TO
A LEASE TERM AND OPTIONS
OF LESS THAN 35 YEARS

GROUND LEASE

by and between the

SUTTER COUNTY BOARD OF EDUCATION

and

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

Dated as of October 1, 2023

Relating to

**\$(PAR AMOUNT)
2023 CERTIFICATES OF PARTICIPATION**

This document is recorded for the benefit of the Sutter County Board of Education and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to Section 11928 of the California Revenue and Taxation Code.

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX IS \$0 COUNTY TAX \$ _____

- computed on full value of property conveyed, or
 computed on full value of items or encumbrances remaining at time of sale,
 Unincorporated area County of Sutter

GROUND LEASE

This Ground Lease, dated as of October 1, 2023 (the “Ground Lease”), is by and between the Sutter County Board of Education, a county board of education duly organized and validly existing under and pursuant to the Constitution and laws of the State of California, (the “Board of Education”), as lessor, and the Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California (the “Corporation”), as lessee.

WITNESSETH:

WHEREAS, the Corporation intends to assist the Board of Education in financing the development, construction, furnishing, and equipping of a new building to house various programs including for job search and training and for a conference center (the “Project”), and paying associated costs, as described in the Trust Agreement dated as of October 1, 2023 by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Corporation, and the Board of Education (the “Trust Agreement”); and

WHEREAS, such financing will be accomplished by (i) the Corporation’s entering into this Ground Lease with the Board of Education and then subleasing the property leased hereunder to the Board of Education pursuant to the unrecorded Facilities Lease dated as of October 1, 2023, by and between the Corporation and the Board of Education (the “Facilities Lease”), under which the Board of Education will be obligated to make rental payments to the Corporation, as evidenced by a Memorandum of Facilities Lease which is recorded concurrently herewith; (ii) the Corporation’s assignment without recourse of all rights to receive such rental payments to the Trustee pursuant to the unrecorded Trust Agreement, as evidenced of record by an Memorandum of Trust Agreement dated as of October 1, 2023 which is recorded concurrently herewith; and (iii) the Trustee’s execution and delivery of certificates of participation (herein called the “Certificates”) in an amount equal to the aggregate principal components of such rental payments, the proceeds of the sale of which will be used to finance the Project and the payment of transaction costs.

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

Section 1. Demised Premises. The Board of Education hereby leases to the Corporation, and the Corporation hereby hires from the Board of Education, on the terms and conditions hereinafter set forth, the real property located in Sutter County, State of California, described in Exhibit A attached hereto and made a part hereof, and the improvements located thereon (collectively, the “Demised Premises”).

Section 2. Term. The term of this Ground Lease shall commence on the Closing Date, as that term is defined in the Trust Agreement, and shall end on October 1, 2063, unless such term is extended or sooner terminated as hereinafter provided. If on October 1, 2063, the Certificates shall not be fully paid, or if the rental payable under the Facilities Lease shall have been abated at any time and for any reason, then the term of this Ground Lease shall be extended for a period equal to the period of such abatement, up to ten (10) years. If the Certificates shall be fully paid, or provision therefor made, the term of this Ground Lease shall end.

Section 3. Rental. The Corporation shall pay to the Board of Education as and for advance rental hereunder for the entire term hereof the sum of \$[PAR AMOUNT], on or before the date of commencement of the term of this Ground Lease. The funds representing such rental shall be deposited or disbursed as provided in Section 3.1 (Application of Proceeds of Certificates and Other Funds) of the Trust Agreement. The Corporation hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial interference with the use and right to possession by the Corporation of the Demised Premises or portion thereof as a result of material damage, destruction, or condemnation.

Section 4. Purpose. The Corporation shall use the Demised Premises solely for the purpose of leasing the Demised Premises, including the improvements thereon, to the Board of Education pursuant to the Facilities Lease, and for such purposes as may be incidental thereto; provided that in the event of default by the Board of Education under the Facilities Lease the Corporation may exercise the remedies provided in the Facilities Lease.

Section 5. Owner in Fee. The Board of Education covenants that it is the owner in fee of the Demised Premises described on Exhibit A.

Section 6. Authority to Enter into Lease. The Board of Education is authorized under the laws of the State of California to enter into this Ground Lease and perform all of its obligations hereunder.

Section 7. Assignment and Subleases. The Corporation may not assign its rights under this Ground Lease or sublet the Demised Premises, except pursuant to the Trust Agreement, without the written consent of the Board of Education for so long as the Certificates are outstanding. Any assignment in contravention hereto shall be void.

Section 8. Right of Entry. The Board of Education reserves the right for any of its duly authorized representatives to enter upon the Demised Premises at any reasonable time to inspect the same or to make any repairs, improvements, or changes necessary for the preservation thereof.

Section 9. Surrender of Possession. The Corporation agrees, upon the termination of this Ground Lease and on the first date on which the Certificates are no longer outstanding, to quit and surrender the Demised Premises to the Board of Education, without warranty as to condition.

Section 10. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Ground Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the Board of Education may exercise any and all remedies granted by law, except that no merger of this Ground Lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the Board of Education shall have no power to terminate this Ground Lease by reason of any default on the part of the Corporation, 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 Corporation and any assignee or subtenant of the

Corporation (other than the Board of Education under the Facilities Lease). So long as any such assignee or subtenant of the Corporation shall duly perform the terms and conditions of this Ground Lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the Board of Education hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Certificates are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Trustee shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Corporation at all times during the term of this Ground Lease, subject to the provisions of Section 10 (Default) hereof, shall peaceably and quietly have, hold, and enjoy all of the Demised Premises.

Section 12. Waiver of Personal Liability. All liabilities under this Ground Lease on the part of the Corporation shall be solely liabilities of the Corporation as a corporation, and the Board of Education hereby releases each and every incorporator, director, and officer of the Corporation of and from any personal or individual liability under this Ground Lease, unless such person acted outside of the scope of his or her duties. No incorporator, director, or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this Ground Lease to the Board of Education or to any other party whomsoever for anything done or omitted to be done by the Corporation hereunder.

Section 13. Taxes. The Board of Education 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 Demised Premises (including both land and improvements).

Section 14. Eminent Domain. In the event the whole or any part of the improvements on the Demised Premises is taken by eminent domain proceedings the effect of such taking hereunder shall be in accord with the provisions of the Facilities Lease relating thereto.

Section 15. Partial Invalidity. If any one or more of the terms, provisions, covenants, or conditions of this Ground 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 Ground Lease shall be affected thereby, and each provision of this Ground Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 16. 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 deemed given when sent by overnight delivery, facsimile, e-mail or other electronic transmission or by United States first-class mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board of Education: Sutter County Board of Education
970 Klamath Lane
Yuba City, CA 95993
Attention: Assistant Superintendent of Business Services

If to the Corporation: Public Property Financing Corporation of California
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Secretary

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

Section 18. Execution in Counterparts. This Ground 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 Ground Lease may separately be executed by the Board of Education and the Corporation, all with the same force and effect as though the same counterpart had been executed by both the Board of Education and the Corporation.

Section 19. Governing Law. This Ground Lease shall be governed by the laws of the State of California.

[Signature Page Follows]

IN WITNESS WHEREOF, the Board of Education and the Corporation have caused this Ground Lease to be executed by their respective officers thereunto duly authorized.

BOARD OF EDUCATION:

SUTTER COUNTY BOARD OF EDUCATION, Lessor

By: _____
Ron Sherrod, Assistant Superintendent of Business
Services

CORPORATION:

**PUBLIC PROPERTY FINANCING CORPORATION
OF CALIFORNIA**, Lessee

By: _____
William J. Fawell, Chairman

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

[Insert CA Notary Acknowledgment for Board of Education]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

[Insert CA Notary Acknowledgment for Corporation]

EXHIBIT A

DEMISED PREMISES

The land referred to herein is situated in the State of California, County of Sutter, City of Yuba City, and described as follows:

Parcel A: APN 058-050-021-000

Parcel 1, as shown on Parcel Map No. 800, filed in the office of the county recorder of Sutter County, California, on January 25, 1989, in Book 5 of Parcel Maps, Page 10.

Excepting therefrom all that portion as described in Exhibit "A" in that instrument of Bill of Sale and Conveyance to the City of Yuba City, dated December 9, 1986 and recorded December 9, 1986 in Book 1196, Official Records, Page 439.

Also excepting therefrom Fifty percent (50%) of all oil, mineral, geothermal and similar rights, reserved in deed from Del Monte Corporation, dated May 31, 1979 and recorded June 8, 1979 in Book 960, at Page 106.

Parcel B: APN 058-050-022-000

All that real property situate in the County of Sutter, State of California, being a portion of the Northeast One-Quarter of Section 20 and the Northwest One-Quarter of Section 21, Township 15 North, Range 3 East, Mount Diablo Base and Meridian, described as follows:

Parcel 2 as shown on Parcel Map No. 800, filed in Book 5 of Parcel Maps at Page 10, Sutter County Records.

Together with the following described land:

Beginning at the Southwest corner of Parcel 2 as shown on Parcel Map No. 800, filed in Book 5 of Parcel Maps at Page 10, Sutter County Records, said corner lying on the Easterly line of that certain parcel of land as described in deed to Roy E. Lanza, Trustee, of the Roy and Sondra Lanza Family Trust, dated February 8, 1996 and recorded in Document No. 199900360, Sutter County Records, distant thereon from the Southeast corner of said Lanza land North 00°02'15" East 632.79 feet; thence leaving said Southwest corner of Parcel 2 and said Easterly line South 89°36'54" West 252.21 feet; thence North 00°02'15" East 250.04 feet; thence North 89°36'54" East 252.21 feet to the Northwest corner of said Parcel 2, said point being on the Easterly line of said Roy E. Lanza, Trustee, parcel of land; thence South 00°02'15" West along said Easterly line 259.04 feet to the point of beginning.

Excepting from said Parcel 2: Rights reserved in the deed from Del Monte Corporation, recorded June 8, 1979 in Book 960, Page 106 of Official Records, as follows:

“Fifty percent (50%) of all oil, mineral, geothermal and similar rights, together with a right-of-entry upon the real property hereby conveyed for the purpose of extracting the same so long as the grantee’s reasonable use of the real property hereby conveyed is not unreasonably disturbed”.

Parcel C: APNs 063-010-134-000 and 063-010-135-000

Parcel 1:

Parcel A1:

All that certain real property situate in the City of Yuba City, County of Sutter, State of California, being a portion of Lot 6, of "River Valley Commercial Center", filed in Book 19 of Surveys at Page 100, Sutter County Recorder, also being a portion of the Northeast one-quarter, of Section 20, Township 15 North, Range 3 East, M.D.M., described as follows:

Beginning at the Northeast corner of said Lot 6; thence South 00°02'15" West along the East line of said Lot 6, a distance of 198.52 feet to the Southeast corner of said Lot 6; thence along the South line of said Lot 6, South 89°36'54" West 252.21 feet to the Northeast corner of Lot 4, of said River Valley Commercial Center, thence leaving said South line of Lot 6, North 00°02'15" East 198.82 feet to a point on the North line of said Lot 6, thence North 89°40'59" East along the North line of Lot 6, a distance of 252.21 feet to the point of beginning.

Parcel A2:

Together with an easement for road and utility purpose being a strip of land having parallel sides and a uniform width of 38.00 feet, more particularly described as follows: Commencing at the intersection of Spirit Drive and Harter Parkway, thence North 89°40'59" East 85.00 feet to the true point of beginning of the herein described strip of land; thence from said point of beginning, North 89°40'59" East 319.89 feet; thence South 00°02'15" West 38.00 feet; thence South 89°40'59" West 319.89 feet; thence North 00° 02' 15" East 38.00 feet to the point of beginning.

The legal description is made pursuant to that certain Certificate Approving a Lot Line Adjustment as disclosed in Grant Deed recorded January 12, 2012 as Instrument No. 2012-0000557 of Official Records.

Parcel 2:

Parcel B1:

All that certain real property Situate in the City of Yuba City, County of Sutter, State of California, being a portion of Lot 6, of "River Valley Commercial Center", filed in Book 19 of Surveys at Page 100, Sutter County Recorder, also being a portion of the Northeast one-quarter, of Section 20, Township 15 North, Range 3 East, M.D.M., described as follows:

Commencing at the Northeast corner of said Lot 6; thence South 00°02'15" West along the East line of said Lot 6, a distance of 198.52 feet to the Southeast corner of said Lot 6; thence along the

South line of said Lot 6, South 89°36'54" West 252.21 feet to the Northeast corner of Lot 4, of said River Valley commercial center, and the true point of beginning of the herein described Parcel of land; thence from said true point of beginning of the herein described Parcel of land, and continuing along the said South line of said Lot 6, South 89°57'45" West 353.89 feet to the Southwest corner of said Lot 6, and a point on the Easterly right-of-way line of Harter Parkway; thence along said Easterly line of Harter Parkway, North 00°02'15" East 138.75 feet to the beginning of a curve concave to the Southeast, having a radius 20.00 feet through a central angle of 89°38'44", the chord of which bears North 44°51'37" East 28.20 feet; thence on the arc of said curve, a distance of 31.29 feet; thence North 89°40'59" East 14.24 feet; thence North 00°02'15" East 38.00 feet to the point on the centerline of Spirit Drive; thence along the Easterly extension of said Spirit Drive, and the North line of said Lot 6, North 89°40'59" East 319.89 feet; thence leaving said North line of Lot 6, South 00°02'15" 199.82 feet to the point of beginning.

The legal description is made pursuant to that certain Certificate Approving a Lot Line Adjustment as disclosed in Grant Deed recorded January 12, 2012 as Instrument No. 2012-0000557 of Official Records.

Parcel B2:

An easement for access purposes 200 feet by 76 feet, as shown on the Map entitled, "River Valley Commercial Center", filed in the Office of the County Recorder of Sutter County, California, on August 7, 2006, in Book 19 of Surveys, Page 100.

Excepting therefrom that portion lying within the bounds of Lot 6 of said Subdivision.

(End of Legal Description)

Parcel A as described above is commonly known as: Sutter County Superintendent of Schools, Administrative Building, 970 Klamath Lane, Yuba City, California.

Parcel B as described above is commonly known as: Feather River Academy, 1895 Lassen Boulevard, Yuba City, California.

Parcel C as described above is commonly known as: Career Training and Conference Center, [ADDRESS], Yuba City, California.

FACILITIES LEASE
by and between
PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA
and the
SUTTER COUNTY BOARD OF EDUCATION

Dated as of October 1, 2023

Relating to the

\$(PAR AMOUNT)
2023 CERTIFICATES OF PARTICIPATION

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FACILITIES LEASE

This Facilities Lease dated as of October 1, 2023 (this “Facilities Lease”), is entered into by and between Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California (the “Corporation”), as lessor, and the Sutter County Board of Education, a county board of education duly organized and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California (the “Board of Education”), as lessee.

WITNESSETH:

WHEREAS, the Corporation is authorized to render financial assistance to the Board of Education by, among other things, financing the acquisition and development of real property and construction and installation of facilities for the Board of Education, and associated costs and, accordingly, has agreed to assist the Board of Education in financing the construction, development, furnishing, and equipping of a new building to house various programs, including for job search and training for a conference center, (the “Project”) and paying associated costs, by entering into this Facilities Lease, pursuant to which the Board of Education will lease the real property and the improvements located thereon, as described on Exhibit A hereto (the “Facilities”) for the Rental Payments described herein;

WHEREAS, the Corporation desires to lease the Facilities to the Board of Education and the Board of Education desires to lease the Facilities from the Corporation subject to the terms and conditions of and for the purposes set forth in this Facilities Lease; and

WHEREAS, the Board of Education is authorized under the laws of the State of California, including under Section 1042(c) of the California Education Code, to enter into this Facilities Lease for the purposes and subject to the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE 1

DEFINITIONS; OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1 Definitions. Unless the context otherwise requires, the capitalized terms used in this Facilities Lease shall have the meanings indicated in that certain Trust Agreement dated as of October 1, 2023, by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Board of Education and the Corporation, hereinafter referred to as the “Trust Agreement.”

Section 1.2 Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when sent by overnight delivery, facsimile, e-mail or other electronic transmission or by United States first-class mail, return receipt requested, postage prepaid, to:

Board of Education: Sutter County Board of Education
970 Klamath Lane
Yuba City, CA 95993
Attention: Assistant Superintendent of Business Services

Corporation: Public Property Financing Corporation of California
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Secretary

Trustee: The Bank of New York Mellon Trust Company, N.A.
[ADDRESS]
Attention: Corporate Trust _____

The Board of Education, the Corporation, and the Trustee may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 1.3 Successors and Assigns. Whenever in this Facilities Lease either the Board of Education or the Corporation is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Facilities Lease contained by or on behalf of the Board of Education or the Corporation shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.4 Benefits of Lease. Nothing in this Facilities Lease expressed or implied is intended or shall be construed to give to any person other than the Board of Education and the Corporation any legal or equitable right, remedy, or claim under or in respect of this Facilities Lease or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the Board of Education and the Corporation.

Section 1.5 Amendments. This Facilities Lease may be altered, amended, or modified in writing as may be mutually agreed by the Corporation and the Board of Education, provided that any such alteration, amendment, or modification shall be made only in compliance with the terms of the Trust Agreement.

Section 1.6 Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Facilities Lease.

Section 1.7 Validity and Severability. If any one or more of the provisions contained in this Facilities Lease shall for any reason be held to be invalid, illegal, or unenforceable in any

respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Facilities Lease and such invalidity, illegality, or unenforceability shall not affect any other provision of this Facilities Lease, and this Facilities Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board of Education and the Corporation hereby declare that they would have adopted this Facilities Lease and each and every other Section, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Facilities Lease may be held illegal, invalid, or unenforceable.

If for any reason it is held that any of the covenants and conditions of the Board of Education hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facilities Lease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the Board of Education annually in consideration of the right of the Board of Education to possess, occupy, and use the Facilities, and all of the rental and other terms, provisions, and conditions of this Facilities Lease, 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 1.8 Governing Law. This Facilities Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 1.9 Execution in Counterparts. This Facilities Lease may be simultaneously executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

ARTICLE 2 REPRESENTATIONS AND COVENANTS OF THE BOARD OF EDUCATION; REPRESENTATIONS OF THE CORPORATION

Section 2.1 Representations and Covenants of the Board of Education. The Board of Education represents and covenants for the benefit of the Corporation and its assignees, as follows:

(A) Valid Existence. The Board of Education is a county board of education duly organized and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California.

(B) Authority to Enter into Lease. The Board of Education is authorized under the laws of the State of California to enter into this Facilities Lease and perform all of its obligations hereunder.

(C) Due Authorization. The Board of Education has been duly authorized to execute and deliver this Facilities Lease under the terms and provisions of a resolution of the Board of Education approving the form and authorizing the execution of this Facilities Lease.

(D) Enforceability of Lease. The Board of Education represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Facilities Lease (except as such enforceability may be limited by

bankruptcy, insolvency, or other laws affecting creditors' rights generally and by the application of equitable principles).

(E) Limitation on Use of Facilities. During the term of this Facilities Lease, the Facilities will be used by the Board of Education only for the purpose of performing one or more governmental functions of the Board of Education consistent with the permissible scope of the Board of Education's authority.

(F) Essential Facilities. The Board of Education represents and warrants that the Facilities are essential to the fulfillment of its governmental purposes.

Section 2.2 Representations of the Corporation. The Corporation hereby represents to the Board of Education, as follows:

(A) Valid Existence. The Corporation is a nonprofit public benefit corporation duly established, validly existing, and in good standing under and by virtue of the laws of the State of California.

(B) Power to Enter into Lease. The Corporation is authorized under the laws of the State of California to enter into this Facilities Lease and perform all of its obligations hereunder.

(C) Due Authorization. The Corporation has been duly authorized to execute and deliver this Facilities Lease under the terms and provisions of a resolution of its Board of Directors approving the form and authorizing the execution of this Facilities Lease.

(D) Enforceability of Facilities Lease. The Corporation represents, covenants, and warrants that this Facilities Lease is a valid and binding obligation of the Corporation, enforceable in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles).

(E) Not a Municipal Advisor. The Corporation represents and warrants that it is not acting as a "Municipal Advisor," as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules, or otherwise serving as an agent or fiduciary of the Board of Education.

ARTICLE 3 LEASE OF FACILITIES

Section 3.1 Lease of Facilities. The Corporation hereby demises and leases to the Board of Education, and the Board of Education hereby rents and hires from the Corporation, the Facilities in accordance with the provisions of this Facilities Lease, to have and to hold for the term of this Facilities Lease. In exchange for the Rental Payments herein provided, the Corporation agrees to provide only the Facilities.

Section 3.2 No Merger of Estates. The leasing by the Corporation to the Board of Education of the Facilities pursuant to this Facilities Lease shall not effect or result in a merger

of the Board of Education's leasehold estate pursuant hereto and its fee estate. The Corporation shall continue to have and hold a leasehold estate in the Facilities pursuant to the Ground Lease throughout the term thereof and the term of this Facilities Lease. As to the Facilities, this Facilities Lease shall be deemed and constitute a sublease.

Section 3.3 Lease Term; Occupancy.

(A) Term. The term of this Facilities Lease shall commence on the Closing Date and shall end on October 1, 2063, unless such term is extended or sooner terminated as hereinafter provided. If on October 1, 2063, the Certificates shall not be fully paid, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Facilities Lease shall be extended for a period equal to the period of such abatement, up to ten (10) years. If, prior to October 1, 2063, the Certificates shall be fully paid, or provision therefor made, the term of this Facilities Lease shall end.

(B) Occupancy. The Board of Education will take possession of the Facilities upon commencement of the term of this Facilities Lease. If the Corporation, for any reason whatsoever, cannot deliver possession of the Facilities or any part thereof to the Board of Education on this date, this Facilities Lease shall not be void or voidable, nor shall the Corporation be liable to the Board of Education for any loss or damage resulting therefrom; but in that event, the rent payable hereunder and attributable to the Facilities shall be abated as provided in Section 4.7 (Abatement of Rental).

Section 3.4 Substitution, Addition, or Deletion. The Board of Education and the Corporation may substitute alternate real property for any real property that constitutes the Facilities, or add or delete real property that constitutes the Facilities for purposes of the Ground Lease and this Facilities Lease, or alter the term of the Ground Lease and this Facilities Lease as to any portion of the real property constituting the Facilities, but only after the Board of Education shall have filed with the Trustee all of the following:

(A) Documents. Executed copies of the amended Ground Lease and Facilities Lease containing the amended description of the Facilities.

(B) Recording. A Statement of the Board of Education certifying that the amended Ground Lease and Facilities Lease, or memoranda thereof, and an amended memorandum of the Trust Agreement have been duly recorded in the official records of the Sutter County.

(C) Value. An MAI fair market appraisal, as certified in a Statement of the Board of Education, demonstrating that the value of the real property that will constitute the Facilities after the substitution, addition, deletion, or change of term is greater than the principal amount of Certificates then outstanding, or a Certificate of an Insurance Consultant stating that the replacement value (estimated for casualty insurance purposes) of the real property that will constitute the Facilities after such substitution, addition, deletion, or change of term is greater than the principal amount of the Certificates then outstanding.

(D) Title Insurance. A CLTA leasehold policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies in

an amount or amounts such that the amount of title insurance coverage with respect to the Facilities after the substitution, addition, deletion, or change of term is at least equal to the amount of the remaining Rental Payments with respect to the Facilities as certified in a Statement of the Board of Education. Each such policy or endorsement, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the Corporation in such amended property, subject only to the following exceptions: (1) Permitted Encumbrances, and (2) other exceptions that do not substantially interfere with the Board of Education's right to use and occupy the amended real property and that will not result in an abatement of Rental Payments under Section 4.7 (Abatement of Rental).

(E) No Effect on Occupancy; Useful Life. A Statement of the Board of Education certifying that such substitution, addition, deletion, or change of term does not adversely affect the Board of Education's use and occupancy of the Facilities, and that the Facilities, as amended, have a useful life extending at least to the date of termination of this Facilities Lease.

(F) No Prior Liens. A Statement of the Board of Education certifying that the real property that will constitute the Facilities after the substitution, addition, deletion, or change of term is not subject to any liens securing monetary obligations (other than Permitted Encumbrances), unless such liens are subordinate to the interests of the Corporation created by this Facilities Lease.

(G) Essential Facilities. A Statement of the Board of Education certifying that the real property that will constitute the Facilities after the substitution, addition, deletion, or change of term is essential to the fulfillment of the Board of Education's governmental purposes.

(H) Opinion of Bond Counsel. An Opinion of Bond Counsel stating that the amendments to the Ground Lease and this Facilities Lease that implement the substitution, addition, deletion, or change of term (1) are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; (2) upon execution and delivery will be valid obligations of the Board of Education and the Corporation; and (3) will not cause the interest component of the Rental Payments to be includable in gross income for federal income tax purposes.

(I) Notice to Rating Agencies. Evidence of delivery of written notice of the proposed substitution, addition, deletion, or change of term to each Rating Agency then rating the Certificates.

Upon such substitution, addition, deletion, or change of term, the real property released herefrom shall be conveyed to the Board of Education, and the Corporation shall execute all documents necessary or appropriate to convey or reconvey such property to the Board of Education, free of all restrictions and encumbrances imposed or created by this Facilities Lease, the Ground Lease, or the Trust Agreement.

The Board of Education hereby delegates its authority to approve and authorize the substitution, addition, deletion or change of term related to the Facilities as set forth in this Section 3.4, upon completion and occupation of the Project, to the Superintendent and/or the

Assistant Superintendent of Business Services. The Superintendent and/or the Assistant Superintendent of Business Services may exercise such delegated authority provided that the insured value or replacement value of the real property that will constitute the Facilities following such substitution, addition, deletion or change of term shall be greater than or equal to the outstanding principal of the Certificates, consistent with the requirements of subsection (C) above. The Board of Education reserves the right to rescind such delegation of its authority as set forth in this Section 3.4.

Section 3.5 Title to the Facilities. During the term of this Facilities Lease, the Corporation shall have a leasehold estate in the Facilities pursuant to the Ground Lease.

Section 3.6 Modifications to the Facilities. Subject to Section 6.5 (Liens) hereof, the Board of Education shall, at its own expense, have the right to remodel, make alterations or improvements to, or attach fixtures, structures, or signs to the Facilities, if said alterations, improvements, fixtures, structures, or signs are necessary or beneficial for the use of the Facilities by the Board of Education; provided, however, that such actions by the Board of Education shall not materially adversely affect the value of the Facilities.

Section 3.7 Installation of the Board of Education Equipment. The Board of Education 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 in or upon the Facilities. All such items shall remain the sole property of such party, in which the Corporation shall have no interest, and may be removed or modified by such party at any time, provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification, or removal of any such items.

Nothing in this Facilities Lease shall prevent the Board of Education from purchasing items to be installed pursuant to 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 Facilities.

ARTICLE 4 RENTAL PAYMENTS

Section 4.1 Rental Payments. The Board of Education agrees to pay to the Corporation, its successor or assigns, as annual rental for the use of the Facilities, subject to the provisions of Section 4.7 (Abatement of Rental) hereof, the following amounts, at the following times, in the manner hereinafter set forth:

(A) Amount and Timing. The aggregate principal amount of the Rental Payments to be paid by the Board of Education to the Corporation hereunder is \$[PAR AMOUNT]. The Board of Education shall pay rental payments, comprising principal and interest components, in semi-annual installments of the amounts and on or before the fifteenth day of the month prior to the respective Payment Dates set forth in the Schedule of Rental Payments attached as Exhibit B hereto. The semi-annually paid interest components of the Rental Payments shall be paid by the Board of Education as and constitute interest paid on the annually paid principal components of the Rental Payments.

(B) Extension of Lease Term. If the term of this Facilities Lease shall have been extended pursuant to Section 3.3 (Lease Term; Occupancy) hereof, Rental Payments shall continue to be due as described herein. Rental Payments shall be calculated on an annual basis, for the twelve-month periods commencing on each October 2 and ending on October 1. Rental Payment installments shall continue to be payable in installments on March 15 (interest) and September 15 (principal and interest) in each year, continuing to and including the date of termination of this Facilities Lease, in an aggregate amount equal to the amount of Rental Payments payable for the twelve-month period, commencing October 2, 20___. Upon such extension of this Facilities Lease, the principal and interest components of the Rental Payments shall be established so that the principal components will, in the aggregate, be sufficient to pay all unpaid principal components, and the interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the rate of interest on the principal component of the Rental Payment, payable commencing on March 15, 20___ and each March 15 and September 15 (as set forth herein) until the end of the extended lease term, computed on the basis of a 360-day year composed of twelve 30-day months.

(C) Credits Against Rental Payments. Any amount held in the Certificate Fund on any Rental Payment date (other than proceeds of Certificates deposited therein pursuant to Section 3.1 (Application of Proceeds of Certificates and Other Funds) of the Trust Agreement, representing funded interest not yet payable with respect to the Certificates or any amounts required for payment of past due principal or interest with respect to any Certificates not yet presented for payment, shall be credited toward the Rental Payment then due and payable.

(D) Rental Period. Each annual payment of Rental Payments (paid in installments as aforesaid) shall be for the use of the Facilities for the twelve-month period commencing on each October 2 of the period in which such installments are payable.

(E) Medium and Place of Payment. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Trustee, as assignee of the Corporation, at the Corporate Trust Office of the Trustee or such other place as the Trustee shall designate.

(F) Rate on Overdue Payments. Any Rental Payment installment that is not paid when due shall bear interest at the rate of twelve percent (12%), or such lesser rate allowed by law, from the date the installment was due hereunder until the same shall be paid.

Section 4.2 Allocation of Rental Payments and Additional Payments. All Rental Payments and Additional Payments received shall be applied first to the interest components of the Rental Payments due hereunder, then to the principal components of the Rental Payments due hereunder, then to the replenishment of any draws upon the Certificate Reserve Fund, and thereafter to all Additional Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Section 4.3 Fair Rental Value. The Rental Payments and Additional Payments for each rental period during the term of this Facilities Lease shall constitute the total rental for such

rental period. The Board of Education has agreed to pay the Rental Payments for and in consideration of the right to possess and to continue to quietly use and enjoy the Facilities. The parties hereto have agreed and determined that the Rental Payments and the Additional Payments represent the fair rental value of the Facilities during each rental period for which such rental is to be paid. In making such determination, consideration has been given to the cost of acquisition, design, construction, and financing of the Facilities, other obligations of the parties under this Facilities Lease, the uses and purposes that may be served by the Facilities, and the benefits therefrom that will accrue to the Board of Education and the general public.

Section 4.4 No Offsets. Notwithstanding any dispute between the Corporation and the Board of Education, the Board of Education shall make all Rental Payments and Additional Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments or Additional Payments pending the final resolution of such dispute. In the event of a determination that the Board of Education was not liable for said Rental Payments or Additional Payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the Board of Education, be credited against subsequent Rental Payments or Additional Payments, as the case may be, due hereunder or be refunded at the time of such determination.

Section 4.5 Net Lease. This Facilities Lease shall be deemed and construed to be a “net-net-net lease” and the Board of Education hereby agrees that the Rental Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges, or setoffs whatsoever.

Section 4.6 Covenant to Budget and Appropriate. The Board of Education covenants and agrees to take such action as may be necessary to include all Rental Payments and Additional Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Rental Payments and Additional Payments. Annually, within thirty (30) days of the adoption of the budget, the Board of Education will furnish to the Trustee a Statement of the Board of Education certifying that such budget contains the necessary appropriation for all Rental Payments and Additional Payments. If requested in writing by the Trustee, the Board of Education will furnish a copy of such budget. The Trustee has no duty to review such budget, and if it receives a copy, it shall retain it solely as a repository for the Owners.

The agreements and covenants on the part of the Board of Education 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 Board of Education 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 Board of Education to carry out and perform the agreements and covenants in this Facilities Lease agreed to be carried out and performed by the Board of Education.

Section 4.7 Abatement of Rental. Except to the extent of amounts held by the Trustee in the Certificate Reserve Fund or in any other funds held by the Trustee under the Trust Agreement otherwise available to the Trustee for payments in respect of the Certificates, Rental Payments and Additional Payments shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any

entity threatening the use of such power) of, or title defect with respect to any portion of the Facilities, or delay in the construction of or failure to complete construction of that portion of the Facilities comprised of the Project, there is substantial interference with the use and possession of the Facilities or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments and Additional Payments represent fair consideration for the use and possession of the portion of the Facilities not so interfered with. Such abatement shall commence with the date of such interference and shall end only with cure thereof. Any determination of remaining fair rental value will be made with reference to the greater of (i) the Board of Education's fair rental value certification as of the date of execution and delivery of the Certificates, or (ii) the fair rental value on the date of determination.

The Board of Education waives the benefits of Civil Code Sections 1932, subd. 2, and 1933, subd. 4, and of Title 11 of the United States Code, Section 365(h), and any and all other rights to terminate this Facilities Lease by virtue of any such damage or destruction.

Section 4.8 Additional Payments.

(A) Amount. The Board of Education shall pay such amounts (herein called the "Additional Payments") in each year as shall be required:

(1) Costs and Expenses: For the payment of all costs and expenses incurred by the Corporation or the Trustee in connection with the execution, performance, or enforcement of this Facilities Lease or any assignment hereof, the Trust Agreement, and the lease of the Facilities to the Board of Education, including but not limited to payment of all fees, costs, and expenses of the Corporation, including, without limiting the generality of the foregoing, all expenses, compensation, and indemnification of the Trustee payable under the Trust Agreement, fees of auditors, accountants, attorneys, engineers, or architects, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to comply with the terms of the Certificates or of the Trust Agreement;

(2) Certificate Reserve Fund Replenishment: Amounts required to be paid to the Trustee for deposit in the Certificate Reserve Fund to satisfy the Certificate Reserve Requirement, pursuant to the Trust Agreement; and

(3) Rebate Amounts: For deposit into the Rebate Fund as required under Section 6.8 (Rebate Fund) of the Trust Agreement.

(B) Billing. Such Additional Payments shall be billed to the Board of Education from time to time, together with a statement certifying that the amount billed has been paid by the Corporation or by the Trustee for one or more of the items above described, or that such amount is then payable by the Corporation or the Trustee, as designated on the bill to the Board of Education. Amounts so billed shall be paid by the Board of Education within fifteen (15) days after receipt of the bill by the Board of Education.

Section 4.9 Contributions/Advances. Nothing contained in this Facilities Lease shall prevent the Board of Education from making contributions or advances to the Corporation from time to time for any purpose now or hereafter authorized by law, including the making of repairs

to, or the restoration of, the Facilities in the event of damage to or the destruction of the Facilities.

Section 4.10 Prepayment.

(A) Casualty/Condemnation. The Board of Education shall prepay from net insurance proceeds (including title insurance) and eminent domain proceeds, to the extent provided in and in accordance with Article 7 (Insurance; Eminent Domain) hereof, all or a proportionate amount of each (such that the remaining Rental Payments are substantially equal in each year thereafter) of the principal components of the Rental Payments then unpaid, at a prepayment amount equal to the sum of the principal components prepaid plus the interest component of such Rental Payments accrued to the date of prepayment.

(B) Optional Prepayment. The Board of Education may prepay, from any source of available funds, such part of the Rental Payments as specified by the Board of Education by depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to make such Rental Payments when due. The Board of Education 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 Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Any such prepayment shall be applied by the Trustee to pay the principal and interest components of the Certificates and to redeem Certificates if such Certificates are subject to redemption pursuant to the terms of the Trust Agreement. Exercise of the Board of Education's option to prepay all of the Rental Payments shall constitute the Board of Education's purchasing of the Facilities and the Corporation's leasehold estate created under the Ground Lease.

(C) Notice of Prepayment. Before making any prepayment pursuant to this section, the Board of Education shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Corporation describing such event and specifying the date on which the prepayment will be made, which date shall be sixty (60) days from the date such notice is given, unless a shorter notice period shall be acceptable to the Corporation. The Board of Education shall also give such notice as is required to the Trustee under the Trust Agreement.

Section 4.11 Discharge of Obligations. When

(A) in accordance with Section 5.2 (Discharge of Liability on Certificates) of the Trust Agreement there shall have been deposited with the Trustee at or prior to the due dates of the Rental Payments in trust for the benefit of the Owners of the Certificates and irrevocably appropriated and set aside to the payment of the Rental Payments, sufficient moneys and Investment Securities of the types described in Section 5.3 (Deposit of Money or Securities with Trustee) of the Trust Agreement, the principal of and interest on which when due will provide money sufficient to pay all principal components, premium, if any, and interest components of the Rental Payments represented by the Certificates to the due date or dates of the Rental Payments;

(B) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Certificates shall remain unpaid; and

(C) all other obligations of the Board of Education hereunder and under the Trust Agreement have been satisfied;

then and in that event the right, title, and interest of the Corporation herein and the obligations of the Board of Education hereunder shall thereupon cease, terminate, become void, and be completely discharged and satisfied (except for the right of the Corporation and the obligation of the Board of Education to have such moneys and such Investment Securities applied to the payment of the Rental Payments).

In such event, if requested by the Board of Education, the Corporation shall (1) cause an accounting for such period or periods to be prepared and filed with the Board of Education; (2) prepare and deliver to the Board of Education all such instruments as may be necessary or desirable to evidence such discharge and satisfaction; and (3) pay over to the Board of Education as an overpayment of Rental Payments all such moneys or such 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 Rental Payments and all other amounts due under this Facilities Lease and the Trust Agreement and the fees and expenses of the Trustee, which moneys and Investment Securities shall continue to be held by the Corporation in trust for the payment of the Rental Payments and the fees and expenses of the Trustee, and shall be applied by the Corporation to the payment of the Rental Payments and the fees and expenses of the Trustee.

ARTICLE 5 USE OF PROCEEDS

Section 5.1 Use of Proceeds. The Board of Education and the Corporation agree that the proceeds of the Certificates will be used to provide the money necessary to (a) finance the acquisition, construction, development, and installation of the Project; (b) establish a Costs of Issuance Fund to pay the costs of issuing the Certificates and incidental and related expenses; (c) fund the Certificate Reserve Fund in the amount of the Certificate Reserve Requirement; and (d) fund a capitalized interest fund to pay a portion of interest payments through and including April 1, 2026.

Section 5.2 Corporation's Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, HABITABILITY, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE BOARD OF EDUCATION ACKNOWLEDGES THAT THE CORPORATION HAS NOT CONSTRUCTED THE FACILITIES AND IS NOT A REAL ESTATE BROKER, THAT THE BOARD OF EDUCATION LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE BOARD OF EDUCATION. In no event shall the Corporation or Trustee be liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Facilities Lease or the existence,

furnishing, functioning, or the Board of Education's use of the Facilities or any item or products or services provided for in this Facilities Lease.

ARTICLE 6 COVENANTS

Section 6.1 Quiet Enjoyment. The Corporation hereby covenants to provide the Board of Education during the term of this Facilities Lease with quiet use and enjoyment of the Facilities and the Board of Education shall during the term of this Facilities Lease peaceably and quietly have, hold, and enjoy the Facilities without suit, trouble, or hindrance from the Corporation, so long as the Board of Education observes and performs its covenants and agreements and is not in default hereunder.

Section 6.2 Right of Entry. The Corporation and its assignees shall have the right (but not the duty) to enter the Facilities during reasonable business hours (and in emergencies at all times) (a) to inspect the same; (b) for any purpose connected with the Corporation's or the Board of Education's rights or obligations under this Facilities Lease; and (c) for all other lawful purposes.

Section 6.3 Maintenance of the Facilities by the Board of Education. The Board of Education agrees that, at all times during the term of this Facilities Lease, the Board of Education will, at the Board of Education's own cost and expense, maintain, preserve, and keep the Facilities and every portion thereof in good repair, working order, and condition, and that the Board of Education will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

Section 6.4 Taxes and Other Governmental Charges; Utility Charges.

(A) **Taxes and Other Governmental Charges on the Facilities.** The parties to this Facilities Lease contemplate that the Facilities will be used for governmental purposes of the Board of Education and, therefore, that the Facilities will be exempt from all taxes presently assessed and levied with respect to property. In the event that the use, possession, or acquisition by the Board of Education or the Corporation of the Facilities is found to be subject to taxation in any form (except for income or franchise taxes of the Corporation), the Board of Education will pay during the term of this Facilities Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities, and any equipment or other property acquired by the Board of Education in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the Board of Education shall be obligated to pay only such installments as are accrued during such time as this Facilities Lease is in effect.

(B) **Lease-Related Taxes Imposed on Corporation.** The Board of Education shall also pay directly or pay as Additional Payments hereunder pursuant to Section 4.8 (Additional Payments), such amounts, if any, in each year as shall be required by the Corporation 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 Board of Education to pay any of the foregoing or failure to file or furnish to the Corporation for filing in a timely manner any returns, hereinafter levied or imposed against the Corporation with respect to the Facilities, this Facilities Lease, the Rental Payments, and other payments required hereunder or any parts thereof or interests of the Board of Education or the Corporation therein by any governmental authority.

(C) Utility Charges. The Board of Education shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Facilities.

(D) Contest of Charges. The Board of Education may at the Board of Education's expense and in its name, in good faith contest any such taxes, assessments, or 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, if the Board of Education shall provide the Corporation with full security against any loss that may result from nonpayment, in form satisfactory to the Corporation, or promptly pay such taxes, assessments, or charges if the Corporation, or the Trustee notifies the Board of Education that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture.

Section 6.5 Liens. In the event the Board of Education shall at any time during the term of this Facilities Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Facilities, the Board of Education 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 Board of Education in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Corporation's interest therein, the Board of Education 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 Board of Education desires to contest any such lien it may do so in good faith. If any such lien is 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 Board of Education shall forthwith pay (or cause to be paid) and discharge such judgment. The Board of Education agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Corporation, the Trustee, their directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including reasonable attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Corporation's interest therein.

Section 6.6 Environmental Covenants.

(A) Compliance with Laws; No Hazardous Substances. The Corporation and the Board of Education will comply with all Applicable Environmental Laws with respect to the Facilities and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Facilities. This Section shall survive any termination of this Facilities Lease prior to the payment in full of the Certificates.

(B) Notification. The Board of Education will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Facilities and any operations conducted thereon or any conditions existing thereon to the Corporation, and the Board of Education will notify the Corporation and the Trustee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Facilities, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Corporation or the Trustee.

(C) Access for Inspection. The Board of Education will permit the Corporation, its successors, assigns, agents, or any experts designated by the Corporation to have full access to the Facilities during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Corporation has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

Section 6.7 Assignment and Subleasing by the Board of Education. Neither this Facilities Lease nor any interest of the Board of Education hereunder shall be mortgaged, pledged, assigned, sublet, encumbered (except for Permitted Encumbrances), or transferred by the Board of Education by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest components of the Rental Payments payable by the Board of Education hereunder. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the Board of Education to make the Rental Payments and Additional Payments required hereunder.

Section 6.8 Board of Education Consent to Assignment by Corporation. Certain of the Corporation's rights under this Facilities Lease, including the right to receive and enforce payment of the Rental Payments, are being assigned to the Trustee pursuant to the Trust Agreement. The Board of Education has consented to such assignment in the Trust Agreement. The Board of Education agrees to execute all documents, including notices of assignment and chattel, mortgages, or financing statements that may be reasonably requested by the Corporation, its assignee, or any Owner to protect their interests in the Facilities and in this Facilities Lease. The Board of Education further agrees it shall not have the right to terminate this Facilities Lease for default by the Corporation in the performance of the Corporation's obligations.

Section 6.9 Corporation Not Liable; Indemnification of the Corporation. The Corporation and its directors, officers, agents, and employees and the Trustee shall not be liable

to the Board of Education 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 Facilities.

The Board of Education shall to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Corporation and its assignees (including the Trustee) and their directors, officers, agents, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Facilities Lease or the Trust Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the Facilities, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Facilities, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Facilities resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the Board of Education or the Corporation; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Facilities Lease or the termination of the term of this Facilities Lease for any reason, or the resignation or removal of the Trustee. The Board of Education and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 6.10 Further Assurances. The Board of Education and the Corporation agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered such supplements hereto and such further instruments as may be necessary or proper to carry out the intention or to facilitate the performance of this Facilities Lease.

Section 6.11 No Exercise of Eminent Domain Power. The Board of Education hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the Board of Education will not exercise the power of condemnation with respect to the Facilities. The Board of Education further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the Board of Education should fail or refuse to abide by such covenant and condemns the Facilities, the appraised value of the Facilities is not less than the greater of (a) if the Certificates are then subject to redemption, the principal and interest components of the Certificates outstanding through the date of their redemption; or (b) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates to the first available redemption date in accordance with the Trust Agreement.

**ARTICLE 7
INSURANCE; EMINENT DOMAIN**

Section 7.1 Fire and Extended Coverage Insurance.

(A) Coverage. The Board of Education shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, insurance against loss or damage to the Facilities, and 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. 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. Subject to Section 7.6 (General Provisions), the insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the Board of Education.

(B) Amount. Such insurance shall 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 \$10,000) or, in the alternative, shall be in an amount and in a form sufficient (together with moneys in the Certificate Reserve Fund established under Section 6.6 (Funding and Application of Certificate Reserve Fund) of the Trust Agreement), in the event of total or partial loss, to enable all Certificates then Outstanding to be prepaid. The policy must explicitly waive any co-insurance penalty.

(C) Application of Net Proceeds.

(1) Repair or Replacement of Facilities. In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Board of Education, 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 item or items 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.

Claims shall be adjusted in accordance with the terms of the insurance policy or memorandum of coverage. As loss payee, the Trustee's endorsement shall be required on all claims payments. The Trustee shall permit use of the proceeds of insurance from time to time upon receiving the Written Request of the Board of Education, stating that the Board of Education 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.

(2) Prepayment of Lease. Alternatively, the Board of Education, at its option, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay an aggregate principal amount represented by the Outstanding Certificates plus accrued interest to the prepayment date, equal to the amount of the

Outstanding Certificates attributable to the item or items of the Facilities so destroyed or damaged (determined by reference to the proportion that the acquisition and construction cost of such portion of the Facilities bears to the acquisition costs of the Facilities), may elect not to repair, reconstruct, or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to Section 2.5 (Redemption of Certificates) of the Trust Agreement; provided, however, that the resulting Rental Payments subsequent to such prepayment will be sufficient in amount to pay the Outstanding Certificates. If, however, the Board of Education has elected pursuant to Section 7.1(B) (Fire and Extended Coverage Insurance – Amount) to acquire casualty insurance only in an amount sufficient to prepay all the Certificates Outstanding, the Board of Education shall use the proceeds of such insurance (together with amounts available in the Certificate Reserve Fund and the Certificate Fund) to prepay the principal amount represented by the Outstanding Certificates plus accrued interest to the prepayment date, unless such insurance proceeds are sufficient to fully rebuild or repair the Facilities.

(D) Federal Disaster Relief. The Board of Education shall promptly apply for Federal disaster aid or State of California 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 shall be used to repair, reconstruct, restore, or replace the damaged or destroyed portions of the Facilities or, at the option of the Board of Education, to prepay all Outstanding Certificates if such use of such disaster aid is permitted.

(E) Alternative Risk Management. Subject to Section 7.6(D) (General Provisions – Alternative Risk Management), as an alternative to providing the insurance required by Subsection (A) of this Section or any portion thereof, the Board of Education may adopt an alternative risk management program, including, without limitation, (1) a self-insurance method or plan of protection; (2) a program involving captive insurance companies; (3) participation in state or federal insurance programs; (4) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies; or (5) establishment or participation in other alternative risk management programs; if and to the extent such alternative risk management program shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar programs, plans, or methods of protection adopted by public entities in the State of California other than the Board of Education.

Section 7.2 Public Liability and Property Damage Insurance.

(A) Coverage. Except as hereinafter provided, the Board of Education shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Facilities Lease, a standard comprehensive general liability insurance policy or policies in protection of the Corporation and its 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 Facilities. The insurance required by this Section may be maintained as part of or in conjunction with any other insurance maintained by the Board of Education.

(B) Limits. The minimum liability limits of such insurance shall be \$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 shall be \$1,000,000 (subject to a deductible clause of not to exceed \$10,000) 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 Board of Education.

(C) Alternative Risk Management. Subject to Section 7.6(D) (General Provisions – Alternative Risk Management), as an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, the Board of Education, may adopt an alternative risk management program, including, without limitation, (1) a self-insurance method or plan of protection; (2) a program involving captive insurance companies; (3) participation in state or federal insurance programs; (4) participation with other public agencies in mutual or other cooperative insurance or other risk management programs, including those made available through joint exercise of powers agencies; or (5) establishment or participation in other alternative risk management programs; if and to the extent such alternative risk management program shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar programs, plans, or methods of protection adopted by public entities in the State of California other than the Board of Education.

Section 7.3 Rental Abatement Insurance

(A) Coverage. The Board of Education shall procure or cause to be procured from a reputable commercial insurer and maintain or cause to be maintained, throughout the term of this Facilities Lease, rental abatement insurance to cover loss, total or partial, to the Corporation of the Rental Payments due hereunder owing to an abatement of rental as the result of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or defect in title to the Facilities, or delay in construction of or failure to complete that portion of the Facilities comprising the Project. The policy shall specifically cite the Facilities.

(B) Amount. Such insurance shall be maintained in an amount equal to at least the maximum Rental Payments coming due and payable during any future 24-month period.

(C) Payment of Net Proceeds. Any proceeds of such insurance shall be paid in accordance with the terms of the insurance policy or memorandum of coverage directly to the Trustee. The Trustee shall use the proceeds it receives to reimburse to the Board of Education any Rental Payments theretofore paid by the Board of Education under this Facilities Lease attributable to the damaged or destroyed Facilities to the extent and for a period of time during which the payment of Rental Payments under this Facilities Lease is abated; and any proceeds of such insurance not so used shall be applied as Rental Payments as provided in Section 4.1 (Rental Payments) (to the extent required for the payment of Rental Payments) and, as Additional Payments as provided in Section 4.8 (Additional Payments) (to the extent required for the payment of Additional Payments).

Section 7.4 Workers' Compensation Insurance.

(A) Coverage. Except as provided in subsection (B) of this Section, the Board of Education shall maintain workers' compensation insurance covering all employees working at the Facilities in the amounts as required by law, with a limit of \$25,000,000 coverage per occurrence. Such insurance may be maintained by the Board of Education as part of or in conjunction with any other insurance maintained by the Board of Education.

(B) Self-Insurance. As an alternative to providing the insurance described in subsection (A) of this Section, the Board of Education may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the Board of Education to be legally self-insured against workers' compensation claims, and may maintain that status, provided that the Board of Education shall employ an actuary to review the Board of Education's workers' compensation claims experience and project future claims exposure. The Board of Education covenants to budget the amounts and comply with the other actions recommended by the actuary. The Board of Education further agrees to comply with any requirements made by the Division of Self-Insurance Plans as a result of any audit performed by that office.

Section 7.5 Title Insurance. The Board of Education shall provide a leasehold and owner's title insurance policy or policies in an amount equal to the aggregate principal amount represented by the Certificates. Such title insurance policy or policies shall be payable to the Trustee for the use and benefit of the Owners of the Certificates. Such policy or policies shall be in the form of a CLTA leasehold and owner's title policy or policies, in the amount of the principal amount of Certificates then Outstanding, and issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. The policy or policies may not permit the title insurer (i) to purchase Certificates in lieu of providing payment under the policies, unless, upon purchase, such Certificates are canceled, or (ii) to settle claims with any person other than the Trustee. The Board of Education agrees to deliver to the Trustee all proceeds received by the Board of Education pursuant to any policy of title insurance with respect to the Facilities under which the Board of Education is a beneficiary. All proceeds received by the Trustee under such title insurance policy shall be applied and disbursed by the Trustee in the same order and priority and for the same purposes as are provided in Section 7.7 (Eminent Domain) relating to proceeds received in eminent domain proceedings except that the term "eminent domain proceedings" as used in Section 7.7 (Eminent Domain) shall be read as "proceedings affecting the title of the Corporation."

Section 7.6 General Provisions.

(A) Form of Policies. All policies of insurance or plans of protection required by Section 7.1 (Fire and Extended Coverage Insurance), Section 7.2 (Public Liability and Property Damage Insurance), Section 7.3 (Rental Abatement Insurance), and Section 7.5 (Title Insurance) hereof shall name the Corporation and the Trustee as additional insureds. All policies of insurance or plans of protection required by Section 7.1 (Fire and Extended Coverage Insurance), Section 7.3 (Rental Abatement Insurance), and Section 7.5 (Title Insurance) hereof shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance

Services Office and the California Bankers Association. The Trustee shall collect and receive all moneys that may become due and payable under any such policies or plans, may compromise any and all claims thereunder, and shall apply the proceeds of such insurance as provided in this Article. All policies of insurance or plans of protection required by this Facilities Lease 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.

(B) Ratings. All policies of insurance shall be obtained from companies rated not less than "A" by the A.M. Best Company or in the two highest rating categories of Standard & Poor's and Moody's.

(C) Payment of Premiums. The Board of Education shall pay when due the premiums for all insurance policies required by this Facilities Lease.

(D) Alternative Risk Management. Before any alternative risk management program permitted by this Article may be provided by the Board of Education, there shall be filed with the Trustee, a certificate of an actuary, Insurance Consultant, or other qualified person stating that, in the opinion of the signer, the substitute program, method, or plan of protection is in accordance with the requirements of the respective Section and, when effective, would afford reasonable coverage for the risks required to be insured against. In the event of loss covered by any such self-insurance method, the liability of the Board of Education hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method if such self-insurance has been maintained in accordance with the provisions hereof. Prior to the self-insurance program being discontinued, the Board of Education shall procure and maintain all the insurance required by Article VII from reputable commercial insurers in accordance with the terms hereof.

(E) Protection of Trustee. 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 Trustee.

(F) Evidence of Insurance. Prior to the expiration of any policies or plans of protection required under this Facilities Lease, the Board of Education will furnish to the Trustee satisfactory evidence that such policy or plan has been renewed or replaced, or is no longer required hereunder. So long as any self-insurance method or plan is being used to satisfy the requirements of this Facilities Lease, the Board of Education shall deliver at the same time the report and certificate of an actuary, Insurance Consultant, or other qualified person that states the levels of resources available under such self-insurance method or plan and certifies that such method or plan of protection is in accordance with the requirements of this Facilities Lease, affords reasonable coverage for the risks required to be insured against, and is actuarially sound. Delivery to the Trustee of the certificates and report under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies and substitute methods or plans of protection, and the Trustee may conclusively rely thereon. If so requested in writing by the Trustee, the Board of Education shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in the Board of Education officer's certificate.

(G) Reserves Against Deductibles. The Board of Education shall provide adequate reserves to fund the amount of any deductible allowed under this Article.

(H) Cooperation. The Corporation shall cooperate fully with the Board of Education in filing any proof of loss with respect to any insurance policy maintained pursuant to this Article and in the defense of any proceeding in eminent domain with respect to the Facilities.

(I) Advances. In the event the Board of Education shall fail to maintain the full insurance coverage required by this Facilities Lease or shall fail to keep the Facilities in good repair and operating condition, the Corporation may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and the Board of Education agrees to reimburse the Corporation all amounts so advanced within thirty (30) days of a written request therefor.

(J) Application of Net Proceeds. In the event of any damage to, destruction of, or partial taking under the power of eminent domain of any part of the Facilities, the Board of Education shall have forty-five (45) days from the date of such damage, destruction or taking to determine whether to repair the damaged or condemned Facilities or use its insurance proceeds to prepay the Outstanding Certificates.

Section 7.7 Eminent Domain. So long as any of the Certificates shall be outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be applied to the prepayment of Rental Payments as provided in Section 4.10 (Prepayment). Any such award made after all of the Certificates have been fully paid and retired shall be paid to the Board of Education.

If the whole of the Facilities, or so much thereof as to render the remainder unusable for the purposes for which it was used by the Board of Education, shall be taken under the power of eminent domain, the term of this Facilities Lease shall cease as of the day that possession shall be so taken. If the award on a partial or complete taking, together with other funds available therefor, is insufficient to prepay all of the Outstanding Certificates, the Board of Education shall use all reasonable efforts to appeal such award to obtain an award that will be sufficient in amount to prepay the Certificates in full for a complete taking, or, in the event of a partial taking, an amount sufficient such that remaining Rental Payments will be sufficient to pay the remaining Outstanding Certificates. If less than the whole of the Facilities shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the Board of Education at the time of such taking, then this Facilities Lease 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 as provided in Section 4.7 (Abatement of Rental).

**ARTICLE 8
DEFAULT AND REMEDIES**

Section 8.1 Events of Default. The following events shall be Events of Default:

(A) Payment Default. Failure of the Board of Education to pay any Rental Payments or Additional Payments payable hereunder when the same become due and payable, time being expressly declared to be of the essence of this Facilities Lease.

(B) Breach of Covenant. Failure of the Board of Education to keep, observe, or perform any other term, covenant or condition contained herein or in the Trust Agreement to be kept or performed by the Board of Education for a period of thirty (30) days after notice of the same has been given to the Board of Education by the Corporation or the Trustee, or for such additional time as is reasonably required to correct the same not in excess of a total of ninety (90) days.

(C) Transfer of the Board of Education's Interest. Assignment or transfer of the Board of Education's interest in this Facilities Lease or any part hereof without the written consent of the Corporation, either voluntarily or by operation of law or otherwise.

(D) Bankruptcy or Insolvency. Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the Board of Education or of all or substantially all of its assets, by or with the consent of the Board of Education, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the Board of Education with the Board of Education's creditors to effect a composition or extension of time to pay the Board of Education's debts, or request by the Board of Education for a reorganization or to effect a plan of reorganization, or for a readjustment of the Board of Education's debts, or a general or any assignment by the Board of Education for the benefit of the Board of Education's creditors.

(E) Abandonment of the Facilities. Abandonment by the Board of Education of any part of the Facilities (except pursuant to Section 3.4 (Substitution, Addition, or Deletion) hereof).

Section 8.2 Remedies on Default. Upon the occurrence and during the continuance of an Event of Default, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Facilities Lease, but in no event shall buildings, improvements, or real property not described in Exhibit A hereto be subject to any remedies available to the Corporation. Upon an Event of Default, the Corporation, in addition to all other rights and remedies they may have at law, may do any of the following:

(A) Termination of Lease.

(1) Notice of Termination; Re-entry. By written notice to the Board of Education, to terminate this Facilities Lease and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place in the county in which

the Board of Education is located. In the event of such termination, the Board of Education agrees to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the Board of Education, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal or storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained.

(2) No Termination Except by Notice. Neither (a) notice to pay rent or to deliver up possession of the Facilities given pursuant to law, nor (b) any entry or re-entry by the Corporation, nor (c) any proceeding brought by the Corporation to recover possession of the Facilities, nor (d) the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interests under this Facilities Lease shall of itself operate to terminate this Facilities Lease. No termination of this Facilities Lease on account of default by the Board of Education shall be or become effective by operation of law or acts of the parties hereto, unless and until the Corporation shall have given written notice to the Board of Education of the election on the part of the Corporation to terminate this Facilities Lease. The Board of Education covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this Facilities Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(B) Continuation of Lease; Reletting.

(1) Continuation Remedies. Without terminating this Facilities Lease, (a) collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the Board of Education, regardless of whether or not the Board of Education has abandoned the Facilities; and/or (b) enter, retake possession of, and re-let the Facilities. The term "re-let" or "re-letting" as used in this Article shall include, but not be limited to, re-letting by means of the operation by the Corporation of the Facilities.

(2) Board of Education to Remain Liable. If the Corporation does not elect to terminate this Facilities Lease in the manner provided for in subsection (A) hereof, the Board of Education shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the Board of Education. If the Facilities are not re-let, the Board of Education agrees to pay the full amount of the rent to the end of the term of this Facilities Lease; if the Facilities are re-let, the Board of Education agrees to pay any deficiency in rent that results therefrom. The Board of Education further agrees to pay said rent punctually at the same time and in the same manner as for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified and notwithstanding any entry or re-entry by the Corporation or proceeding brought by the Corporation to recover possession of the Facilities.

(3) Agency. Should the Corporation elect to enter or re-enter the Facilities as herein provided, the Board of Education hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the Board of Education to re-let the Facilities, or any item or part thereof, from time to time, either in the Corporation's name or otherwise, upon

such terms and conditions and for such use and period as the Corporation may deem advisable. The Board of Education further appoints the Corporation as its agent to remove all persons in possession of the Facilities and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place in the county in which the Board of Education is located, for the account of and at the expense of the Board of Education. The Board of Education hereby exempts and agrees to save harmless the Corporation from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such retaking of possession and re-letting of the Facilities and removal and storage of such property by the Corporation or its duly authorized agents in accordance herewith.

(4) Adequate Notice. The Board of Education agrees that the terms of this Facilities Lease constitute full and sufficient notice of the right of the Corporation to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Corporation deems necessary or desirable in the event of such retaking or re-entry without effecting a surrender of this Facilities Lease, and further agrees that no acts of the Corporation in attempting such re-letting shall constitute a surrender or termination of this Facilities Lease, 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 Board of Education the right to terminate this Facilities Lease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subsection (A) hereof.

(5) Waiver of Right to Excess Rent; Agreement to Pay Costs. The Board of Education further waives the right to rental obtained by the Corporation in excess of the rental herein specified and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-letting the Facilities or any items or part thereof. The Board of Education further agrees to pay the Corporation the cost of any alterations or repairs or additions to the Facilities or any items or part thereof necessary to place the Facilities or any items or part thereof in condition for re-letting immediately upon notice to the Board of Education of the completion and installation of such additions or repairs or alterations.

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

Section 8.3 No Acceleration. Notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

Section 8.4 No Remedy Exclusive. Each and all of the remedies given to the Corporation hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Corporation to any or all other remedies. If any statute or rule of law validly shall limit the remedies given to the Corporation hereunder, the Corporation nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Section 8.5 Corporation Defaults; Board of Education Remedies.

(A) Corporation Defaults. The Corporation 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 Corporation shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the Board of Education to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

(B) Board of Education Remedies. The Corporation's failure to perform any of its obligations hereunder shall not be an event permitting the nonpayment of rent or the termination of this Facilities Lease by the Board of Education. The parties hereto agree that the performance of the Corporation is unique, that the remedies at law for the Corporation's nonperformance would be inadequate, and that the Board of Education shall institute a suit for specific performance by the Corporation upon any default by the Corporation.

Section 8.6 Attorneys' Fees. If the Corporation prevails in any action brought to enforce any of the terms and provisions of this Facilities Lease, the Board of Education agrees to pay a reasonable amount as and for attorneys' fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Section 8.7 No Additional Waiver. Failure of the Corporation to take advantage of any default on the part of the Board of Education shall not be, or be construed as, a waiver thereof, nor shall any custom or practice that may grow up between the parties in the course of administering this Facilities Lease be construed to waive or to lessen the right of the Corporation to insist upon performance by the Board of Education of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Facilities Lease.

Section 8.8 Application of Amounts Collected. All amounts collected by the Corporation under this Article, other than as provided in Section 8.2(B) (Remedies on Default -- Continuation of Lease; Reletting), shall, after payment of all fees and expenses of Trustee, including fees and expenses of its attorneys and advisors, be deposited by the Trustee in the Certificate Fund and credited towards the Rental Payments in order of Rental Payment dates.

Section 8.9 Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article have been assigned by the Corporation to the Trustee under the Trust Agreement, to which assignment the Board of Education hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners as provided in the Trust Agreement, and subject to the terms of the Trust Agreement. To the extent that this Facilities Lease confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Facilities Lease, 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.

IN WITNESS WHEREOF, the Corporation and the Board of Education have caused this Facilities Lease to be executed by their respective officers thereunto duly authorized.

CORPORATION:

**PUBLIC PROPERTY FINANCING CORPORATION
OF CALIFORNIA, Lessee**

By: _____
William J. Fawell, Chairman

BOARD OF EDUCATION:

SUTTER COUNTY BOARD OF EDUCATION, Lessor

By: _____
Ron Sherrod, Assistant Superintendent of Business
Services

EXHIBIT A

DEMISED PREMISES

The land referred to herein is situated in the State of California, County of Sutter, City of Yuba City, and described as follows:

Parcel A: APN 058-050-021-000

Parcel 1, as shown on Parcel Map No. 800, filed in the office of the county recorder of Sutter County, California, on January 25, 1989, in Book 5 of Parcel Maps, Page 10.

Excepting therefrom all that portion as described in Exhibit "A" in that instrument of Bill of Sale and Conveyance to the City of Yuba City, dated December 9, 1986 and recorded December 9, 1986 in Book 1196, Official Records, Page 439.

Also excepting therefrom Fifty percent (50%) of all oil, mineral, geothermal and similar rights, reserved in deed from Del Monte Corporation, dated May 31, 1979 and recorded June 8, 1979 in Book 960, at Page 106.

Parcel B: APN 058-050-022-000

All that real property situate in the County of Sutter, State of California, being a portion of the Northeast One-Quarter of Section 20 and the Northwest One-Quarter of Section 21, Township 15 North, Range 3 East, Mount Diablo Base and Meridian, described as follows:

Parcel 2 as shown on Parcel Map No. 800, filed in Book 5 of Parcel Maps at Page 10, Sutter County Records.

Together with the following described land:

Beginning at the Southwest corner of Parcel 2 as shown on Parcel Map No. 800, filed in Book 5 of Parcel Maps at Page 10, Sutter County Records, said corner lying on the Easterly line of that certain parcel of land as described in deed to Roy E. Lanza, Trustee, of the Roy and Sondra Lanza Family Trust, dated February 8, 1996 and recorded in Document No. 199900360, Sutter County Records, distant thereon from the Southeast corner of said Lanza land North 00°02'15" East 632.79 feet; thence leaving said Southwest corner of Parcel 2 and said Easterly line South 89°36'54" West 252.21 feet; thence North 00°02'15" East 250.04 feet; thence North 89°36'54" East 252.21 feet to the Northwest corner of said Parcel 2, said point being on the Easterly line of said Roy E. Lanza, Trustee, parcel of land; thence South 00°02'15" West along said Easterly line 259.04 feet to the point of beginning.

Excepting from said Parcel 2: Rights reserved in the deed from Del Monte Corporation, recorded June 8, 1979 in Book 960, Page 106 of Official Records, as follows:

“Fifty percent (50%) of all oil, mineral, geothermal and similar rights, together with a right-of-entry upon the real property hereby conveyed for the purpose of extracting the same so long as the grantee’s reasonable use of the real property hereby conveyed is not unreasonably disturbed”.

Parcel C: APNs 063-010-134-000 and 063-010-135-000

Parcel 1:

Parcel A1:

All that certain real property situate in the City of Yuba City, County of Sutter, State of California, being a portion of Lot 6, of "River Valley Commercial Center", filed in Book 19 of Surveys at Page 100, Sutter County Recorder, also being a portion of the Northeast one-quarter, of Section 20, Township 15 North, Range 3 East, M.D.M., described as follows:

Beginning at the Northeast corner of said Lot 6; thence South 00°02'15" West along the East line of said Lot 6, a distance of 198.52 feet to the Southeast corner of said Lot 6; thence along the South line of said Lot 6, South 89°36'54" West 252.21 feet to the Northeast corner of Lot 4, of said River Valley Commercial Center, thence leaving said South line of Lot 6, North 00°02'15" East 198.82 feet to a point on the North line of said Lot 6, thence North 89°40'59" East along the North line of Lot 6, a distance of 252.21 feet to the point of beginning.

Parcel A2:

Together with an easement for road and utility purpose being a strip of land having parallel sides and a uniform width of 38.00 feet, more particularly described as follows: Commencing at the intersection of Spirit Drive and Harter Parkway, thence North 89°40'59" East 85.00 feet to the true point of beginning of the herein described strip of land; thence from said point of beginning, North 89°40'59" East 319.89 feet; thence South 00°02'15" West 38.00 feet; thence South 89°40'59" West 319.89 feet; thence North 00° 02' 15" East 38.00 feet to the point of beginning.

The legal description is made pursuant to that certain Certificate Approving a Lot Line Adjustment as disclosed in Grant Deed recorded January 12, 2012 as Instrument No. 2012-0000557 of Official Records.

Parcel 2:

Parcel B1:

All that certain real property Situate in the City of Yuba City, County of Sutter, State of California, being a portion of Lot 6, of "River Valley Commercial Center", filed in Book 19 of Surveys at Page 100, Sutter County Recorder, also being a portion of the Northeast one-quarter, of Section 20, Township 15 North, Range 3 East, M.D.M., described as follows:

Commencing at the Northeast corner of said Lot 6; thence South 00°02'15" West along the East line of said Lot 6, a distance of 198.52 feet to the Southeast corner of said Lot 6; thence along the

South line of said Lot 6, South 89°36'54" West 252.21 feet to the Northeast corner of Lot 4, of said River Valley commercial center, and the true point of beginning of the herein described Parcel of land; thence from said true point of beginning of the herein described Parcel of land, and continuing along the said South line of said Lot 6, South 89°57'45" West 353.89 feet to the Southwest corner of said Lot 6, and a point on the Easterly right-of-way line of Harter Parkway; thence along said Easterly line of Harter Parkway, North 00°02'15" East 138.75 feet to the beginning of a curve concave to the Southeast, having a radius 20.00 feet through a central angle of 89°38'44", the chord of which bears North 44°51'37" East 28.20 feet; thence on the arc of said curve, a distance of 31.29 feet; thence North 89°40'59" East 14.24 feet; thence North 00°02'15" East 38.00 feet to the point on the centerline of Spirit Drive; thence along the Easterly extension of said Spirit Drive, and the North line of said Lot 6, North 89°40'59" East 319.89 feet; thence leaving said North line of Lot 6, South 00°02'15" 199.82 feet to the point of beginning.

The legal description is made pursuant to that certain Certificate Approving a Lot Line Adjustment as disclosed in Grant Deed recorded January 12, 2012 as Instrument No. 2012-0000557 of Official Records.

Parcel B2:

An easement for access purposes 200 feet by 76 feet, as shown on the Map entitled, "River Valley Commercial Center", filed in the Office of the County Recorder of Sutter County, California, on August 7, 2006, in Book 19 of Surveys, Page 100.

Excepting therefrom that portion lying within the bounds of Lot 6 of said Subdivision.

(End of Legal Description)

Parcel A as described above is commonly known as: Sutter County Superintendent of Schools, Administrative Building, 970 Klamath Lane, Yuba City, California.

Parcel B as described above is commonly known as: Feather River Academy, 1895 Lassen Boulevard, Yuba City, California.

Parcel C as described above is commonly known as: Career Training and Conference Center, [ADDRESS], Yuba City, California.

TRUST AGREEMENT

by and among

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

as Trustee,

the

SUTTER COUNTY BOARD OF EDUCATION,

and

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

Dated as of October 1, 2023

Relating to the

**[\$[PAR AMOUNT]]
2023 CERTIFICATES OF PARTICIPATION**

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TRUST AGREEMENT

This Trust Agreement, dated as of October 1, 2023, is by and among The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”), the Sutter County Board of Education, a county board of education duly organized and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California (the “Board of Education”), and Public Property Financing Corporation of California, a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California (the “Corporation”).

WITNESSETH:

WHEREAS, the Corporation and the Board of Education have entered into a lease entitled “Facilities Lease” and dated as of the date hereof (the “Facilities Lease”);

WHEREAS, under the Facilities Lease, the Board of Education is obligated to make Rental Payments to the Corporation for the lease of the Facilities, as defined hereafter;

WHEREAS, all rights to receive such Rental Payments will be assigned without recourse by the Corporation to the Trustee pursuant to this Trust Agreement;

WHEREAS, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver the Sutter County Board of Education, 2023 Certificates of Participation (the “Certificates”) in an amount equal to the aggregate principal components of such Rental Payments, each evidencing and representing a proportionate interest in such Rental Payments;

WHEREAS, the Board of Education has determined to enter into this Trust Agreement in order to provide for the execution and delivery of the Certificates, to establish and declare the terms and conditions upon which the Certificates shall be delivered and secured, and to secure the payment of the principal, premium (if any), and interest represented thereby;

WHEREAS, the execution and delivery of this Trust Agreement has in all respects been duly and validly authorized by resolutions duly passed and approved by the Board of Education and the Corporation; and

WHEREAS, the Board of Education has determined that all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in connection with the execution and the entering into of this Trust Agreement do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Trust Agreement.

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH that, in order to secure the payment of the principal and the interest represented by all Certificates at any time executed and delivered hereunder and to provide the terms and conditions under which all property, rights, and interests hereby assigned and pledged are to be dealt with and disposed of,

and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Certificates by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Board of Education and the Corporation do hereby agree and covenant with the Trustee for the benefit of the respective Owners, from time to time, of the Certificates, or any part thereof, as follows:

ARTICLE 1 DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. For all purposes of this Trust Agreement and of any Supplemental Trust Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

(A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Trust Agreement as originally executed.

(E) The words “herein,” “hereof,” “hereby,” “hereunder,” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of any gender shall mean and include words of all other genders.

Additional Payments means the additional payments payable by the Board of Education under and pursuant to Section 4.8 (Additional Payments) of the Facilities Lease.

Annual Debt Service means for each Bond Year the aggregate amount (without duplication) of principal and interest scheduled to become due (either at maturity or by mandatory prepayment) and sinking fund payments (or lease or installment purchase payments with separately designated interest and principal components) required to be paid in that Bond Year on all Outstanding Certificates.

Applicable Environmental Laws means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.;

the Clean Air Act, 42 USC Sections 7401 et seq.; the Hazardous Materials Transportation Act (“HMTA”), 49 USC Sections 5101 et seq.; the California Hazardous Waste Control Law (“HWCL”), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), California Health & Safety Code Sections 25300 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (1) the existence, cleanup, and/or remedy of contamination on property;
- (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (3) the control of hazardous wastes; or
- (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Beneficial Owner has the meaning specified in the Continuing Disclosure Certificate.

Bond Year means the period ending on October 1 of each year, with the first Bond Year beginning on the Closing Date and ending on October 1, 2024, and the last Bond Year ending on the date on which none of the Certificates remain Outstanding.

Board of Education means the Sutter County Board of Education, a county board of education duly organized and existing under the State Constitution and laws of the State.

Business Day means a day other than a Saturday, a Sunday or a day on which banks in the state in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to close.

Certificate Fund means the Certificate Fund established pursuant to Section 6.2 (Pledge of Rental Payments; Certificate Fund).

Certificate Reserve Fund means the fund by that name established pursuant to Section 6.6 (Funding and Application of Certificate Reserve Fund).

Certificate Reserve Requirement means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service on all Certificates then Outstanding, (ii) 125% of average Annual Debt Service on all Certificates then Outstanding, and (iii) 10% of the aggregate principal amount of the Certificates executed and delivered on the Closing Date (or, if the Certificates were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Certificates (excluding pre-issuance accrued interest), as those terms are defined in the Code).

Certificates or **Certificates of Participation** means the Sutter County Board of Education, 2023 Certificates of Participation authorized by, and at any time Outstanding pursuant to, this Trust Agreement.

Closing Date means the date of delivery of the Certificates to the initial purchaser thereof.

Code means the Internal Revenue Code of 1986, as amended, and the regulations applicable to or issued thereunder.

Continuing Disclosure Certificate means the Continuing Disclosure Certificate dated the Closing Date, by the Board of Education, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

Corporate Trust Office means the corporate trust office of the Trustee at [ADDRESS], Attention: Corporate Trust Services, or such other or additional offices as may be designated by the Trustee, except that with respect to presentation of Certificates for payment or for registration of transfer or exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Corporation means Public Property Financing Corporation of California, a nonprofit public benefit corporation duly established and validly existing under and by virtue of the laws of the State of California.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Board of Education and related to the authorization, execution and delivery of the Facilities Lease, the Ground Lease, and this Trust Agreement and the related sale of the Certificates, 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, initial fees, legal fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, premiums, fees, legal fees and expenses of municipal bond insurers (if any), surety bond providers and letter of credit banks, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

Costs of Issuance Fund means the Costs of Issuance Fund established pursuant to Section 3.2 (Establishment and Application of Costs of Issuance Fund).

Defeasance Securities means (1) cash; (2) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”); (3) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (4) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (5) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government

obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

Event of Default means any of the events specified in Section 8.1 (Events of Default).

Facilities means the real property described in Exhibit A attached to the Facilities Lease and all improvements located thereon.

Facilities Lease or ***Lease*** means that certain lease entitled “Facilities Lease” by and between the Corporation and the Board of Education, dated as of October 1, 2023, wherein the Corporation leased the Facilities to the Board of Education, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Board of Education.

Ground Lease means that certain lease entitled “Ground Lease” by and between the Board of Education and the Corporation, dated as of October 1, 2023, as originally executed and as it may from time to time be supplemented, modified, or amended pursuant to the provisions hereof and thereof.

Hazardous Substance means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Facilities, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

Information Service means the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called Certificates, or no such services, as the Board of Education may designate in a Request of the Board of Education delivered to the Trustee.

Insurance Consultant means any independent person having experience in consulting on the insurance requirements of governmental entities of the general size and character of the Board of Education, selected by the Board of Education.

Interest Fund means the fund by that name established pursuant to Section 6.3 (Allocation of Rental Payments).

Interest Payment Date means April 1 and October 1 in each year, commencing October 1, 2024.

Investment Securities means the following:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies, which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and participation certificates (excluded are stripped mortgage securities that are purchased at prices exceeding their principal amounts);

(b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

(c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; or

(d) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities that are purchased at prices exceeding their principal amounts).

4. Unsecured certificates of deposit (including those placed by a third party pursuant to a separate agreement between the Board of Education and the Trustee), time deposits, demand deposits, other deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts and bankers’ acceptances (having maturities of not more than 365 days) of any bank (including the Trustee or any of its affiliates) the short-term obligations of which are rated “A-1+” or better by Standard & Poor’s and “Prime-1” by Moody’s. Additionally, no more than 30% of the Board of Education’s money invested under this Trust Agreement may be invested in bankers’ acceptances of any one commercial bank.

5. Deposits the aggregate amount of which is fully insured by the Federal Deposit Insurance Corporation, including time deposits, unsecured certificates of deposit (including those placed by a third party pursuant to a separate agreement between the Board of Education and the Trustee), time deposits, demand deposits, other deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts and bankers’ acceptances in banks (including the Trustee or any of its affiliates) which have capital

and surplus of at least \$15 million or collateralized by Defeasance Securities for amounts in excess of insurance.

6. Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s. Entities that may issue commercial paper shall be consistent with California Government Code section 53601 or its equivalent.

7. Money market mutual funds rated “Aam” or “AAm-G” by Standard & Poor’s, or better and if rated by Moody’s rated “Aa2” or better, including funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, but excluding funds with a floating net asset value.

8. The Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code.

9. “State Obligations,” which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least “A3” by Moody’s and at least “A-” by Standard & Poor’s, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated “A-1+” by Standard & Poor’s and “MIG-1” by Moody’s.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated “AA-” or better by Standard & Poor’s and “Aa3” or better by Moody’s.

10. Pre-refunded municipal obligations rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s meeting the following requirements:

(a) The municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) The municipal obligations are secured by cash or U.S. Treasury Obligations that may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) The principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public

accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification Report”);

(d) The cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) No substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

(f) The cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

11. Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank (including the Trustee or any of its affiliates), the long-term debt of which is rated at least “A-” by Standard & Poor’s and “A3” by Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (that guarantees the provider) of which has, long-term debt rated at least “A-” by Standard & Poor’s and “A3” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least “A-” by Standard & Poor’s and “A3” Moody’s (each an “Eligible Provider”), provided that:

(a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA’s and 104% of the total principal when the collateral type is FNMA and FHLMC (“Eligible Collateral”);

(b) the Trustee or a third party acting solely as agent therefor or for the Board of Education (the “Custodian”) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books) and such collateral shall be marked to market;

(c) the collateral shall be marked to market on a daily basis and the provider or the Custodian shall send monthly reports to the Trustee and the Board of Education, setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(d) the repurchase agreement shall state, and an opinion of counsel shall be rendered at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(e) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, notify the Board of Education and the Trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) post Eligible Collateral, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by the Board of Education), repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Board of Education or the Trustee.

12. Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims-paying ability, of the guarantor is rated at least "A" by Standard & Poor's, "A3" by Moody's, or "A-" by Fitch Ratings, Inc. ("Fitch") (each an "Eligible Provider"); provided that:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay principal and interest due on the Certificates;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Board of Education and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the provider shall send monthly reports to the Trustee and the Board of Education setting forth the balance the Board of Education or the Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(d) the investment agreement shall state that it is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(e) the Board of Education and the Trustee, shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(f) the Board of Education and the Trustee, shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (ii) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law,

and (iii) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(g) the investment agreement shall provide that if during its term:

(i) the provider's rating by Standard & Poor's, Moody's, or Fitch falls below "A," "A3," or "A," respectively, the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) post Eligible Collateral with the Board of Education, the Trustee or a third party acting solely as agent therefore (the "Custodian") free and clear of any third party liens or claims, or (ii) assign the agreement to an Eligible Provider, or (iii) repay the principal of and accrued but unpaid interest on the investment;

(ii) the provider's rating by Standard & Poor's, Moody's, or Fitch is withdrawn or suspended or falls below "BBB+" or "Baa1," the provider must, at the direction of the Board of Education or the Trustee, within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Board of Education or the Trustee.

(h) if the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Board of Education setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(i) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(j) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Board of Education or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board of Education or the Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board of Education or the Trustee, as appropriate.

13. The Sutter County investment pool.

Mandatory Sinking Account Payment means, with respect to Certificates of any maturity, the amount required by the Trust Agreement, or a Supplemental Trust Agreement hereto, to be deposited by the Board of Education in a Sinking Account for the payment of Term Certificates of such maturity.

Maximum Annual Debt Service shall mean the greatest amount of principal and interest becoming due and payable with respect to all Certificates in any Bond Year including the Bond Year in which the calculation is made or any subsequent Bond Year.

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 Board of Education.

Opinion of Bond Counsel means a written opinion of a law firm experienced in matters relating to obligations the interest on or with respect to which is excluded from gross income for federal income tax purposes, selected by the Board of Education.

Outstanding, when used as of any particular time with reference to Certificates, means all Certificates theretofore, or thereupon being, executed and delivered by the Trustee under this Trust Agreement, except (1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Certificates with respect to which all liability of the Board of Education shall have been discharged in accordance with Section 5.2 (Discharge of Liability on Certificates), including Certificates (or portions of Certificates) referred to in Section 6.11 (Money Held for Particular Certificates); and (3) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to this Trust Agreement.

Owner or **Certificateowner**, whenever used herein with respect to a Certificate, means the person in whose name such Certificate is registered.

Participating Underwriter has the meaning specified in the Continuing Disclosure Certificate.

Payment Date means each Interest Payment Date and each Principal Payment Date.

Permitted Encumbrances means (1) liens for general *ad valorem* taxes and assessment, if any, not then delinquent, or that the Board of Education may, pursuant to the Facilities Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions that exist of record as of the date of recordation of the Facilities Lease and that the Board of Education certifies in writing will not materially impair the use of the Facilities; (3) the Ground Lease, as it may be amended from time to time; (4) the Trust Agreement, as it may be amended from time to time; (5) any right or claim of any mechanic, laborer, materialman, supplier, or vendor 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 the Facilities Lease and to which the Corporation consents in writing; and (7) liens relating to special assessments levied with respect to the Facilities.

Person means an individual, a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Fund means the fund by that name established pursuant to Section 6.3 (Allocation of Rental Payments).

Principal Payment Date means October 1 in each year, commencing October 1, 2026.

Project means the acquisition, construction, development, and installation of school facilities improvements.

Project Fund means the fund by that name, established and held by the Board of Education pursuant to Section 3.3 (Establishment and Application of Project Fund).

Rating Agency means Moody's, S&P, or any other entity, which is nationally recognized as a rating agency for public securities.

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.

Rebate Fund means that fund established under Section 6.8 (Rebate Fund).

Redemption Fund means the fund by that name established pursuant to Section 6.7 (Application of Redemption Fund).

Redemption Price means, with respect to any Certificate (or portion thereof) the principal amount represented by such Certificate (or portion), plus interest represented thereby accrued to the date fixed for redemption, plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Certificate and this Trust Agreement.

Regular Record Date for interest payable on any Interest Payment Date on the Certificates means the fifteenth day of the month immediately preceding such Interest Payment Date, whether or not such date is a Business Day.

Rental Payments mean the Rental Payments payable by the Board of Education pursuant to the provisions of the Facilities Lease.

Reserve Facility means any letter of credit, insurance policy, surety bond, or other credit source deposited with the Trustee pursuant to Section 6.6 (Funding and Application of Certificate Reserve Fund).

Responsible Officer of the Trustee means any officer within the corporate trust department (or any successor group or department of the Trustee) including any president, managing director, vice president, assistant vice president, senior associate, associate or any other officer or assistant officer of the Trustee within the Corporate Trust Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred by the Trustee because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreements.

Securities Depository means the following: The Depository Trust Company, 55 Water Street, New York, NY 10041, Telephone 212-855-1000, or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as the Board of Education may designate in a Request of the Board of Education delivered to the Trustee.

Serial Certificates means the Certificates, maturing in specified years, for which no Mandatory Sinking Account Payments are provided.

Sinking Accounts mean the accounts in the Principal Fund so designated and established pursuant to Section 6.5 (Application of Principal Fund) for the payment of Term Certificates.

Standard & Poor's or ***S&P*** means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" or "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Board of Education.

State means the State of California.

Statement, Certificate, Request, Requisition, and Order of the Board of Education mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the Board of Education by the Superintendent and/or Assistant Superintendent of Business Services of the Sutter County Superintendent of Schools Office, and/or the President, Vice President, and/or Secretary of the Board of Education, or designee, or any other person authorized by the Board of Education to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.6 (Form and Content of Documents Delivered to Trustee), each such instrument shall include the statements provided for in that Section.

Supplemental Trust Agreement means any trust agreement hereafter duly executed and delivered, supplementing, modifying, or amending this Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate means the tax certificate delivered by the Board of Education at the time of the execution and delivery of the Certificates, as the same may be further amended or supplemented in accordance with its terms.

Term Certificates means the Certificates payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Certificates on or before their specified maturity date or dates.

Trust Agreement means this trust agreement, dated as of October 1, 2023, by and among the Trustee, the Corporation, and the Board of Education, as originally executed and as it may from time to time be supplemented, modified, or amended by any Supplemental Trust Agreement delivered pursuant to the provisions hereof.

Trustee means The Bank of New York Mellon Trust Company, N.A., a national banking association, or its successor as Trustee as provided in Section 9.9 (Removal and Resignation; Appointment of Successor).

Section 1.2 Equality of Security. In consideration of the acceptance of the Certificates by the Owners thereof from time to time, this Trust Agreement shall be deemed to be and shall constitute a contract between the Board of Education, the Trustee and the Owners from time to time of the Certificates and the covenants and agreements herein set forth to be performed by or on behalf of the Board of Education or the Trustee shall be for the equal and proportionate benefit, security and protection of all Owners of the Certificates, without preference, priority or distinction as to security or otherwise of any of the Certificates over any of the others by reasons of the time of delivery, sale, or negotiation thereof or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security from being provided to particular Certificates under any Supplemental Trust Agreement.

Section 1.3 Acts of Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Certificates transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and of the Board of Education if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent, or other instrument 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.

Any request, consent, or other instrument or writing of the Owner of any Certificate shall bind every future Owner of the same Certificate and the Owner of every Certificate delivered in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Board of Education in accordance therewith or reliance thereon.

Section 1.4 Notices, etc. to the Board of Education, Corporation, and Trustee. All notices to be given hereunder shall be given by overnight delivery, facsimile, e-mail or other electronic transmission or by United States first-class mail, return receipt requested, postage prepaid to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

Board of Education: Sutter County Board of Education
970 Klamath Lane
Yuba City, CA 95993
Attention: Assistant Superintendent of Business Services

Corporation: Public Property Financing Corporation of California
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Secretary

Trustee: The Bank of New York Mellon Trust Company, N.A.
[ADDRESS]
Attention: Corporate Trust

Section 1.5 Notices to Owners; Waiver. Where this Trust Agreement provides for notice to Owners of any event, if all the Certificates affected by such event are in registered form, such notice shall be sufficiently given (unless otherwise expressly provided) if in writing and mailed, first-class postage prepaid, to each registered Owner of such Certificates, at the address of such Owner as it appears on the records of the Trustee, not later than the latest date and not earlier than the earliest date prescribed for the first publication of such notice.

In any case where notice to Owners is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Owner shall affect the sufficiency of such notice with respect to other Owners.

Where this Trust Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.6 Form and Content of Documents Delivered to Trustee. Every certificate or opinion provided for in this Trust Agreement with respect to compliance by or on

behalf of the Board of Education or the Corporation with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Board of Education may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Board of Education) upon a certificate or opinion of or representation by an officer of the Board of Education, unless such counsel, accountant, or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Board of Education, or the same counsel, or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel, accountants, or independent consultants may certify to different matters, respectively.

Section 1.7 Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Trust Agreement.

Section 1.8 Successors and Assigns.

(A) In General. Whenever in this Trust Agreement either the Board of Education, the Corporation, or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Board of Education, the Corporation, or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

(B) Termination of the Corporation's Existence. If the existence of the Corporation terminates and the Corporation is not succeeded by another corporation and the Corporation has not assigned its rights and obligations under this Trust Agreement, the rights and obligations of the Corporation hereunder shall be deemed to have been assigned to the Board of Education.

Section 1.9 Benefits of Trust Agreement. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give to any person other than the Board of Education, the Corporation, the Trustee, and the Owners of the Certificates any legal or equitable right, remedy, or claim under or in respect of this Trust Agreement or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the Board of Education, the Trustee, and the Owners of the Certificates.

Section 1.10 Payments/Actions Otherwise Scheduled on Non-Business Days. Except as specifically set forth in a Supplemental Trust Agreement, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 1.11 No Personal Liability for Debt Service. No member of the governing board, officer, agent, or employee of the Board of Education, the Corporation, or the Trustee shall be individually or personally liable for the payment of the principal or interest represented by or Redemption Price of the Certificates or be subject to any personal liability or accountability by reason of the execution and delivery thereof; but nothing herein contained shall relieve any such member of the governing board, officer, agent, or employee of the Board of Education or the Trustee from the performance of any official duty provided by law or by this Trust Agreement.

Section 1.12 Severability Clause. If any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Trust Agreement and such invalidity, illegality, or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Board of Education, the Corporation, and the Trustee hereby declare that they would have adopted this Trust Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the execution of the Certificates pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Trust Agreement may be held illegal, invalid, or unenforceable.

Section 1.13 Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 1.14 Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**ARTICLE 2
THE CERTIFICATES**

Section 2.1 Authorization; Title. The Board of Education hereby authorizes the Trustee to execute and deliver the Certificates representing an aggregate amount of principal components of Rental Payments of \$[PAR AMOUNT]. The title of the Certificates shall be “Sutter County Board of Education, 2023 Certificates of Participation.” In no event shall the Certificates be deemed a debt, liability or obligation of the Trustee.

Section 2.2 Terms and Form of Certificates.

(A) Form of Certificates. The form of the Certificates shall be substantially as set forth in Exhibit A, with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Certificates established by this Article.

(B) Book-Entry Form; Denominations. The Certificates shall be delivered in fully registered form, in denominations of \$5,000 or any integral multiple thereof, and shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company. The Certificates shall be evidenced by one Certificate maturing on each of the maturity dates with respect to the Certificates in a denomination corresponding to the total principal amount represented by the Certificates payable on such date. Registered ownership of the Certificates, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.4 (Book-Entry Provisions). The Certificates shall bear such distinguishing numbers and letters as may be specified by the underwriter of the Certificates.

(C) Date; Interest Accrual. Each Certificate shall be dated as of the date of delivery, and interest represented thereby shall accrue from their date of delivery.

(D) Maturity Dates; Interest Rates. The Certificates shall mature on the dates and in the principal amounts and bear interest at the rates set forth in the following schedule:

Maturity Date (<u>October 1</u>)	Principal Amount	Interest Rate
	\$	%

Interest with respect to the Certificates shall be calculated on the basis of a 360-day year comprising twelve 30-day months.

(E) Principal and Interest Payments. The principal represented by or Redemption Price of the Certificates shall be payable to the Owner thereof, upon surrender thereof, by check at the Corporate Trust Office or, as provided in Section 2.4(E) (Book-Entry Provisions – Payments to Depository), by wire transfer to the Security Depository. Interest represented by the Certificates shall be payable on October 1, 2024, and thereafter semiannually on April 1 and October 1 of each year, by check mailed on each Interest Payment Date or, as provided in Section 2.4(E) (Book-Entry Provisions – Payments to Depository) and upon the written request of any Owner of \$1,000,000 or more in aggregate amount of principal represented by Certificates who has provided the Trustee with wire transfer instructions, by wire transfer to an account within the United States on each Interest Payment Date to the Owner thereof as of the close of business on the Regular Record Date.

Section 2.3 Execution. The Certificates shall be manually executed by an officer of the Trustee. In case any of the officers who shall have signed any of the Certificates shall cease to be such officer or officers before the Certificates so signed shall have been delivered, such Certificates may nevertheless be delivered and, upon such delivery shall be as binding as though those who signed the same had continued to be such officers of the Trustee. Any Certificate may be signed on behalf of the Trustee by such persons as at the actual date of execution such Certificate shall be the proper officers of the Trustee although at the nominal date of such Certificate any such person shall not have been such officer of the Trustee.

Section 2.4 Book-Entry Provisions. Notwithstanding any provision of this Trust Agreement to the contrary:

(A) Limitations on Transfer. The Certificates shall be initially registered as provided in Section 2.2 (Terms and Form of Certificates). Registered ownership of the Certificates, or any portions thereof, may not thereafter be transferred except:

(1) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (2) of this subsection (A) (“substitute depository”); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository not objected to by the Trustee, upon (a) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board of Education that The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository if no substitute depository can be obtained, or (b) a determination by the Board of Education that it is in the best interests of the Board of Education to remove The

Depository Trust Company or its successor (or any substitute depository or its successor) from its function as depository.

(B) Execution and Delivery of New Certificates. In the case of any transfer pursuant to clause (1) or clause (2) of Section 2.4(A) (Book-Entry Provisions - Limitations on Transfer) hereof, upon receipt of all Outstanding Certificates by the Trustee, together with a Certificate of the Board of Education to the Trustee, a single new Certificate shall be executed and delivered, for each maturity of the Certificates in the aggregate principal amount of the Certificates of such maturity then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Board of Education. In the case of any transfer pursuant to clause (3) of Section 2.4(A) (Book-Entry Provisions - Limitations on Transfer) hereof, upon receipt of all Outstanding Certificates by the Trustee together with a Certificate of the Board of Education to the Trustee, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the Board of Education, subject to the limitations of Section 2.6 (Registration, Transfer, and Exchange) hereof; provided the Trustee shall not be required to deliver such new Certificates within a period less than 60 days from the date of receipt of such a Certificate of the Board of Education.

(C) Notation of Reduction of Principal. In the case of partial redemption, cancellation or a refunding of any Certificates evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(D) No Responsibility to Persons Other Than Owners. The Board of Education and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Board of Education; and the Board of Education and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the Board of Education nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Certificate.

(E) Payments to Depository. So long as all outstanding Certificates are registered in the name of "Cede & Co." or its registered assign, the Board of Education and the Trustee shall cooperate with Cede & Co., as sole registered Owner, and its registered assigns in effecting payment of the principal, redemption premium, if any, and interest represented by the Certificates by arranging for payment to the account, at the time, in the manner, and to the address indicated in or pursuant to the Letter of Representations delivered to The Depository Trust Company by the Board of Education and the Trustee.

Section 2.5 Redemption of Certificates.

(A) General. The Certificates shall be subject to redemption as provided in Article 4 (Redemption of Certificates).

(B) Casualty Loss or Governmental Taking. The Certificates shall be subject to redemption prior to maturity as a whole on any date or in part (pro rata among maturities and at random within a maturity) on any Interest Payment Date, from prepaid Rental Payments made by the Board of Education from funds received by the Board of Education due to a casualty loss, material title defect, or governmental taking of the Facilities or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein and in the Facilities Lease, at a prepayment price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for redemption, without premium.

(C) Optional Redemption. The Certificates maturing on or after October 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the Board of Education, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the Board of Education and at random within a maturity), on or after October 1, 20__, at a redemption price equal to the principal represented by the Certificates called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(D) Mandatory Redemption. Term Certificates maturing on October 1, 20__ shall be subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, but which amounts shall be reduced proportionately by the principal amount of all such Term Certificates optionally redeemed.

20 Term Certificates

Mandatory Redemption Dates (October 1)	Mandatory Sinking Account Payment
_____	\$

*

* *Final maturity*

If any Term Certificates are redeemed pursuant to Section 2.5(B) and (C), the Board of Education will provide the Trustee revised schedules of Mandatory Sinking Account Payments. In the event of optional redemption of Term Certificates pursuant to Section 2.5(C), the Board of Education shall designate the Mandatory Sinking Account Payments subject to such optional redemption.

Section 2.6 Registration, Transfer, and Exchange. The Trustee will keep or cause to be kept at its Corporate Trust Office, sufficient records for the registration and transfer of

Certificates, which shall at all times be open to inspection during normal business hours by the Board of Education.

Upon surrender of a Certificate for transfer at the Corporate Trust Office, the Trustee shall execute and deliver, in the name of the designated transferee or transferees, one or more new Certificates of the same series, tenor, and maturity and for an equivalent aggregate principal amount.

Certificates may be exchanged for an equivalent aggregate principal amount of Certificates of other authorized denominations of the same series, tenor, and maturity, upon surrender of the Certificates for exchange at the Corporate Trust Office. Upon surrender of Certificates for exchange, the Trustee shall execute and deliver the Certificates that the Owner making the exchange is entitled to receive.

All Certificates surrendered upon any exchange or transfer provided for in this Trust Agreement shall be promptly cancelled by the Trustee and thereafter disposed of as provided for in Section 2.10 (Cancellation).

All Certificates delivered upon any transfer or exchange of Certificates shall be the valid obligations of the Board of Education, evidencing the same debt, and entitled to the same security and benefits under this Trust Agreement, as the Certificates surrendered upon such transfer or exchange.

Every Certificate presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form approved by the Trustee, that is duly executed by the Owner or by his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Certificates, but the Trustee shall require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The Trustee shall not be required to transfer or exchange (i) Certificates during the period established by the Trustee for the selection of Certificates for redemption, or (ii) any Certificate that has been selected for redemption in whole or in part, except the unredeemed portion of such Certificate selected for redemption in part, from and after the day that such Certificate has been selected for redemption in whole or in part.

Prior to any transfer of the Certificates outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.7 Mutilated, Destroyed, Lost, or Stolen Certificates. If (i) any mutilated Certificate is surrendered to the Trustee, or the Board of Education receives evidence to its satisfaction of the destruction, loss, or theft of any Certificate, and (ii) there is delivered to the

Trustee such security or indemnity as may be required by it to save the Board of Education and the Trustee harmless, the Trustee shall execute and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the execution of any new Certificate under this Section, the Board of Education may require payment of a sum sufficient to pay the cost of preparing such Certificate, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

Every new Certificate delivered pursuant to this Section in lieu of any destroyed, lost, or stolen Certificate shall constitute an original additional contractual obligation of the Board of Education, whether or not the destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Trust Agreement equally and ratably with all other Outstanding Certificates secured by this Trust Agreement. Neither the Board of Education nor the Trustee shall be required to treat both the new Certificate and the Certificate it replaces as being Outstanding for the purpose of determining the principal amount of Certificates that may be delivered hereunder, but both the new Certificate and the Certificate it replaces shall be treated as one and the same.

Section 2.8 Interest Rights Preserved. Subject to Section 2.4(E) (Book-Entry Provisions – Payments to Depository), each Certificate delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Certificate shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Certificate. Each such Certificate shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

Section 2.9 Persons Deemed Owners. The Board of Education and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Board of Education. The ownership of Certificates shall be proved by the records of the Trustee. The Trustee may establish a record date as of which to measure consent of the Owners in order to determine whether the requisite consents are received.

Section 2.10 Cancellation. All Certificates surrendered for payment, redemption, transfer, or exchange, if surrendered to the Trustee, shall be promptly cancelled by the Trustee and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee.

The Board of Education shall deliver to the Trustee for cancellation any Certificates acquired in any manner by the Board of Education, and the Trustee shall promptly cancel such Certificates.

No Certificate shall be executed in lieu of or in exchange for any Certificate cancelled as provided in this Section, except as expressly provided by this Trust Agreement. The Trustee shall destroy all cancelled Certificates and, upon request, provide a certificate of destruction to the Board of Education.

Section 2.11 Validity of Certificates. The Board of Education hereby certifies that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in connection with the execution and delivery of the Certificates, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Trust Agreement, and that the Certificates delivered on the Closing Date, together with all other Certificates executed and delivered under the Trust Agreement, are not in excess of the amount of Certificates permitted to be delivered under the Trust Agreement. The recital in the Certificates that they are delivered pursuant to the constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in their execution and delivery.

ARTICLE 3 APPLICATION OF PROCEEDS

Section 3.1 Application of Proceeds of Certificates and Other Funds. The proceeds of the sale of the Certificates shall be set aside or transferred as follows:

(A) Project Fund. The Trustee shall transfer the amount of \$ _____ to the Sutter County Treasurer, along with \$ _____ wired to the Sutter County Treasurer directly by [UNDERWRITER], for deposit, on behalf of the Board of Education, in the Project Fund created by Section 3.3 (Establishment and Application of Project Fund).

(B) Certificate Reserve Fund. The Trustee shall deposit the amount of \$ _____, which shall be in the amount of the Certificate Reserve Requirement, in the Certificate Reserve Fund maintained by the Trustee.

(C) Capitalized Interest Fund. The Trustee shall deposit the amount of \$ _____ in the Capitalized Interest Fund created by Section 3.4 (Establishment and Application of Capitalized Interest Fund).

(D) Costs of Issuance Fund. The Trustee shall deposit the amount of \$ _____ in the Costs of Issuance Fund created by Section 3.2 (Establishment and Application of Costs of Issuance Fund).

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Section 3.2 Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain, and hold a special fund designated as the “Costs of Issuance Fund.” The amounts in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of the costs of issuance of the Certificates, upon a Requisition filed with the Trustee, in the form attached hereto as Exhibit B. Each such Requisition 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 amounts remaining in the Costs of Issuance Fund three (3) months following the Closing Date shall be transferred to the Board of Education for deposit into the Project Fund. Upon such transfer, the Costs of Issuance Fund shall be closed.

Section 3.3 Establishment and Application of Project Fund. The Board of Education shall establish and maintain a separate fund designated as the “Project Fund.” The Board of Education shall use the moneys in the Project Fund to pay the costs of the Project (or reimbursing the Board of Education for such costs). All earnings from the investment of moneys in the Project Fund shall be deposited therein. Upon completion of the Project, any amounts remaining in the Project Fund shall be transferred to the Trustee for deposit in the Certificate Fund and/or the Redemption Fund.

Section 3.4 Establishment and Application of Capitalized Interest Fund. The Trustee shall establish, maintain, and hold a separate fund designated the “Capitalized Interest Fund.” In a manner consistent with the provisions of this Trust Agreement, the Trustee shall transfer the amount on deposit in the Capitalized Interest Fund to the Certificate Fund for purposes of the payment of capitalized interest on April 1, 2026. All earnings from the investment of moneys in the Capitalized Interest Fund shall be deposited therein. Any amounts remaining in the Capitalized Interest Fund after the April 1, 2026 payment shall be transferred for deposit into the Project Fund.

ARTICLE 4 REDEMPTION OF CERTIFICATES

Section 4.1 General Applicability of Article. Certificates that are redeemable before their respective stated maturities shall be redeemable in accordance with their terms and in accordance with this Article.

Section 4.2 Election to Redeem; Notice to Trustee. In the case of any redemption at the election of the Board of Education of less than all the Outstanding Certificates (other than for a sinking fund redemption), the Board of Education shall, at least forty-five (45) days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the Trustee in its sole discretion) notify the Trustee of such redemption date and of the principal amount of Certificates to be redeemed.

Section 4.3 Selection by Trustee of Certificates to be Redeemed. The Board of Education shall select the maturities to be redeemed from all Outstanding Certificates (unless the maturity or maturities are otherwise specified in this Trust Agreement). If less than all the Outstanding Certificates of any maturity are to be redeemed, prior to the redemption date and such Certificates are not held in book-entry form, the Trustee shall select the particular Certificates to be redeemed (in whole or in part) from the Outstanding Certificates that have not previously been called for redemption, in minimum denominations of \$5,000 principal amount, by lot. For purposes of selection, each \$5,000 principal amount shall be deemed to be a separate Certificate.

The Trustee shall promptly notify the Board of Education in writing of the Certificates so selected for redemption and, in the case of a Certificate selected for partial redemption, the principal amount represented thereby to be redeemed.

For all purposes of this Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Certificates shall relate, in the case of any Certificate

redeemed or to be redeemed only in part, to the portion of the principal represented by the Certificate that has been or is to be redeemed.

Section 4.4 Notice of Redemption. Notice of redemption shall be mailed (first class postage prepaid), or delivered by an acceptable electronic means, by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the respective Owners of any Certificates designated for redemption at their addresses appearing on the records of the Trustee, (ii) the Securities Depository (if the Certificates are not then in book-entry form), and (iii) the Information Service. Notice of redemption to the Securities Depository shall be given by registered or overnight mail or such other method acceptable to the Securities Depository.

Each notice of redemption shall state the date of such notice, the date of issue of the Certificates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Certificates of such maturity to be redeemed and, in the case of Certificates to be redeemed in part only, the respective portions of the principal amount represented thereby to be redeemed. Each notice of redemption shall either (a) explicitly state that the proposed redemption is conditioned on there being on deposit on the redemption date sufficient money to pay in full the Redemption Price of the Certificates or portions thereof to be redeemed; or (b) be sent only if sufficient money to pay in full the Redemption Price of the Certificates or portions thereof to be redeemed is on deposit. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Redemption Price thereof or of said specified portion of the principal amount represented thereby in the case of a Certificate to be redeemed in part only, together with interest represented thereby accrued to the date fixed for redemption, and that from and after such redemption date interest represented thereby shall cease to accrue, and shall require that such Certificates be then surrendered at the address or addresses of the Trustee specified in the redemption notice. Neither the Board of Education nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Certificate or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Board of Education nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to one or more of the Information Service or Securities Depository or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption. The sole remedy for failure to give such notice to the Information Service shall be an action in mandamus by the holders of the Certificates for specific performance or similar remedy to compel performance. Failure by the Trustee to mail notice to any one or more of the respective Owners of any Certificates designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

Section 4.5 Right to Rescind Redemption Notice. The Board of Education may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the

Certificates so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason sufficient monies are not available on the date fixed for redemption for such purpose. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Certificate of notice of such rescission is not a condition precedent to rescission, and failure to receive such notice or any defect in such notice does not affect the validity of the rescission.

Section 4.6 Deposit of Redemption Price. On or before any date fixed for redemption, the Board of Education shall deposit with the Trustee an amount of money sufficient to pay the Redemption Price of all the Certificates that are to be redeemed on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price.

Section 4.7 Certificates Payable on Redemption Date. Notice of redemption having been duly given as aforesaid and moneys for payment of the Redemption Price of the Certificates so to be redeemed being held by the Trustee, on the redemption date designated in such notice (i) the Certificates so to be redeemed shall become due and payable at the Redemption Price specified in such notice, (ii) interest represented by such Certificates shall cease to accrue, (iii) such Certificates shall cease to be entitled to any benefit or security under this Trust Agreement, and (iv) the Owners of such Certificates shall have no rights in respect thereof except to receive payment of said Redemption Price. Upon surrender of any such Certificate for redemption in accordance with said notice, such Certificate shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable to the Owners of the Certificates on the relevant Record Dates according to the terms of such Certificates and the provisions set forth in this Trust Agreement.

Section 4.8 Certificates Redeemed in Part. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Board of Education, a new Certificate or Certificates of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered.

ARTICLE 5 DEFEASANCE

Section 5.1 Discharge of Trust Agreement.

(A) Payment of Certificates. Any Certificate may be paid in any of the following ways:

(1) by paying or causing to be paid the principal and interest represented by the Certificate, as and when the same become due and payable;

(2) by depositing with the Trustee, in trust, an escrow agent or other fiduciary, at or before maturity, money or Defeasance Securities in the necessary amount (as provided in Section 5.3 (Deposit of Money or Securities with Trustee)) to pay or redeem the Certificate; or

(3) by delivering the Certificate to the Trustee for cancellation.

(B) Consequence of Payment of Certificates. If the Board of Education shall pay all Certificates that are Outstanding and also pay or cause to be paid all other sums payable hereunder by the Board of Education, then and in that case, at the election of the Board of Education, evidenced by a Statement of the Board of Education filed with the Trustee signifying the intention of the Board of Education to discharge all such obligations and this Trust Agreement, and notwithstanding that any Certificates shall not have been surrendered for payment, this Trust Agreement, the pledge of assets made hereunder, all covenants and agreements and other obligations of the Board of Education under this Trust Agreement, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of Certificates as provided in Section 2.6 (Registration, Transfer, and Exchange) and rights to payment from moneys deposited with the Trustee as provided in Section 5.2 (Discharge of Liability on Certificates)) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Trust Agreement, the obligations to the Trustee under Section 9.7 (Compensation and Indemnification of Trustee), the provisions of Section 9.9 (Removal and Resignation; Appointment of Successor), and the covenants of the Board of Education to preserve the excludability of interest represented by the Certificates from gross income for federal income tax purposes contained in Section 7.8 (Federal Income Tax Covenants) shall survive.

(C) Delivery of Excess Funds. In such event, upon Request of the Board of Education, the Trustee shall cause an accounting for such period or periods as may be requested by the Board of Education to be prepared and filed with the Board of Education and shall execute and deliver to the Board of Education all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the Board of Education all moneys or securities or other property held by it pursuant to this Trust Agreement that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from a firm of certified public accountants, are not required for the payment or redemption of Certificates not theretofore surrendered for such payment or redemption; subject to the provisions of Section 7.8 (Federal Income Tax Covenants) and the Tax Certificate with respect to moneys in the Rebate Fund.

(D) Notice of Defeasance. If moneys or Defeasance Securities are deposited with and held by the Trustee as provided above, the Trustee shall within thirty (30) days after such money or Defeasance Securities shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.6 (Registration, Transfer, and Exchange) hereof, (a) setting forth the maturity date or date fixed for redemption, as the case may be, of the Certificates, (b) giving a description of the Defeasance Securities, if any, so held by it, and (c) stating that this Trust Agreement has been discharged in accordance with the provisions of this Section.

Section 5.2 Discharge of Liability on Certificates. Upon the deposit with the Trustee in trust, escrow agent, or other fiduciary, at or before maturity, of money or Defeasance Securities in the necessary amount (as provided in Section 5.3 (Deposit of Money or Securities with Trustee)) to pay or redeem any Outstanding Certificate (whether upon or prior to its maturity or the redemption date of such Certificate), provided that, if such Certificate is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article 4 (Redemption of Certificates) provided or provision satisfactory to the Trustee shall have been

made for the giving of such notice, then all liability of the Board of Education in respect of such Certificate shall cease, terminate, and be completely discharged, except that thereafter (i) the Owner thereof shall be entitled to payment of the principal and interest represented by and premium, if any, on such Certificate by the Board of Education and the Board of Education shall remain liable for such payment, but only out of such money or Defeasance Securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 5.4 (Payment of Certificates After Discharge of Trust Agreement), and (ii) the Owner thereof shall retain its rights of transfer or exchange of Certificates as provided in Section 2.6 (Registration, Transfer, and Exchange).

The Board of Education may at any time surrender to the Trustee for cancellation by it any Certificates previously executed and delivered, which the Board of Education may have acquired in any manner whatsoever, and such Certificates, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 5.3 Deposit of Money or Securities with Trustee. Whenever in this Trust Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Certificates, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Trust Agreement and shall be:

(A) lawful money of the United States of America in an amount equal to all unpaid principal and interest represented by such Certificates to maturity, except that, in the case of Certificates that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as set forth in Article 4 (Redemption of Certificates) provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be all unpaid principal and interest represented by the Certificates, or the Redemption Price plus accrued interest, and any redemption premium thereon, to the redemption date; or

(B) Defeasance Securities, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal and all unpaid interest to maturity, or the Redemption Price and accrued interest, to the redemption date (including any redemption premium on the Certificates), as the case may be, represented by the Certificates to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Certificates that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article 4 (Redemption of Certificates), provided or provisions satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Trust Agreement or by Request of the Board of Education) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Certificates.

Section 5.4 Payment of Certificates After Discharge of Trust Agreement. Any moneys held by the Trustee in trust for the payment of the principal or interest represented by, or Redemption Price and accrued interest, plus redemption premium on, any Certificates and

remaining unclaimed for two (2) years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for redemption as provided in this Trust Agreement), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall, upon Request of the Board of Education, be repaid to the Board of Education. The money repaid to the Board of Education shall be free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that, before the repayment of such moneys to the Board of Education as aforesaid, the Trustee may (at the cost of the Board of Education) first mail to the Owners of any Certificates remaining unpaid at the addresses shown on the records of the Trustee a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the Board of Education of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal, premium, or interest represented by Certificates, whether at redemption, or maturity, shall be held in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest represented by, or be liable to the Owners or any other person for any interest earned on, moneys so held. Any interest earned thereon shall belong to the Board of Education and shall be deposited monthly by the Trustee into the Certificate Fund.

ARTICLE 6 RENTAL PAYMENTS

Section 6.1 Assignment of Rights Under the Ground Lease and the Facilities Lease to Trustee; Enforcement of Obligations.

(A) Assignment. The Corporation hereby unconditionally transfers, assigns, and sets over to the Trustee for the benefit of the Owners without recourse, (1) all of the Rental Payments and any and all rights, privileges, title and interest (but none of the obligations) it has to and under the Facilities Lease (excepting only the Corporation's rights under Section 4.8 (Additional Payments) to receive reimbursement for costs it has incurred, its rights to give consents and approvals thereunder, and Section 6.9 (Corporation Not Liable; Indemnification of the Corporation) of the Facilities Lease), including, without limitation, the right to collect and receive directly all of such Rental Payments and the right to hold and enforce any security interest created thereunder, and any such Rental Payments collected or received by the Corporation shall be deemed to be held, and to have been collected or received, by the Corporation as the agent of the Trustee, and shall forthwith be paid by the Corporation to the Trustee, and (2) all of its right, title, and interest (but none of its obligations) in the Ground Lease (excepting its rights to give consents and approvals thereunder).

(B) Actions of Trustee. Subject to the provisions of Article 9 (The Trustee) hereof, the Trustee shall take all steps, actions, and proceedings required to be taken, as provided in any Opinion of Bond Counsel delivered to it, reasonably necessary to maintain in force for the benefit of the Owners of the Certificates the Trustee's rights in and priority to the following security granted to it for the payment of the Certificates: the Trustee's rights as assignee of the Rental Payments under the Facilities Lease and as beneficiary of any other rights to security for the Certificates that the Trustee may receive in the future.

(C) Absolute Assignment. The parties hereto intend that the assignment of rights, title and interests in the Facilities Lease and the Ground Lease to the Trustee described in subsection (A) (Assignment) above be construed as an absolute assignment. To that end, the Corporation warrants that (a) its assignment hereunder is made in consideration of the payments and deposits of funds made hereunder, which represent the fair market value of the rights assigned; (b) the Corporation, for financial accounting purposes, will not account for any of the Rental Payments as its revenue or income; and (c) the Corporation has no equity or other interest in the Trustee and does not control the Trustee.

Section 6.2 Pledge of Rental Payments; Certificate Fund.

(A) Acceptance of Assignment. The Trustee hereby accepts the assignment set forth in Section 6.1 (Assignment of Rights Under the Ground Lease and the Facilities Lease to Trustee; Enforcement of Obligations) hereof. The Trustee shall hold all Rental Payments in trust for the benefit of the Owners from time to time of the Certificates. Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Rental Payments, and all amounts (including proceeds of the Certificates) held by the Trustee in any fund or account established hereunder (except for amounts held in the Rebate Fund) are hereby pledged to secure the payment of the principal and interest represented by the Certificates in accordance with their terms and the provisions of this Trust Agreement. Said pledge shall constitute a first lien on the Rental Payments, and amounts in such funds and shall be valid and binding from and after delivery by the Trustee of the Certificates, without any physical delivery thereof or further act. The pledge herein made shall be irrevocable until all of the Certificates are no longer Outstanding.

(B) Deposit of Rental Payments. Not later than forty-five (45) days prior to each Payment Date the Trustee shall send (in a manner consistent with Section 1.4 herein) an invoice or similar notice to the Board of Education regarding the payment by the Board of Education of the Rental Payments. The Trustee shall forthwith deposit the Rental Payments into a trust fund, designated as the "Certificate Fund," which fund the Trustee shall establish and maintain, when and as received by the Trustee. All moneys at any time held in the Certificate Fund shall be held in trust for the benefit of the Owners of the Certificates and shall be disbursed, allocated, and applied solely for the uses and purposes set forth in Section 6.3 (Allocation of Rental Payments).

(C) Certificate Reserve Fund Replenishment. If the Certificate Reserve Fund has been drawn upon as a result of a delinquency in the payment of Rental Payments, the Trustee shall transfer the Additional Payments as described in Section 4.8(A)(2) of the Facilities Lease to the Certificate Reserve Fund to replenish the amount therein to the Certificate Reserve Requirement as provided in Section 6.6(C) (Replenishment of Certificate Reserve Fund).

Section 6.3 Allocation of Rental Payments.

(A) So long as any Certificates are Outstanding, the Trustee shall set aside the moneys in the Certificate Fund in the following respective funds or accounts (each of which the Trustee shall establish, maintain and hold in trust for the benefit of the Owners of the Certificates) in the following amounts, in the following order of priority, the requirements of

each such fund (including the making up of any deficiencies in any such fund resulting from lack of moneys sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:

(1) Interest Fund. On or before each Interest Payment Date, commencing October 1, 2024, the Trustee shall set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable with respect to the Outstanding Certificates on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Certificates delivered hereunder and then Outstanding (but excluding any moneys on deposit in the Interest Fund from the proceeds of the Certificates or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

(2) Principal Fund; Sinking Accounts. On or before each Principal Payment Date, commencing October 1, 2026, the Trustee shall deposit in the Principal Fund an amount equal to (a) the aggregate amount of principal becoming due and payable with respect to the Outstanding Serial Certificates plus (b) the aggregate amount of the Mandatory Sinking Account Payments to be paid on such date into the respective Sinking Accounts for the Term Certificates. All of the aforesaid Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal represented by all Serial Certificates delivered hereunder and then Outstanding and maturing by their terms on such Principal Payment Date plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made on such Principal Payment Date, but less any amounts deposited into the Principal Fund during the preceding twelve-month period and theretofore paid from the Principal Fund to redeem or purchase Term Certificates during such twelve-month period.

(3) Redemption Fund. The Trustee, on the date specified in a Written Request of the Board of Education filed with the Trustee, at the time that any prepaid Rental Payment is paid to the Trustee, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Rental Payments designated as prepaid Rental Payments. Except as provided in Section 7.8 (Federal Income Tax Covenants) hereof, moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of, and interest accrued on the, Certificates to be prepaid.

(B) Any moneys remaining in the Certificate Fund after the transfers described in (1), (2) and (3) of subsection (A) above, shall be deposited, in order of priority, (i) into the Certificate Reserve Fund to the extent that the amount therein is less than the Certificate Reserve Requirement and shall be applied in accordance with Section 6.6(C) (Replenishment of Certificate Reserve Fund), and (ii) into the Rebate Fund if so directed by the Board of Education. Any amounts representing delinquent Rental Payments and any proceeds of rental abatement insurance shall remain on deposit in the Certificate Fund. All amounts not required to be deposited or remain in the Certificate Fund as described above shall be transferred on as soon as practical to the Board of Education, except that the Board of Education may use and apply such

moneys when received by it for any lawful purpose of the Board of Education, including the redemption of Certificates upon the terms and conditions set forth herein and the purchase of Certificates as and when and at such prices as it may determine.

Section 6.4 Application of Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest represented by the Certificates as such interest shall become due and payable (including accrued interest represented by any Certificates purchased or prepaid prior to maturity pursuant to this Trust Agreement).

Section 6.5 Application of Principal Fund.

(A) Use of Amounts in Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the principal represented by the Certificates when due and payable, as provided herein.

(B) Sinking Accounts. The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Certificates of each maturity, designated as the “_____ Sinking Account,” inserting therein the maturity designation of such Certificates. On the Business Day prior to any date upon which a Mandatory Sinking Account Payment is due, the Trustee shall transfer the amount of such Mandatory Sinking Account Payment from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Certificates of such maturity for which such Sinking Account was established, upon the notice and in the manner provided herein; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon receipt of a Request of the Board of Education, apply moneys in such Sinking Account to the purchase (in whole or in part) of Term Certificates of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as is directed by the Board of Education, except that the purchase price (excluding accrued interest) shall not exceed the principal amount represented thereby. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Term Certificates of such maturity with moneys in such Sinking Account, or, during said period and prior to giving said notice of redemption, the Board of Education has deposited Term Certificates of such maturity with the Trustee, or Term Certificates of such maturity were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Term Certificates so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount represented thereby, to reduce said Mandatory Sinking Account Payment.

Any amounts remaining in a Sinking Account when all of the Term Certificates for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Board of Education to be used for any lawful purpose.

All Certificates purchased from a Sinking Account or deposited by the Board of Education with the Trustee in a twelve-month period ending September 30 shall be allocated first

to the next succeeding Mandatory Sinking Account Payment for such maturity of Term Certificates, then as a credit against such future Mandatory Sinking Account Payments for such maturity of Term Certificates as shall be specified in a Request of the Board of Education. All Term Certificates redeemed by the Trustee from the Redemption Fund shall be credited to such future Mandatory Sinking Account Payments for such maturity of Term Certificates as shall be specified in a Request of the Board of Education.

Section 6.6 Funding and Application of Certificate Reserve Fund.

(A) Funding of the Certificate Reserve Fund. The Trustee shall establish and maintain a separate fund designated as the “Certificate Reserve Fund.” On the Closing Date, there shall be deposited to the Certificate Reserve Fund, which shall be in the amount of the Certificate Reserve Requirement.

(B) Reserved.

(C) Replenishment of Certificate Reserve Fund.

(1) Replenishment of Draws. If the sum of the amount on deposit in the Certificate Reserve Fund, plus the amount available under all available Reserve Facilities, is less than the Certificate Reserve Requirement, the Trustee shall use the Additional Payments as described in the Section 4.8(A)(2) of the Facilities Lease, first, to reinstate the amounts available under any Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Certificate Reserve Fund so that the amount available under all available Reserve Facilities, when added to the amount on deposit in the Certificate Reserve Fund, shall equal the Certificate Reserve Requirement.

(2) Replenishment of Valuation Deficiencies. If, as a result of investment losses on funds on deposit in the Certificate Reserve Fund as shown by the valuation of Investment Securities required by Section 6.9 (Investment of Moneys in Funds and Accounts), the sum of the amount on deposit in the Certificate Reserve Fund, plus the amount available under all available Reserve Facilities, is less than the Certificate Reserve Requirement, the Board of Education shall pay to the Trustee on the first Business Day of each month after such valuation, as Additional Payments pursuant to Section 4.8(A)(2) (Additional Payments - Certificate Reserve Fund Valuation Replenishment) of the Facilities Lease, for deposit in the Certificate Reserve Fund, one-fourth (1/4) of the aggregate amount of any deficiency until the balance in the Certificate Reserve Fund, when added to the amount available under all available Reserve Facilities, is equal to the Certificate Reserve Requirement.

(D) Letter of Credit.

(1) In lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (C) (Replenishment of Certificate Reserve Fund) herein, or in replacement of moneys then on deposit in the Certificate Reserve Fund (which shall be transferred by the Trustee to the Board of Education), the Board of Education may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated, at the time of issuance of such letter of credit, in one of the two highest Rating Categories of Moody’s and Standard & Poor’s, in an amount, together with

moneys, Investment Securities, and other Reserve Facilities on deposit in the Certificate Reserve Fund, equal to the Certificate Reserve Requirement. Such letter of credit shall have a term no less than three (3) years or, if less, the maturity of the Certificates and shall provide by its terms that it may be drawn upon as provided in this Section. If a drawing is made on the letter of credit, the Board of Education shall make such payments as may be required by the terms of the letter of credit or any obligations related thereto (but no less than quarterly pro rata payments) so that the letter of credit shall, absent the delivery to the Trustee of another Reserve Facility satisfying the requirements of this Section or the deposit in the Certificate Reserve Fund of an amount sufficient to increase the balance in the Certificate Reserve Fund to the Certificate Reserve Requirement, be reinstated in the amount of such drawing within one (1) year of the date of such drawing.

(2) At least one (1) year prior to the stated expiration of such letter of credit, the Board of Education shall either (i) deliver a replacement letter of credit; (ii) deliver an extension of the letter of credit for at least an additional year or, if less, the maturity of the Certificates; or (iii) deliver to the Trustee an insurance policy or surety bond satisfying the requirements of subsection (E) (Insurance Policy or Surety Bond). Upon delivery of such replacement letter of credit, extended letter of credit, or other Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Board of Education. If the Board of Education shall fail to deposit a replacement letter of credit, extended letter of credit, or other Reserve Facility with the Trustee, the Board of Education shall immediately commence to make quarterly deposits with the Trustee so that an amount equal to the Certificate Reserve Requirement will be on deposit in the Certificate Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Certificate Reserve Requirement as of the date following the expiration of the letter of credit is not on deposit in the Certificate Reserve Fund one week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in the Certificate Reserve Fund.

(E) Insurance Policy or Surety Bond. In lieu of making the Certificate Reserve Requirement deposit with cash, or in replacement of moneys then on deposit in the Certificate Reserve Fund (which shall be transferred by the Trustee to the Board of Education), the Board of Education may also deliver to the Trustee an insurance policy or surety bond securing an amount, together with moneys, Investment Securities or other Reserve Facilities on deposit in the Certificate Reserve Fund, no less than the Certificate Reserve Requirement issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies or surety bonds) are rated, at the time of issuance of such policy, in one of the two highest Rating Categories of Moody's or Standard & Poor's. Such insurance policy or surety bond shall have a term of no less than the maturity of the Certificates in connection with which such insurance policy or surety bond was obtained. In the event that such insurance policy or surety bond for any reason lapses or expires, the Board of Education shall immediately implement (i) or (iii) of the preceding paragraph or make the required deposits to the Certificate Reserve Fund.

(F) Use of Amounts in Certificate Reserve Fund.

(1) Payment of Debt Service Deficiencies. All amounts in the Certificate Reserve Fund (including all amounts that may be obtained from Reserve Facilities on deposit in the Certificate Reserve Fund) shall be used and withdrawn by the Trustee, as hereinafter provided, solely for the purpose of making up any deficiency in the Interest Fund or the Principal Fund, or if cash is on deposit in the Certificate Reserve Fund, (together with any other moneys available therefor) for the payment or prepayment of all Certificates then Outstanding, or if cash is on deposit in the Certificate Reserve Fund, for the payment of the final principal and interest payment with respect to the Certificates if following such payment the amounts in the Certificate Reserve Fund (including the amounts that may be obtained from Reserve Facilities on deposit therein) will equal the Certificate Reserve Requirement. The Trustee shall first draw on the portion of the Certificate Reserve Fund held in cash or Investment Securities and then, on a pro rata basis with respect to amounts held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities), draw on or collect under each Reserve Facility issued with respect to the Certificate Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facilities to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the principal and Mandatory Sinking Account Payments and interest represented by the Certificates when due.

(2) Repayment of Amounts Recovered as Preferences in Bankruptcy. In the event that the Trustee has received written notice that any payment of principal or interest represented by a Certificate has been recovered from a Certificate owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, non-appealable order of a court having competent jurisdiction, the Trustee, pursuant to and provided that the terms of the Reserve Facilities, if any, securing the Certificates so provide, shall so notify the issuer thereof and draw on or collect under such Reserve Facilities to the lesser of the extent required or the maximum amount of such Reserve Facilities in order to pay to such Owners the principal and interest so recovered. If and to the extent that the Certificate Reserve Requirement is satisfied by a deposit of cash or Investment Securities and one or more Reserve Facilities (or any combination thereof), the Trustee shall first draw on the portion of the Certificate Reserve Fund held in cash or Investment Securities and then draw on or collect under such Reserve Facilities on a pro rata basis (calculated by reference to the maximum amounts of such Reserve Facilities).

(3) Reimbursement of Draws on Reserve Facilities. Any Reserve Facility shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If a drawing is made on a Reserve Facility, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the Board of Education following such draw first to make the payments required by the terms of the Reserve Facility (including any terms herein related to any Reserve Facility) or related reimbursement or loan agreement so that the Reserve Facility shall, absent the delivery to the Trustee of a substitute Reserve Facility, that satisfies the requirements of this Section or the deposit in the Certificate Reserve Fund of an amount sufficient to increase the balance in the Certificate Reserve Fund to the Certificate Reserve Requirement, be reinstated in the amount of such drawing within one year of the date of such drawing. The Trustee shall make such amounts due under other Reserve Facilities on a pro rata basis (calculated by reference to the maximum

amounts available under such Reserve Facilities). After such reinstatement, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the Board of Education for the replenishment of the portion of Certificate Reserve Fund held in cash or Investment Securities.

(G) **Transfer of Excess Amounts.** Any amounts in the Certificate Reserve Fund in excess of the Certificate Reserve Requirement (as calculated by the Board of Education and confirmed in writing to the Trustee) shall be transferred by the Trustee to the Certificate Fund on the Interest Payment Date; provided that such amounts shall be transferred only from the portion of the Certificate Reserve Fund held in the form of cash or Investment Securities and further provided that the Board of Education is not then in default hereunder.

Section 6.7 Application of Redemption Fund. The Trustee shall establish, when required, maintain and hold in trust a special fund designated as the “Redemption Fund.” All moneys deposited by the Board of Education with the Trustee for the purpose of prepaying Certificates shall, unless otherwise directed by the Board of Education, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Certificates, in the manner, at the times and upon the terms and conditions specified herein; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the Board of Education, apply such amounts to the purchase of Certificates at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as is directed by the Board of Education, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price then applicable to such Certificates. All Term Certificates purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such maturity of Term Certificates as may be specified in a Request of the Board of Education.

Section 6.8 Rebate Fund. The Trustee shall establish, when required and directed by the Board of Education, and maintain a fund designated as the “Rebate Fund” separate from any other fund held by the Trustee. The Trustee shall deposit moneys into and disburse moneys from the Rebate Fund pursuant to written instructions from the Board of Education. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if it follows the instructions of the Board of Education, including to supply all necessary information in the manner specified by the Board of Education. In the absence of written instructions from the Board of Education, the Trustee shall not be required to take any action with respect to the Rebate Fund or the Tax Certificate and shall have no liability or responsibility to enforce compliance by the Board of Education with the terms of the Tax Certificate.

Section 6.9 Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Trust Agreement shall be invested solely as directed by the Board of Education, solely in Investment Securities. All Investment Securities shall, as directed by the Board of Education in writing, be acquired subject to the limitations set forth in Section 7.8 (**Federal Income Tax Covenants**), the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Board of Education and not inconsistent with the fiduciary duties of the Trustee hereunder. If and to the

extent the Trustee does not receive investment instructions from the Board of Education with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Trust Agreement, such moneys shall be invested in Investment Securities described in clause (7) of the definition thereof as defined in Section 1.1 (Definitions), 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 Board of Education specifying a specific money market fund and, if no such Request of the Board of Education is so received, the Trustee shall hold such moneys uninvested. The Trustee shall thereupon immediately request investment instructions from the Board of Education for such moneys.

Moneys in the Certificate Reserve Fund shall be invested in Investment Securities maturing or available on demand within five years of the date of such investment, but in no event later than the final maturity of the Certificates. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Except as otherwise provided in this Trust Agreement, all interest, profits, and other income received from the investment of moneys in any fund or account held by the Trustee hereunder shall be deposited in or charged to the respective fund or account from which such investments were made.

All Investment Securities credited to the Certificate Reserve Fund shall be valued as of the first Business Day of April and October of each year at their market value thereof. In determining market value of Investment Securities, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

The Trustee may commingle any of the funds or accounts established pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee will furnish the Board of Education periodic transaction statements which include details for all investment transactions made by the Trustee hereunder. The Trustee and its affiliates may act as sponsor, advisor, depository, principal, or agent in the making or disposing of any investment and, with the prior written consent of the Board of Education, may impose its customary charge therefor. The Trustee may sell, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee may rely conclusively on the investment direction of the Board of Education as to the suitability and legality of the directed investments.

The Board of Education acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Board of Education the right to receive brokerage confirmations of security transactions as they occur, the Board of Education specifically waives receipt of such confirmations to the extent permitted by law. The Board of Education further understands that trade confirmations for securities transactions effected by the

Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall furnish the Board of Education periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Board of Education. Upon the Board of Education's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

Ratings of Investment Securities referred to herein shall be determined at the time of purchase of such Investment Securities and without regard to rating subcategories. The Trustee shall have no responsibility to monitor the ratings of Investment Securities after the initial purchase of such Investment Securities or the responsibility to validate the ratings of Investment Securities prior to the initial purchase.

Section 6.10 Funds and Accounts. Any fund required by this Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Certificates and the rights of every Owner thereof.

Section 6.11 Money Held for Particular Certificates. The money held by the Trustee for the payment of the interest, principal, or Redemption Price due on any date with respect to particular Certificates (or portions of Certificates in the case of Certificates redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust uninvested by it for the Owners of the Certificates entitled thereto, subject, however, to the provisions of Section 5.4 (Payment of Certificates After Discharge of Trust Agreement).

ARTICLE 7

COVENANTS OF THE BOARD OF EDUCATION AND THE CORPORATION

Section 7.1 Power to Execute Trust Agreement. The Board of Education is duly authorized pursuant to law to enter into the Trust Agreement and authorize the execution and delivery of the Certificates by the Trustee, and to pledge and assign the Rental Payments and other assets purported to be pledged and assigned, respectively, under this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The provisions of this Trust Agreement are and will be the valid and binding limited obligations of the Board of Education in accordance with their terms.

Section 7.2 Limitations on Liens on the Rental Payments. The Board of Education will not create any pledge, lien, or charge upon any of the Rental Payments pledged hereunder having priority over or having parity with the lien of the Trustee for the benefit of the Certificate Owners while any of the Certificates are Outstanding.

Section 7.3 Punctual Payment of Rental Payments. The Board of Education and the Corporation will faithfully comply with, keep, observe, and perform all the agreements,

conditions, covenants, and terms contained in the Facilities Lease that are required to be complied with, kept, observed, and performed by it. In particular, the Board of Education will punctually pay or cause to be paid the Rental Payments in strict conformity with the terms of the Facilities Lease, according to the true intent and meaning thereof.

Section 7.4 Amendment of Ground Lease and Facilities Lease. The Board of Education and the Trustee, as assignee of the Corporation, will not alter, amend, or modify the Ground Lease or the Facilities Lease unless (A) the Trustee receives an Opinion of Bond Counsel that states that such alterations, amendments, or modifications will not result in any material impairment of the security given or intended to be given for the payment of the Rental Payments; or (B) the Trustee first obtains the written consents of the Owners of at least sixty per cent (60%) in aggregate principal amount represented by the Certificates then Outstanding to such alterations, amendments, or modifications; provided that the Board of Education and the Trustee, as assignee of the Corporation, without such Opinion of Bond Counsel, but which Opinion of Bond Counsel, to the effect that such amendment, alteration or modification complies with the terms hereof and under the Facilities Lease and/or the Ground Lease, the Trustee is entitled to receive, may alter, amend or modify the Ground Lease and the Facilities Lease, but only to the extent permitted by law and only for one or more of the following purposes:

(A) to accommodate any substitution, addition, or deletion of real property, or any alteration of terms of the Ground Lease and this Facilities Lease as to any portion of the real property constituting the Facilities, in accordance with Section 3.4 (Substitution, Addition, or Deletion) of the Facilities Lease;

(B) to modify the legal description of the Facilities 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 in the Ground Lease and Facilities Lease;

(C) to obligate the Board of Education to pay additional amounts of rental under the Facilities Lease for the use and occupancy of the Facilities, provided that (i) such additional amounts of rental do not cause the total rental payments made by the Board of Education thereunder to exceed the fair rental value of the Facilities, as set forth in a Statement of the Board of Education filed with the Trustee, (ii) the Board of Education shall have obtained and filed with the Trustee and the Corporation an appraisal of the Facilities showing that the estimated fair market value thereof is not less than the aggregate unpaid principal components of the Rental Payments and the aggregate principal components of such additional amounts of rental, and (iii) as set forth in a Statement of the Board of Education filed with the Trustee, such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which were or shall be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized pursuant to the Education Code of the State of California.

Section 7.5 Extension of Time for Payment of Certificates. The Board of Education will not directly or indirectly extend or assent to the extension of the maturity of any of the Certificates or the time of payment of any or claims for interest by the purchase or funding of such Certificates or claims for interest or by any other arrangement. If the maturity of any of the

Certificates or the time of payment of any such claims for interest shall be extended, such Certificates or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Trust Agreement, except subject to the prior payment in full of the principal represented by all of the Certificates then Outstanding and of all claims for interest represented thereby that shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Board of Education to cause the delivery of Certificates for the purpose of refunding any Outstanding Certificates, and such delivery shall not be deemed to constitute an extension of maturity of Certificates.

Section 7.6 Preservation of Rights of Owners. The Board of Education and the Corporation shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of Rental Payments and other assets and all the rights of the Owners under this Trust Agreement against all claims and demands of all persons whomsoever.

Section 7.7 Waiver of Laws. The Board of Education will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Trust Agreement or in the Certificates, and all benefit or advantage of any such law or laws is hereby expressly waived by the Board of Education to the extent permitted by law.

Section 7.8 Federal Income Tax Covenants. The Board of Education shall at all times do and perform all acts and things permitted by law and this Trust Agreement that are necessary and desirable in order to assure that interest paid on the Certificates will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Board of Education agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Certificates.

Section 7.9 Accounting Records and Financial Statements.

(A) The Board of Education will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Rental Payments. Such books of record and account shall be available for inspection by the Trustee (who shall have no duty to inspect), upon request, at reasonable hours and under reasonable circumstances.

(B) The Board of Education will furnish the Trustee, by April 15 of each year, the financial statements of the Board of Education for the preceding Fiscal Year, together with (1) the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards (if such report and opinion are not available by April 15, such report and opinion will be provided as soon as each becomes available), and (2) a Statement of the Board of Education certifying that, as of the date of such Statement, no event that constitutes an Event of Default or that with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing, or specifying the nature of

such event and the actions taken and proposed to be taken by the Board of Education to cure such default. The Trustee shall have no responsibility to review, verify, or analyze any financial information provided pursuant to this Section and shall hold such financial information solely as a repository for the benefit of the Owners of the Certificates. The Trustee shall not be deemed to have notice of any information contained therein, or default or Event of Default which may be disclosed therein in any manner.

Section 7.10 Further Assurances. The Board of Education will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and for the better assuring and confirming unto the Owners of the Certificates of the rights and benefits provided in this Trust Agreement.

Section 7.11 Continuing Disclosure. The Board of Education hereby covenants that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

ARTICLE 8 EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1 Events of Default. The following events shall be Events of Default:

(A) Payment Default. Default in the due and punctual payment of any Rental Payment or Additional Payment when and as the same shall become due and payable;

(B) Breach of Covenant. Default by the Board of Education in the observance or performance of any other covenant, condition, agreement, or provision in this Trust Agreement on its part to be observed or performed, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Board of Education by the Trustee; except that, if such failure can be remedied but not within such thirty (30) day period and if the Board of Education has taken all action reasonably possible to remedy such failure within such thirty (30) day period, such failure shall not become an Event of Default for so long as the Board of Education shall diligently proceed to remedy same, provided that such cure period shall end 180 days after the date of delivery of such default notice; and

(C) Facilities Lease Default. An event of default as defined under the Facilities Lease.

Notwithstanding Section 8.1(B) (Events of Default – Breach of Covenant), failure of the Board of Education to comply with the Continuing Disclosure Certificate (as required by Section 7.11 (Continuing Disclosure)) shall not be considered an Event of Default. Nevertheless, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the Board of Education to comply with its obligations under Section 7.11 (Continuing Disclosure).

Section 8.2 Remedies.

(A) Remedies Under the Facilities Lease. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates at the time Outstanding may, upon notice in writing to the Board of Education, exercise the remedies provided to the Corporation in the Facilities Lease; provided that nothing contained herein shall affect or impair the right of action of any Owner to institute suit directly against the Board of Education to enforce payment of the obligation evidenced and represented by such Owner's Certificate. Notwithstanding anything herein or in the Facilities Lease to the contrary, there shall be no right to accelerate the Rental Payments or the maturities of the Certificates, or otherwise to declare any Rental Payment or Certificate not then in default to be immediately due and payable.

(B) Other Remedies. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee shall have the right:

(1) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the Board of Education or any director, member, officer or employee thereof, and to compel the Corporation or the Board of Education or any such director, member, officer or employee to perform or carry out its or his or her duties under law and the agreements required to be performed by it or him or her contained herein;

(2) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Trustee or any Owner; or

(3) by suit in equity upon the happening of any event hereunder to require the Corporation and the Board of Education and any directors, members, officers and employees thereof to account as the trustee of an express trust.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 8.3 Application of Money Collected. If an Event of Default shall occur and be continuing, the Trustee shall apply all funds then held or thereafter received by the Trustee under any of the provisions of this Trust Agreement (except as otherwise provided in this Trust Agreement) as follows and in the following order:

(A) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Certificates, including the costs and expenses of the Trustee and the Owners in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Trust Agreement;

(B) To the payment of the whole amount of principal then due with respect to the Certificates (upon presentation of the Certificates to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Trust Agreement (including Section 7.5 (Extension of Time for Payment of Certificates)), with interest on such principal, at the rate or rates of interest with respect to the respective Certificates as follows:

(1) Unless the principal represented by all of the Certificates shall have become due and payable, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal represented by or Redemption Price of any Certificates that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the interest rate with respect to the respective Certificates, and, if the amount available shall not be sufficient to pay in full all the Certificates due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest due on such date to the persons entitled thereto, without any discrimination or preference.

(2) If the principal represented by all of the Certificates shall have become due and payable, to the payment of the principal and interest then due and unpaid with respect to the Certificates, with interest on the overdue principal and installments of interest represented by Certificates at the interest rate or rates with respect to the respective Certificates, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 8.4 Trustee to Represent Owners. Upon the occurrence and continuance of an Event of Default, the Trustee, upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate amount of principal represented by the Certificates then Outstanding (provided that, if more than one such request is received by the Trustee from Owners, the Trustee shall follow the written request executed by the Owners of the greatest percentage of principal represented by the Certificates then Outstanding in excess of twenty-five percent (25%)), and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus, or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under this Trust Agreement, or any applicable law.

Notwithstanding anything contained herein or in the Facilities Lease to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Applicable Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished by such Owners for the payment or reimbursement of all

expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action or similar action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Anything in this Trust Agreement or Facilities Lease to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the failure to initiate foreclosure proceedings with respect to the Project unless the Trustee is satisfied that the Trustee will not be subject to any liability under any Applicable Environmental Law.

Section 8.5 Restoration of Positions. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Board of Education, the Trustee, and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Board of Education, the Trustee, and the Owners shall continue as though no such proceedings had been taken.

Section 8.6 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Owners of the Certificates is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 8.7 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of the Certificates to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Trust Agreement or by law to the Trustee or to the Owners of the Certificates may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

Section 8.8 Control by Owners. Anything in this Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate amount of principal represented by the Certificates then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Trust Agreement, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction or might result in personal liability for the Trustee (the Trustee having no duty to make such determination).

**ARTICLE 9
THE TRUSTEE**

Section 9.1 Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee under this Trust Agreement, and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Trust Agreement.

Section 9.2 Certain Duties and Responsibilities.

(A) Prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants shall be read into this Trust Agreement against the Trustee;

(2) in the absence of bad faith on its part the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Trust Agreement on their face.

(B) During the existence of any Event of Default (that has not been cured or waived), the Trustee shall 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 reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs.

(C) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subsection shall not be construed to limit the effect of subsection (A) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) 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 Owners of not less than a majority (or any lesser amount that may direct the Trustee under this Trust Agreement) in aggregate principal amount represented by the Certificates 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; and

(4) 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, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(D) Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 9 (The Trustee).

Section 9.3 Notice of Defaults. Within 45 days after the occurrence of any Event of Default hereunder, the Trustee shall transmit by mail to all Owners of Certificates as their names and addresses appear on the records of the Trustee notice of such default hereunder of which a Responsible Officer of the Trustee has actual knowledge, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal (or premium, if any) or interest represented by any Certificate or in the payment of any sinking fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Owners; and provided further that in the case of any default of the character specified in Section 8.1(B) (Events of Default – Breach of Covenant) no such notice to Owners shall be given until at least 30 days after the occurrence thereof. For purposes of this Section, the term “default” means any event that is, or after notice or lapse of time or both would become, an Event of Default.

Section 9.4 Certain Rights of Trustee; Liability of Trustee. Except as otherwise provided in Section 9.2 (Certain Duties and Responsibilities):

(A) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, requisition or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) any request or direction of the Board of Education mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the Board of Education;

(C) whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Board of Education, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable;

(D) the Trustee may consult with counsel, including, without limitation, counsel of or to the Board of Education, and the written advice of such counsel or any Opinion

of Bond Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

(E) 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 Owners pursuant to the provisions of this Trust Agreement, including, without limitation, the provisions of Article 8 (Events of Default and Remedies of Owners) hereof, unless such Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.

(F) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Board of Education, personally or by agent or attorney.

(G) the Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall be protected in acting or not acting in reliance upon the advice or opinion of such counsel, but the Trustee shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it. The Trustee shall not be answerable for the negligence or misconduct of any attorney-at-law or certified public accountant selected by it with due care.

(H) the Trustee shall not be deemed to have knowledge of any default or Event of Default unless and until a Responsible Officer at the Trustee's Corporate Trust Office shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its Corporate Trust Office.

(I) the permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and, except as otherwise stated in this Trust Agreement, the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Certificates.

(J) the Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Board of Education and/or Corporation shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such

Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Board of Education and/or the Corporation whenever a person is to be added or deleted from the listing. If the Board of Education and/or Corporation elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Board of Education and Corporation understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Board of Education and Corporation shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Board of Education, Corporation and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Board of Education and/or Corporation. 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 directions conflict or are inconsistent with a subsequent written instruction. The Board of Education and Corporation agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Board of Education and Corporation; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(K) in acting or omitting to act pursuant to the Facilities Lease, Ground Lease or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Trust Agreement and the Facilities Lease, including, but not limited to, this Article 9.

(L) the Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Trust Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; quarantine restrictions, riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

Section 9.5 Trustee Not Responsible for Recitals, Validity of Certificates, or Application of Proceeds.

(A) The recitals of facts herein and in the Certificates contained shall be taken as statements of the Board of Education, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or of the Certificates, as to the sufficiency of the Rental Payments or the priority of the lien of this Trust Agreement thereon, or as to the financial or technical feasibility of any project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Certificates assigned to or imposed upon it.

(B) The Trustee shall not be responsible for:

(1) the application or handling by the Board of Education of any moneys, including proceeds of the Certificates, transferred to or pursuant to any Requisition or Request of the Board of Education in accordance with the terms and conditions hereof;

(2) the application and handling by the Board of Education of any fund or account designated to be held by the Board of Education hereunder;

(3) any error or omission by the Board of Education in making any computation or giving any instruction pursuant to the Tax Certificate and may rely conclusively on any computations or instructions furnished to it by the Board of Education in connection with the requirements of the Tax Certificate; or

(4) the construction, operation, or maintenance of any project or facilities by the Board of Education.

Section 9.6 Trustee May Hold Certificates. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Certificates and may join in any action which any Owner of a Certificate may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement. The Trustee may in good faith hold any other form of indebtedness of the Board of Education, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Board of Education and make disbursements for the Board of Education and enter into any commercial or business arrangement therewith, without limitation.

Section 9.7 Compensation and Indemnification of Trustee. As Additional Payments under the Facilities Lease, the Board of Education agrees

(A) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(B) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel (including internal

counsel)), except any such expense, disbursement, or advance as shall be attributable to the Trustee's negligence or willful misconduct; and

(C) to the extent permitted by law, to indemnify the Trustee, and its officers, directors, agents and employees for, and to hold it and them harmless against, any loss, liability, suit, claim, damages, costs, or expense (including reasonable attorneys' fees and expenses) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trusts created hereby, the Facilities Lease, the Ground Lease, or any other document executed in connection herewith or therewith, including the reasonable costs and expenses (including reasonable attorneys' fees and expenses) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or thereunder.

The rights of the Trustee and the obligations of the Board of Education under this Section shall survive the discharge of the Certificates and this Trust Agreement and the resignation or removal of the Trustee.

Section 9.8 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which shall be a trust company, national banking association, or bank in good standing with an office in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or State authority, having a reported capital and surplus of not less than \$75,000,000. If such bank, national banking association, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purpose of this Section the combined capital and surplus of such bank, national banking association, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Article.

Section 9.9 Removal and Resignation; Appointment of Successor.

(A) No removal or resignation of the Trustee and appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.10 (Acceptance of Appointment by Successor).

(B) The Trustee may resign at any time by giving written notice of such resignation to the Board of Education and by giving the Owners notice of such resignation by mail at the addresses shown on the records of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(C) The Board of Education may remove the Trustee upon 30 days' prior written notice, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) The Board of Education shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of principal represented by the Certificates then Outstanding (or their attorneys duly authorized in writing), by giving written notice of such removal to the Trustee.

(E) The Board of Education shall remove the Trustee if at any time

(1) the Trustee shall cease to be eligible in accordance with Section 9.8 (Corporate Trustee Required; Eligibility) and shall fail to resign after written request therefor by the Board of Education, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

in each case by giving written notice of such removal to the Trustee.

(F) If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board of Education shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the Board of Education and accepted appointment in the manner hereinafter provided within 30 days after such resignation, removal, or incapability or the occurrence of such vacancy, the retiring Trustee may petition a court of competent jurisdiction for the appointment of a successor, or the Owners may, by an instrument or instruments signed by the Owners of a majority in principal amount represented by the Certificates, appoint a successor Trustee, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(G) If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Superintendent and/or Assistant Superintendent of Business Services of the Board of Education, or their designee, in trust for the benefit of the Owners.

(H) The Board of Education shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as their names and addresses appear in the records of the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office. If the Board of Education fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Board of Education.

Section 9.10 Acceptance of Appointment by Successor. Any successor Trustee appointed under this Trust Agreement shall execute and deliver to the Board of Education and to its predecessor Trustee an instrument accepting such appointment, and thereupon such successor

Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, rights, powers, trusts, and duties of the predecessor Trustee; but, at the Request of the Board of Education or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges and expenses, execute and deliver an instrument conveying and transferring to the successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Trust Agreement and shall duly assign, transfer, and deliver to the successor Trustee all property and money held by the predecessor Trustee hereunder. Upon request of any successor Trustee, the Board of Education shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, properties, rights, powers, trusts, and duties.

Section 9.11 Merger or Consolidation. Any company or entity into which the Trustee may be merged or converted or with which it may be consolidated or any company or entity resulting from any merger, conversion, or consolidation to which it shall be a party or any company or entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company or entity shall be eligible under Section 9.8 (Corporate Trustee Required; Eligibility), shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. In case any Certificates shall have been executed, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such executing Trustee may adopt such execution and deliver the Certificates so executed with the same effect as if such successor Trustee had itself executed such Certificates. Notwithstanding such merger or consolidation such successor shall be bound to the terms and conditions of this Trust Agreement including any agreement for fees or services previously entered into between the Trustee and the Board of Education.

Section 9.12 Preservation and Inspection of Documents. So long as any of the Certificates are Outstanding, all documents received by the Trustee under the provisions of this Trust Agreement shall be retained in its possession, in accordance with its own record retention policies and as necessary to satisfy the intent and terms of this Trust Agreement, and shall be subject at all reasonable times to the inspection of the Board of Education and any Owner, and their agents and representatives duly authorized in writing, upon reasonable notice, at reasonable times and under reasonable conditions.

ARTICLE 10 MODIFICATION OR AMENDMENT OF THIS TRUST AGREEMENT

Section 10.1 Supplemental Trust Agreements without Consent of Owners. This Trust Agreement and the rights and obligations of the Board of Education, of the Trustee, and of the Owners of the Certificates may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Board of Education, the Corporation, and the Trustee may enter into without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(A) Additional Security: to add to the covenants and agreements of the Board of Education contained in this Trust Agreement other covenants and agreements thereafter to be

observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Board of Education;

(B) Curative Provisions: to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision, contained in this Trust Agreement, or in regard to matters or questions arising under this Trust Agreement, or to make any other revisions or additions to this Trust Agreement as the Board of Education may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Certificates, as evidenced by the Opinion of Bond Counsel delivered pursuant to Section 10.3 hereof;

(C) Trust Indenture Act Qualification: to modify, amend, or supplement this Trust Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may be permitted by said act or similar federal statute, and that shall not materially and adversely affect the interests of the Owners of the Certificates, as evidenced by the Opinion of Bond Counsel delivered pursuant to Section 10.3 hereof;

(D) Prepayment Notification: to modify or supplement the procedures for giving notice of prepayment of Certificates in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

(E) Credit Enhancement: to make modifications or adjustments necessary, appropriate, or desirable to accommodate credit enhancements including letters of credit, insurance policies and surety bonds delivered with respect to the Certificate Reserve Fund;

(F) Book-Entry Modifications: to amend, modify, or eliminate the book-entry registration system for the Certificates;

(G) Preservation of Tax-Exemption: to make such provisions as are necessary or appropriate to ensure the exclusion of interest represented by the Certificates from gross income for purposes of federal income taxation; and

(H) No Material Effect: for any other purpose that does not materially and adversely affect the interests of the Owners of the Certificates, as evidenced by the Opinion of Bond Counsel delivered pursuant to Section 10.3 hereof.

Section 10.2 Supplemental Trust Agreements with Consent of Owners or Credit Enhancers.

(A) Majority Consent. This Trust Agreement and the rights and obligations of the Board of Education, the Owners of the Certificates, and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Board of Education, the Corporation, and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee; provided that, if such modification or amendment will, by its terms, not take effect so long as any Certificates of any particular maturity remain Outstanding, the consent of the Owners of such Certificates shall not be required and such Certificates shall

not be deemed to be Outstanding for the purpose of any calculation of Certificates Outstanding under this Section.

(B) Consent of Credit Enhancer. This Trust Agreement and the rights and obligations of the Board of Education and of the Owners of the Certificates and of the Trustee may also be modified or amended at any time by a Supplemental Trust Agreement entered into by the Board of Education, the Corporation, and the Trustee, which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Certificates shall have been filed with the Trustee, provided that at such time the payment of all the principal and interest represented by all Outstanding Certificates shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance policy or policies or letter of credit, at the time of issuance of such insurance policy or policies or letter of credit, in one of the two highest Rating Categories of Moody's and Standard & Poor's.

(C) Limitations. No such modification or amendment shall (1) extend the fixed maturity of any Certificate, or reduce the amount of principal represented thereby, or reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest represented thereby, or reduce any premium payable upon the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Rental Payments and other assets pledged under this Trust Agreement prior to or on a parity with the lien created by this Trust Agreement, or deprive the Owners of the Certificates of the lien created by this Trust Agreement on such assets (in each case, except as expressly provided in this Trust Agreement), without the consent of the Owners of all of the Certificates then Outstanding.

(D) Form of Consent. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

(E) Notice. Promptly after the execution and delivery by the Trustee, the Corporation, and the Board of Education of any Supplemental Trust Agreement pursuant to this Section, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Trust Agreement to the Owners of the Certificates at the addresses shown on the records of 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.

Section 10.3 Execution of Supplemental Trust Agreements. In executing, or accepting the additional trusts created by, any Supplemental Trust Agreement permitted by this Article or the modification thereby of the trusts created by this Trust Agreement, the Trustee shall be furnished with, and, subject to Section 9.2 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Bond Counsel stating that the execution of such Supplemental Trust Agreement is authorized or permitted by this Trust Agreement and complies with the terms hereof. The Trustee may, but shall not be obligated to, enter into any such

Supplemental Trust Agreement that affects the Trustee's own rights, duties, or immunities under this Trust Agreement or otherwise.

Section 10.4 Effect of Supplemental Trust Agreement. From and after the time any Supplemental Trust Agreement becomes effective pursuant to this Article, this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Trust Agreement of the Board of Education, the Trustee, and all Owners of Certificates Outstanding shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes.

Section 10.5 Endorsement of Certificates; Preparation of New Certificates. Certificates delivered after any Supplemental Trust Agreement becomes effective pursuant to this Article may, and if the Board of Education so determines shall, bear a notation by endorsement or otherwise in form approved by the Board of Education as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such execution and presentation of his Certificate for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Certificate. If the Supplemental Trust Agreement shall so provide, new Certificates so modified as to conform, in the opinion of the Board of Education, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared and executed by the Trustee and, upon demand of the Owners of any Certificates then Outstanding and upon surrender for cancellation of such Certificates, shall be exchanged at the Corporate Trust Office, without cost to any Owner, for Certificates then Outstanding in equal aggregate principal amounts of the same tenor and maturity.

Section 10.6 Amendment of Particular Certificates. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized.

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

By: _____
Gloria Ramirez

SUTTER COUNTY BOARD OF EDUCATION

By: _____
Ron Sherrod, Assistant Superintendent
of Business Services

**PUBLIC PROPERTY FINANCING
CORPORATION OF CALIFORNIA**

By: _____
William J. Fawell, Chairman

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

REGISTERED
No. R-___

REGISTERED
\$ _____

**2023 CERTIFICATE OF PARTICIPATION
Evidencing and Representing a Proportionate
Interest of the Registered Owner Hereof in
Rental Payments to be made by the**

SUTTER COUNTY BOARD OF EDUCATION

<u>MATURITY DATE</u>	<u>INTEREST RATE PER ANNUM</u>	<u>DATE</u>	<u>CUSIP:</u>
October 1, 20__	_____%	[CLOSING DATE]	869417__

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

THIS IS TO CERTIFY that the registered owner named above, or registered assigns, of this Certificate of Participation (the "Certificate"), one of an issue of Certificates of Participation (the "Certificates") executed and delivered in the aggregate principal amount of \$[PAR AMOUNT], is the registered owner of a proportionate interest in the rights to receive certain Rental Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to that certain facilities lease (the "Facilities Lease") dated as of October 1, 2023, by and between the Sutter Board of Education (the "Board of Education"), a county board of education duly organized and existing under and by virtue of the Constitution and laws of the State of California, and Public Property Financing Corporation of California (the "Corporation"), a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California, all of which rights to receive such Rental Payments and other rights under the Facilities Lease have been assigned without recourse by the Corporation to The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor as trustee under the hereinafter mentioned Trust Agreement, the "Trustee"), a national banking association duly organized and existing under and by virtue of the laws of the United States of America and having a corporate trust office in Los Angeles, California.

The registered owner of this Certificate is entitled to receive, subject to the terms of the Facilities Lease and any right of redemption prior thereto as hereinafter provided for, upon surrender of the Certificate to the Trustee, on the maturity date specified above or on the date of redemption prior thereto, the principal amount specified above, evidencing and representing the registered owner's proportionate interest in the Rental Payments designated as principal coming due on the such date, and to receive interest on such principal component from the date hereof until the principal amount is discharged as provided in the Trust Agreement, at the rate per

annum specified above. Interest with respect to the Certificates shall be paid semiannually on April 1 and October 1 of each year, commencing on October 1, 2024 (each an “Interest Payment Date”).

Interest represented hereby is payable by check mailed or, upon the written request of any Owner of \$1,000,000 or more in aggregate amount of principal represented by Certificates who has provided the Trustee with wire transfer instructions, by wire transfer to an account in the United States on each Interest Payment Date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such Interest Payment Date. The principal and premium, if any, represented hereby are payable at the corporate trust office of the Trustee in Los Angeles, California, or such other place as designated by the Trustee, upon surrender hereof, or by wire transfer to the registered owner hereof if the registered owner hereof is Cede & Co.

This Certificate has been executed and delivered pursuant to a trust agreement dated as of October 1, 2023, by and among the Trustee, the Board of Education, and the Corporation (said trust agreement, as amended and supplemented from time to time, the “Trust Agreement”). Reference is hereby made to the Trust Agreement for a description of the terms on which the Certificates are delivered and to be delivered, the provisions with regard to the nature and extent of the covenants and pledges securing the Certificates, for the nature, extent and manner of enforcement of such covenants and pledges, and the rights of the registered owners of the Certificates. All the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Board of Education and the registered owner from time to time of this Certificate. The registered owner of this Certificate, by its acceptance hereof, consents and agrees to all the provisions of the Trust Agreement.

The Rental Payments are payable, both as to principal and interest, and as to any premiums upon the prepayment thereof, out of any funds of the Board of Education lawfully available therefor and out of certain funds held by the Trustee under the Trust Agreement. Except to the extent of amounts held by the Trustee in such funds, Rental Payments shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the facilities leased under the Facilities Lease (the “Facilities”), there is substantial interference with the use and possession of the Facilities or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments represent fair consideration for the use and possession of the portion of the Facilities not so interfered with. Such abatement shall commence with the date of such interference and shall end only with cure thereof.

The Certificates are subject to redemption prior to their maturity, as a whole on any date, or in part (prorata among maturities and at random within a maturity) on any Interest Payment Date, from prepaid Rental Payments made by the Board of Education from funds received by the Board of Education due to a casualty loss, material title defect, or governmental taking of the Facilities or any portion thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed in the Trust Agreement and the Facilities Lease, at a prepayment price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates maturing on or after October 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the Board of Education, from any source of available funds, as a whole or in part on any date (by such maturities as may be specified by the Board of Education and at random within a maturity), on or after October 1, 20__, at a redemption price equal to the principal represented by the Certificates called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Term Certificates maturing on October 1, 20__ shall be subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, but which amounts shall be reduced proportionately by the principal amount of all such Term Certificates optionally redeemed.

20 Term Certificates

Mandatory Redemption Dates (October 1)	Mandatory Sinking Account Payment
	\$

*

** Final maturity*

Certificates shall be selected for prepayment in accordance with the Trust Agreement. Notices of prepayment shall be mailed, first class postage prepaid not less than 30 days nor more than 60 days prior to the prepayment date to the respective owners of any Certificates designated for prepayment at their addresses appearing on the books required to be kept by the Trustee.

The credit or taxing power of the Board of Education is not pledged for the payment of the principal and interest components of Rental Payments represented by the Certificates. Payments with respect to the Certificates are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Board of Education or any of its other income or receipts. No owner of this Certificate shall ever have the right to compel any exercise of the taxing power of the Board of Education to pay the principal and interest components of Rental Payments represented by this Certificate.

This Certificate is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office designated by the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Trust Agreement, and upon surrender and cancellation of this Certificate. Upon such transfer a new fully registered Certificate or Certificates without coupons, of authorized denominations, of the same tenor and maturity for the same aggregate principal amount will be delivered to the transferee in exchange herefor.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Certificate executed and delivered is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is

made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The Trustee has no obligation or liability to the Certificate owners for the payment of the interest or principal or the prepayment premiums, if any, represented by the Certificates out of the Trustee's own funds; but rather the Trustee's sole obligations are as stated in the Trust Agreement. The Corporation has no obligation or liability whatsoever to the registered owners of the Certificates.

No recourse shall be had for the payment of the principal, premium, if any, or interest represented by the Certificates or for any claim based thereon or upon any obligation, covenant, or agreement in the Trust Agreement contained, against any past, present or future member, director, officer, employee, or agent of the Corporation, or through the Corporation, or any successor to the Corporation, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member, director, officer, employee, or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Trust Agreement and the delivery of any of the Certificates.

There shall be no right under any circumstance to accelerate the Rental Payments or the Certificates representing them or otherwise declare any Rental Payments or Certificates representing them not yet due to be immediately due and payable.

The Board of Education and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Board of Education and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Board of Education and of the holders and registered owners of the Certificates may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of Certificates.

The Board of Education has certified in the Trust Agreement that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in connection with the execution and delivery of this Certificate, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California and the Trust Agreement, and that this Certificate, together with all other Certificates executed and delivered under the Trust Agreement, is not in excess of the amount of Certificates permitted to be delivered under the Trust Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized signatory of the Trustee as of the date below.

Date: [CLOSING DATE]

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

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ the within Certificate, and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the records of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____ Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions or other institutions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17A(d)15.

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

LEGAL OPINION

The following is a true copy of the opinion rendered by Parker & Covert LLP, in connection with the execution and delivery of, and dated as of the date of the original delivery of the 2023 Certificates of Participation described therein. A signed copy is on file in my office.

By: _____
Secretary of the Sutter County Board of Education

PARKER & COVERT LLP
2520 Venture Oaks Way, Suite 190
Sacramento, CA 95833-4228

Sutter County Board of Education
970 Klamath Lane
Yuba City, CA 95993

Re: \$[PAR AMOUNT]
 Sutter County Board of Education
 2023 Certificates of Participation
 Final Approving Opinion of Special Counsel

Members of the Board of Education:

We have acted as special counsel in connection with the execution and delivery of \$[PAR AMOUNT] aggregate principal amount of Sutter County Board of Education, 2023 Certificates of Participation (the “Certificates”) evidencing and representing proportionate interests of the registered owners thereof in rental payments to be made by the Sutter County Board of Education (the “Board of Education”) pursuant to a facilities lease dated as of October 1, 2023 (the “Facilities Lease”), by and between the Board of Education and Public Property Financing Corporation of California (the “Corporation”). The Certificates have been executed and delivered pursuant to a trust agreement dated as of October 1, 2023 (the “Trust Agreement”), by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Board of Education, and the Corporation. In connection therewith, the Board of Education and the Corporation have also executed and entered into a ground lease dated as of October 1, 2023 (the “Ground Lease”). Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Trust Agreement.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Board of Education contained in the Facilities Lease, the Trust Agreement, and the certified proceedings and other certifications of public officials furnished to us. In the course of our representation, nothing has come to our attention that caused

us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Board of Education is duly created and validly existing as a county board of education under and by virtue of the laws of the State of California with the power to enter into the Ground Lease, the Facilities Lease and the Trust Agreement, and to perform the agreements on its part contained therein.

2. The Ground Lease, the Facilities Lease, and the Trust Agreement have been duly authorized, executed, and delivered by the Board of Education and assuming due authorization, execution, and delivery by and enforceability against the other parties thereto, constitute valid and binding obligations of the Board of Education enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting the enforceability of creditors' rights generally, by the application of equitable principles, by the possible unavailability of specific performance or injunctive relief, and by the limitations on legal remedies against public agencies in the State of California.

3. Subject to the terms and provisions of the Facilities Lease, the Rental Payments are payable solely from the sources provided therefor in the Facilities Lease and the Trust Agreement. The obligation of the Board of Education to make Rental Payments pursuant to the Facilities Lease does not constitute a debt of the Board of Education or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the Board of Education is obligated to levy or pledge any form of taxation or for which the Board of Education has levied or pledged any form of taxation.

4. Assuming due authorization, execution, and delivery of the Trust Agreement by the Trustee and its enforceability against the Trustee, the owners of the Certificates are entitled to receive their proportionate share of the Rental Payments in accordance with the terms and provisions of the Trust Agreement. The Board of Education is duly authorized to pledge such Rental Payments, and no further action on the part of the Board of Education or any other party is required to perfect the same or the interest of the owners of the Certificates therein.

5. The portion of the Rental Payments designated as and constituting interest paid by the Board of Education under the Facilities Lease and received by the owners of the Certificates is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, with respect to certain corporations, such interest is included in determining adjusted financial statement income in order to compute alternative minimum tax for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the Board of Education comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the delivery of the Certificates in order that such interest be, and continue to be, excludable from gross income for federal income tax purposes. The Board of Education has covenanted to comply with each such requirement. Failure

to comply with certain of such requirements may cause the interest with respect to the Certificates to be included in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates. We express no opinion regarding other federal tax consequences arising with respect to the accrual or receipt of such interest or the ownership or disposition of the Certificates.

6. The portion of the Rental Payments designated as and constituting interest paid by the Board of Education under the Facilities Lease and received by the owners of the Certificates is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. Our opinions are limited to the matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly so stated;

b. We are licensed to practice law in the State of California; accordingly, the foregoing opinions only apply insofar as the laws of the State of California and the United States may be concerned, and we express no opinion with respect to the laws of any other jurisdiction;

c. We express no opinion as to the state or quality of title to any of the real or personal property described in the Ground Lease or the Facilities Lease, nor do we express any opinion as to the accuracy or sufficiency of the description of any such property contained therein;

d. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party;

e. We express no opinion as to the effect or availability of any specific remedy provided for in any agreement under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby;

f. We express no opinion as to the enforceability of any remedies under the Facilities Lease with respect to environmental matters to the extent that the exercise or application of such remedies is inconsistent with or in violation of California Code of Civil Procedure Section 726.5 or 736 or of California Civil Code Section 2929.5;

g. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Ground Lease, the Facilities Lease, or the Trust Agreement;

h. Certain requirements contained in the Tax Certificate, the Trust Agreement, and the Facilities Lease may be amended and certain actions (including defeasance of the Facilities Lease) may be taken in accordance with the terms of such documents that may affect the exclusion from gross income for federal income tax purposes of the interest component of the Rental Payments; we express no opinion as to such interest if any such amendment is made or action is taken upon the advice of counsel other than ourselves;

i. We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement or any other offering materials relating to the Certificates and express no opinion herein with respect thereto; and

j. We disclaim any obligation to update this opinion for events occurring after the date hereof.

Very truly yours,

PARKER & COVERT LLP

EXHIBIT B

FORM OF REQUISITION

**\$(PAR AMOUNT)
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION**

**REQUISITION TO TRUSTEE TO DISBURSE FUNDS
FROM THE COSTS OF ISSUANCE FUND**

REQUISITION NO. __

The Sutter County Board of Education (the “Board of Education”) hereby requests The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), under the Trust Agreement dated as of October 1, 2023, by and among the Board of Education, Public Property Financing Corporation of California, and the Trustee, to pay from the Costs of Issuance Fund established pursuant to Section 3.2 (Establishment and Application of Costs of Issuance Fund) of the Trust Agreement, the amounts to the parties as set forth on the attached schedule upon receipt of an invoice from each such party and all payments shall be made by check or wire transfer in accordance with the payment instructions set forth on the attached schedule or the respective invoices and the Trustee has no responsibility to authenticate or verify the payment instructions or the authority under which they were provided.

The Board of Education hereby certifies that obligations in the amounts stated in Schedule I have been incurred by the Board of Education and are presently due and payable and that each item is a proper charge against the Costs of Issuance Fund and has not been previously paid from that fund.

Attached to Schedule I are invoices for each payment requested.

Dated: [CLOSING DATE]

SUTTER COUNTY BOARD OF EDUCATION

By: _____
Ron Sherrod
Assistant Superintendent of Business Services

SCHEDULE I

[Please see attached invoices for delivery and/or wire instructions.]

Item	Payee	Amount	Purpose
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
	Total		

§[PAR AMOUNT]
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION

CERTIFICATE PURCHASE AGREEMENT

[SALE DATE]

Sutter County Board of Education
970 Klamath Lane
Yuba City, CA 95993

Ladies and Gentlemen:

The undersigned, [UNDERWRITER] (the “Underwriter”), offers to enter into this Certificate Purchase Agreement (the “Purchase Agreement”) with the Sutter County Board of Education (the “Board of Education”), which, upon acceptance, will be binding upon the Underwriter and the Board of Education. This offer is made subject to the Board of Education’s acceptance hereof and its delivery to the Underwriter at or before 11:59 p.m., Pacific Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Board of Education at any time prior to the acceptance hereof by the Board of Education.

1. Purchase and Sale of the Certificates. Upon the terms and conditions and in reliance upon the representations, warranties, and agreements set forth herein, the Board of Education agrees to cause The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), to execute and deliver to the Underwriter, and the Underwriter hereby agrees to purchase, all (but not less than all) of the Sutter County Board of Education, 2023 Certificates of Participation (the “Certificates”), in the aggregate amount of §[PAR AMOUNT] bearing interest at the rates and maturing on the dates and in the amounts set forth in Exhibit A attached hereto.

The Underwriter shall purchase the Certificates at a price of \$_____, which represents the aggregate principal amount of the Certificates of §[PAR AMOUNT] plus net original issue premium of \$_____, less an Underwriter’s discount in the amount of \$_____. The purchase price, less the \$_____ good faith deposit made pursuant to Section 5, shall be paid by the Underwriter in immediately available funds to Trustee on the Closing Date (as defined herein at Section 7 hereof).

The Board of Education acknowledges and agrees that (i) the purchase and sale of the Certificates pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Board of Education and the Underwriter, (ii) in connection with such transaction, the Underwriter has not assumed a fiduciary responsibility in favor of the Board of Education with respect to (x) the offering of the Certificates or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Board of Education on other matters) or (y) any other obligation to the Board of Education except the obligations expressly set forth in this Purchase Agreement, and (iii) the Board of Education has consulted with its own legal and

other professional advisors to the extent it deemed appropriate in connection with the offering of the Certificates.

2. The Certificates. The Certificates shall be substantially as described in, shall be issued and secured under the provisions of, and shall be payable and subject to prepayment as provided in, that certain Trust Agreement, dated as of October 1, 2023 by and among the Board of Education, Public Property Financing Corporation of California (the “Corporation”), and the Trustee. The Certificates evidence and represent the proportionate interests of the owners thereof in the lease payments to be made by the Board of Education as the rental for certain property (the “Facilities”) as described in a Facilities Lease dated as of October 1, 2023 (the “Lease”), by and between the Board of Education and the Corporation. The Board of Education will lease the Facilities to the Corporation pursuant to a Ground Lease dated as of October 1, 2023 (the “Ground Lease”), between the Board of Education and the Corporation. The Trust Agreement, the Lease, and the Ground Lease hereinafter are sometimes referred to collectively as the “Lease Documents.”

On September __, 2023, the Board of Education adopted its resolution (the “Board of Education Resolution”), and on September __, 2023, the Corporation adopted a resolution of its Board of Directors (the “Corporation Resolution”), relating to the sale and issuance of the Certificates.

The Certificates shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Lease Documents. The Certificates shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Certificates shall initially be in the authorized denomination of \$5,000 each or any integral multiple thereof.

The Certificates are being issued to finance the acquisition, construction, modernization, and installation of school facilities improvements through the execution, sale, and delivery of the Certificates and to pay certain costs of issuance.

3. Use of Documents. The Board of Education hereby authorizes the Underwriter to use, in connection with the offer and sale of the Certificates, this Purchase Agreement and an Official Statement (defined below), the Lease Documents, and all information contained herein and therein, and all of the documents, certificates, or statements furnished by the Board of Education to the Underwriter, in connection with the transaction contemplated by this Purchase Agreement.

4. Establishment of Issue Price.

[If competitive bid rule is satisfied on sale day:]

a. The Underwriter agrees to assist the Board of Education in establishing the issue price of the Certificates and shall execute and deliver to the Board of Education at the Closing Date an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the

Underwriter, the Board of Education, and special counsel. All actions to be taken by the Board of Education under this section to establish the issue price of the Certificates may be taken on behalf of the Board of Education by its municipal advisor, Government Financial Services Joint Powers Authority (the “Public Finance Consultant”) and any notice or report to be provided to the Board of Education may be provided to the Public Finance Consultant.

b. The Board of Education intends that the provisions of Treasury Regulations Section 1.1.48-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the “competitive sale requirements”) because:

(1) the Board of Education disseminated a draft of this Purchase Agreement, along with other terms and conditions related to the sale (the “sale materials”), to potential underwriters in a manner that was reasonably designed to reach potential underwriters;

(2) all bidders had an equal opportunity to bid;

(3) the Board of Education received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the Board of Education is awarding the sale of the Certificates to the Underwriter based upon its firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in the sale materials.

c. The Underwriter represents that its bid was prepared on the assumption that the issue price of the Certificates will be the reasonably expected initial offering price to the public.

[If competitive bid rule is not satisfied on sale day; apply 10% / hold-the-price rule:]

a. The Underwriter agrees to assist the Board of Education in establishing the issue price of the Certificates and shall execute and deliver to the Board of Education at the Closing Time an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Board of Education, and special counsel. All actions to be taken by the Board of Education under this section to establish the issue price of the Certificates may be taken on behalf of the Board of Education by its municipal advisor, Government Financial Strategies inc. (the “Public Finance Consultant”) and any notice or report to be provided to the Board of Education may be provided to the Public Finance Consultant.

b. Except as otherwise set forth in Exhibit A attached hereto for which the hold-the-offering-price rule described in subsection (c) below shall apply, the Board of Education shall treat the first price at which 10% of a maturity of the Certificates (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number

within that maturity). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Board of Education the price or prices at which it has sold to the public each maturity of the Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the Board of Education the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as the Certificates of that maturity or until all Certificates of that maturity have been sold to the public.

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

- i. the close of the fifth (5th) business day after the sale date; or
- ii. the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Board of Education promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that either the 10% test has been satisfied as to the Certificates of that maturity, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Board of Education acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with

the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Board of Education further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(e) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section 5:

i. “public” means any person other than an underwriter or a related party;

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

iii. a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

iv. “sale date” means the date of this Purchase Agreement.

5. Good Faith Deposit; Payment of Good Faith Deposit. The amount of \$_____ has been, or within two (2) business days hereof will be, wired to the Board of Education’s account as security for the performance by the Underwriter of its obligation to accept and pay for the Certificates, at the Closing, as provided in Section 7 hereof. In the event that the Underwriter complies with such obligation, said good faith deposit in the amount thereof shall be credited toward the payment of the purchase price of the Certificates by the Underwriter at the Closing, as provided in Section 7 hereof. In the event of the Board of Education’s inability to deliver the Certificates at the Closing, or if the Board of Education is unable to satisfy the conditions to the Underwriter’s obligations contained herein (unless such conditions are waived by the Underwriter), or if the Underwriter’s obligations shall be terminated for any reason permitted hereby, such check or the amount thereof, without interest, shall be returned to the

Underwriter immediately and such return shall constitute a full release and discharge of all claims by the Underwriter against the Board of Education arising out of the transactions contemplated by this Purchase Agreement. In the event that the Underwriter fails (other than for a reason permitted hereby) to accept and pay for the Certificates at the Closing as herein provided, the proceeds of such check shall be retained and applied by the Board of Education in full and complete liquidated damages (and not as a penalty) for such failure and as a discharge of all damages suffered on the part of the Board of Education as a result of such failure.

6. Review of Official Statement. The Board of Education has delivered to the Underwriter its preliminary official statement with respect to the Certificates (as amended and supplemented from time to time, the “Preliminary Official Statement”). The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement.

The Underwriter agrees that prior to the time the Final Official Statement (as defined below) relating to the Certificates is available, the Underwriter will send to any potential purchaser of the Certificates, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. The Board of Education agrees to provide the Underwriter with a reasonable number of copies of the Preliminary Official Statement so that the Underwriter may comply with requests from said potential purchasers.

The Board of Education has approved the Preliminary Official Statement relating to the Certificates and has authorized the preparation of the Final Official Statement therefrom, to be dated the date hereof (the “Final Official Statement,” and together with the Preliminary Official Statement and any amendments or supplements that may be authorized for use with respect to the Certificates, the “Official Statement”), with the approval of Special Counsel. The Board of Education ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offer and sale of the Certificates, of the Official Statement, the Board of Education Resolution, this Purchase Agreement, and all information contained herein, and all other documents, certificates, and statements furnished by the Corporation and the Board of Education to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board (“MSRB”) Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Certificates during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date, and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Certificates, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission (“Rule 15c2-12”).

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

7. Closing. At 9:00 a.m., Pacific Time, on [CLOSING DATE], or at such other time or on such other date as shall have been mutually agreed upon by the Board of Education and the

Underwriter (the “Closing Date”), the Board of Education will deliver to the Underwriter, through the facilities of The Depository Trust Company (“DTC”) in New York, New York, or at such other place as may be mutually agreed upon, the Certificates in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Parker & Covert LLP (“Special Counsel”) in Sacramento, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the Board of Education (such delivery and payment being herein referred to as the “Closing”).

8. Representations, Warranties and Agreements of the Board of Education.

The Board of Education hereby represents, warrants, and agrees with the Underwriter that:

a. Due Organization. The Board of Education is a Board of Education duly organized and validly existing under the laws of the State of California, with the power to cause the Certificates to be executed and delivered pursuant to the Lease Documents.

b. Due Authorization. (i) At or prior to the Closing, the Board of Education will have taken all action required to be taken by it to authorize the execution and delivery of the Certificates, including the due adoption of the Board of Education Resolution; (ii) the Board of Education has full legal right, power, and authority to enter into and/or adopt this Purchase Agreement, the Continuing Disclosure Certificate, the Official Statement, and the Lease Documents (collectively, the “Certificate Documents”), to perform its obligations under each such document or instrument, and to carry out and effectuate the transaction contemplated by the Certificates and the Certificate Documents; (iii) the execution and delivery or adoption of, and the performance by the Board of Education of the obligations contained in the Certificates and the Certificate Documents have been duly authorized, and such authorization shall be in full force and effect on the Closing Date; (iv) this Purchase Agreement constitutes, and at Closing the Certificates, the Lease Documents, and the Continuing Disclosure Certificate will constitute, valid and legally binding obligations of the Board of Education; and (v) the Board of Education has duly authorized the consummation by it of all transactions contemplated by the Certificates and the Certificate Documents.

c. Consents. No consent, approval, authorization, order, filing, registration, qualification, election, or referendum, of or by any court or governmental agency or public body whatsoever (other than the Board of Education), is required in connection with the execution, delivery, or sale of the Certificates or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States. The Board of Education gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements, and the Board of Education shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

d. No Conflicts. To the best knowledge of the Board of Education, the adoption of the Board of Education Resolution, the delivery of the Certificates, and the execution, delivery and performance of the Certificate Documents and the Certificates, and the

compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the Board of Education a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any material agreement, indenture, mortgage, lease or other instrument to which the Board of Education is a party or by which it is bound or to which it is subject. An agreement is deemed to be material only if it obligates the Board of Education to payments in any year of more than \$100,000.

e. Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the Board of Education, threatened against the Board of Education: (i) in any way affecting the existence of the Board of Education or in any way challenging the respective powers of the several offices or of the titles of the officials of the Board of Education to such offices in connection with any action contemplated by this Purchase Agreement; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Certificates, the application of the proceeds of the sale of the Certificates, or the collection of revenues or assets of the Board of Education pledged or to be pledged or available to pay the principal of and interest on the Certificates, or in any way contesting or affecting the validity or enforceability of the Board of Education Resolution, the Certificates or the Certificate Documents, or contesting the powers of the Board of Education or the Corporation with respect to the Certificates or the Certificate Documents; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the Board of Education or the consummation of the transactions contemplated by the Certificates or the Certificate Documents, or (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid with respect to the Certificates from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

f. No Other Debt. Between the date hereof and the Closing Date, without the prior written consent of the Underwriter, the Board of Education will not have issued in the name and on behalf of the Board of Education any certificates, bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

g. Certificates. Any certificates signed by any officer of the Board of Education and delivered to the Underwriter shall be deemed a representation and warranty by the Board of Education to the Underwriter, but not by the person signing the same, as to the statements made therein.

h. Trustee. The Bank of New York Mellon Trust Company, N.A. has been authorized by the Board of Education to undertake the duties of the Trustee for the registered owners of the Certificates in accordance with the Lease Documents and has consented to abide by and perform all terms, conditions, covenants and tasks with respect to the duties of the Trustee.

i. Continuing Disclosure. To assist the Underwriter in complying with Rule 15c2-12, the Board of Education will undertake, pursuant to the Board of Education Resolution and the Continuing Disclosure Certificate, to provide certain annual financial

information reports and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Official Statement. Except as set forth in the Official Statement, the Board of Education has not, in the past five (5) years, failed to comply in any material respect in its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2-12.

j. Official Statement. The Official Statement has been duly authorized and will be signed and delivered by the Board of Education. The Preliminary Official Statement was as of its date and the Final Official Statement will be as of the Closing Date, true, correct and complete in all material respects; and the Preliminary Official Statement did not as of its date and the Final Official Statement will not, as of the Closing Date, 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.

k. Internal Revenue Code Compliance. The Board of Education has complied with the Internal Revenue Code of 1986, as amended, with respect to the Certificates.

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

a. It is duly authorized to execute this Purchase Agreement or to cause this Purchase Agreement to be executed on its behalf and to take any action under the Purchase Agreement required to be taken by it.

b. It is in compliance with MSRB Rule G-37 with respect to the Board of Education and is not prohibited thereby from acting as underwriter with respect to securities of the Board of Education.

c. It has, and has had, no financial advisory relationship with the Board of Education with respect to the Certificates, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

d. It has reasonably determined that the Board of Education's undertaking to provide continuing disclosure with respect to the Certificates pursuant to Section 11(e)(19) is sufficient to effect compliance with Rule 15c2-12.

10. Covenants of the Board of Education. The Board of Education covenants and agrees with the Underwriter that:

a. Securities Laws. The Board of Education will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations or such states and other jurisdictions of the United States as the Underwriter may designate, provided, however, that the Board of

Education shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

b. Application of Proceeds. The Board of Education will apply the proceeds from the sale of the Certificates for the purposes specified in the Lease Documents and described in the Official Statement;

c. Official Statement. The Board of Education hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, copies of a Final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the Board of Education in such quantities as may be requested by the Underwriter, in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board. The Board of Education hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Certificates;

d. Subsequent Events. The Board of Education hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Final Official Statement relating to the Board of Education, until the date that is ninety (90) days following the Closing;

e. Amendments to Final Official Statement. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Certificates for sale, the Board of Education will not adopt any amendment of or supplement to the Final Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or that shall be disapproved by the Underwriter; and if any event relating to or affecting the Board of Education shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Final Official Statement in order to make the Final Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish (at the expense of the Board of Education) a reasonable number of copies of an amendment of or supplement to the Final Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Final Official Statement so that it will not contain an 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 existing at the time the Final Official Statement is delivered to a purchaser, not misleading.

11. Conditions to Closing. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Board of Education contained herein and the performance by the Board of Education of its obligations hereunder, as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject, at the option of such Underwriter, to the following further conditions at the Closing:

a. Representations True. The representations and warranties of the Board of Education contained herein shall be true, complete and correct in all material respects at the date

hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the Board of Education shall be in compliance with each of the agreements made by it in this Purchase Agreement;

b. Obligations Performed. At the time of the Closing, (i) the Certificate Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Certificate Documents which, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the Board of Education shall perform or have performed all of its obligations required under or specified in the Certificate Documents to be performed at or prior to the Closing;

c. Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental agency since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the Board of Education, pending or threatened that has any of the effects described in Section 8(e) hereof or contesting in any way the completeness or accuracy of the Final Official Statement;

d. Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Certificates, at the initial offering prices set forth in the Final Official Statement, shall not have been materially adversely affected in the judgment of the Underwriter (evidenced by a written notice to the Board of Education terminating the obligation of the Underwriter to accept delivery of and pay for the Certificates) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Certificates; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Certificates, or obligations of the general character of the Certificates, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by a State authority, that would have the effect of changing, directly or

indirectly, the State tax consequences of interest on obligations of the general character of the Certificates in the hands of the holders thereof;

(3) the declaration of war by Congress or a new major engagement in or escalation of military hostilities by order of the President of the United States, or the occurrence of any other declared national emergency that interrupts or causes disorder to the operation of the financial markets in the United States for a period of more than 30 days;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange for a period of more than 30 days (except those temporary suspensions of trading pursuant to the rules of national securities exchanges that do not extend beyond one hour or those temporary suspensions of trading caused by computer malfunctions that do not extend beyond one-half day);

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

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

(7) the withdrawal or downgrading of any underlying rating of the Board of Education's outstanding indebtedness by a national rating agency; or

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

e. Delivery of Documents. At or prior to the Closing Date, the Board of Education shall cause to be delivered sufficient copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Legal Opinion. An approving opinion of Special Counsel, as to the validity and tax-exempt status of the Certificates, dated the Closing Date, addressed to the Corporation and the Board of Education;

(2) Reliance Letter. A reliance letter(s) from Special Counsel to the effect that the Underwriter and the Trustee can rely upon the approving opinion described in (e)(1) above;

(3) Supplementary Opinion of Special Counsel. A supplementary opinion of Special Counsel, dated the Closing Date, addressed to the Board of Education, the Corporation and the Underwriter, to the effect that:

(i) the statements contained in the Official Statement, under the captions “Introductory Statement,” “The Certificates,” “Security and Source of Payment for the Certificates,” “Special Risk Factors,” And “Appendix A -- Summary of Principal Legal Documents” (except for any financial, statistical and demographic information contained in such sections, as to which no opinion is expressed) insofar as such statements purport to summarize certain provisions of the Certificates, the Lease Documents, present an accurate summary of such provisions; and the statements in the first paragraph on the cover page relating to tax exemption and the information under the caption “Legal Matters – Tax Matters” are correct as to matters of law; and

(ii) the Board of Education has full power and lawful authority to enter into and perform its obligations under the Lease Documents and the Purchase Agreement; and the Lease Documents, the Continuing Disclosure Certificate, and the Purchase Agreement have been duly authorized, executed and delivered by the Board of Education, and, assuming due authorization, execution and delivery by the other parties thereto and subject to the terms and conditions thereof, constitute valid and legally binding obligations of the Board of Education, enforceable in accordance with their respective terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights and by the application of equitable principles.

(4) Opinion of Board of Education Counsel. An opinion of Parker & Covert LLP, as counsel to the Board of Education (“Board of Education Counsel”), dated the Closing Date, addressed to the Board of Education, the Corporation, the Trustee, and the Underwriter, to the effect that:

(i) the Board of Education is a political subdivision of the State of California, duly organized, validly existing, and in good standing as a body corporate and politic under and by virtue of the Constitution and laws of the State of California;

(ii) the Board of Education has all necessary power and lawful authority to enter into and perform its obligations and duties under the Lease Documents, the Purchase Agreement, and the Continuing Disclosure Certificate;

(iii) the Official Statement has been duly approved by the Board of Education;

(iv) the resolution of the Board of Education approving and authorizing the execution and delivery of the Purchase Agreement, the Final Official Statement, the Continuing Disclosure Certificate and the Lease Documents has been duly adopted at a

meeting of the Board of Education that was called and held in accordance with law and with all public notice required by law and at which a quorum was present and acting throughout, and such resolution is in full force and effect and has not been amended, modified or rescinded;

(v) except as otherwise described in the Final Official Statement, there is no action, suit, proceeding or investigation at law or in equity pending before or by any court, or governmental or public board or body (service of process having been accomplished), or, to the current actual knowledge of such counsel, threatened against or affecting the Board of Education, (a) that would materially and adversely impact the Board of Education's ability to complete the transactions described in or contemplated by the Final Official Statement, (b) to restrain or enjoin the delivery of the Certificates or the payments to be made by the Board of Education pursuant to the Lease, (c) in any way contesting or affecting the validity of the Board of Education Resolution, the Purchase Agreement, the Lease Documents, the Continuing Disclosure Certificate or the Certificates or the transactions described in the Final Official Statement, or contesting in any way the completeness or accuracy of the Final Official Statement, or (d) wherein an unfavorable decision, ruling or finding would materially and adversely affect the Board of Education or the validity or enforceability of the Purchase Agreement, the Lease Documents, the Continuing Disclosure Certificate, or the Certificates, and to the current actual knowledge of such counsel there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (a) through (d) of this paragraph;

(vi) the execution and delivery of the Purchase Agreement, the Continuing Disclosure Certificate, and the Lease Documents, and compliance with the provisions thereof, and the approval of the Final Official Statement, do not and will not in any material respect conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution or other agreement or document to which the Board of Education is subject or by which it or any of its property is bound;

(vii) the Purchase Agreement, the Continuing Disclosure Certificate, and the Lease Documents have been duly authorized, executed and delivered by the Board of Education and, assuming due authorization, execution and delivery thereof by the other respective parties thereto, the Purchase Agreement, the Continuing Disclosure Certificate and the Lease Documents constitute the legal, valid and binding obligations of the Board of Education 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;

(viii) except as may be required under Blue Sky or other securities laws of any state, and except such as 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 of the Certificates or the consummation by the Board of Education of the other transactions contemplated by the Final Official Statement or this Purchase Agreement;

(ix) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the Board of Education, is required for the valid authorization, execution and delivery

of the Purchase Agreement, the Continuing Disclosure Certificate, or the Lease Documents or for the approval of the Final Official Statement; and

(x) without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Final Official Statement as Board of Education Counsel, nothing has come to their attention that would lead them to believe that the Final Official Statement (except for any CUSIP numbers, financial, statistical, engineering, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, maps, or any information about book-entry, The Depository Trust Company, the municipal bond insurance firm (if any), the municipal bond insurance policy (if any), or the information contained in Appendices B, E, and F included therein, as to which no opinion or view need be expressed) as of its date or as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) Opinion of Corporation Counsel. An opinion of Parker & Covert LLP, as counsel to the Corporation (the “Corporation Counsel”), dated the Closing Date, addressed to the Board of Education, the Corporation, the Trustee, and the Underwriter, to the effect that:

(i) the Corporation is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California, with full power and authority to execute and perform its obligations under the Lease Documents;

(ii) the resolution of the Corporation authorizing the execution of the Lease Documents was duly adopted at a meeting of the Board of Directors of the Corporation which was called and held pursuant to law, is in full force and effect and has not been amended, modified or rescinded;

(iii) the Lease Documents have been duly authorized, executed and delivered by the Corporation and, assuming due authorization and delivery by the other parties thereto, constitute valid and binding obligations of the Corporation, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting enforcement of creditors’ rights generally or by equitable principles if equitable remedies are sought;

(iv) the execution and delivery by the Corporation of the Lease Documents and compliance with the provisions thereof will not materially conflict with any law or agreement to which the Corporation is subject or by which it is bound; and

(v) except as may be required under Blue Sky or other securities laws of any state or with respect to the design or construction of the Project, and except such as 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 of the Certificates or the consummation by the Corporation of the other transactions contemplated by the Official Statement or this Purchase Agreement;

(6) Opinion of Trustee Counsel. An opinion of counsel to the Trustee (the “Trustee Counsel”), dated the Closing Date, addressed to the Board of Education, the Corporation and the Underwriter, to the effect that:

(i) the Trustee is a banking corporation duly organized and validly existing under the laws of the United States having full power and being qualified to enter, accept and administer the trust created under the Trust Agreement, and to execute and deliver the Certificates;

(ii) the Certificates have been duly executed and delivered by the Trustee in accordance with the Trust Agreement, and the Trust Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other respective parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with its 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; and

(iii) no authorization, approval, consent or order of any governmental agency or any regulatory body is required for the valid authorization, execution and delivery of the Trust Agreement by the Trustee or the execution and delivery of the Certificates by the Trustee;

(7) Opinion of Disclosure Counsel. An opinion, dated the Closing Date and addressed to the Board of Education and the Underwriter, of Parker & Covert LLP, as disclosure counsel (“Disclosure Counsel”), substantially to the effect that, based upon its participation in the preparation of the Preliminary Official Statement and the Final Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Preliminary Official Statement and the Final Official Statement, Disclosure Counsel has no reason to believe that the Preliminary Official Statement, as of its date and the Final Official Statement as of its date and as of the Closing Date (excluding therefrom the reports, financial and statistical data and forecasts therein, the information included in Appendices _____, thereto, and information relating to The Depository Trust Company and its book-entry system as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) Certificate of the Board of Education. A certificate, dated the Closing Date, signed by a duly authorized official of the Board of Education, to the effect that:

(i) the representations, warranties and covenants of the Board of Education contained in this Purchase Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing;

(ii) except as otherwise described in the Final Official Statement, no litigation is pending or, to the best knowledge of the Board of Education, threatened (a) to restrain or enjoin the execution, sale or delivery of any of the Certificates or the Rental Payments under the Lease to provide for rental under the Lease, (b) in any way contesting or affecting the validity of the Certificates, or the Lease Documents, or (c) in any way contesting the existence or powers of the Board of Education in connection with any action contemplated by this Purchase Agreement;

(iii) no event affecting the Board of Education has occurred since the date of the Final Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Final Official Statement relating to the Board of Education or is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information therein relating to the Board of Education not misleading in any material respect; and

(iv) the Board of Education has complied in all material respects with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Lease Documents at or prior to the closing;

(9) Certificate of the Corporation. A certificate, dated the Closing Date, signed by a duly authorized official of the Corporation, to the effect that:

(i) The Articles of Incorporation of the Corporation, as filed in the Office of the Secretary of State of the State of California (the "Secretary of State") are in full force and effect on the date of this Certificate and the Corporation is not in violation of any provisions of such Articles or the Bylaws described below;

(ii) The Bylaws of the Corporation are in full force and effect on the Closing date;

(iii) The Corporation is on the Closing Date a nonprofit public benefit corporation, duly organized and validly existing under the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Lease Documents and, when executed and delivered by the respective parties thereto, and the Lease Documents will constitute the legal, valid and binding obligations of the Corporation 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;

(iv) By official action of the Corporation prior to or concurrently with the Closing Date, the Corporation has duly authorized and by all necessary corporate action approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in, the Lease Documents;

(v) The execution and delivery of the Lease Documents and compliance with the provisions thereof, will not in any material respect conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution, any law or other agreement or document to which the Corporation is subject or by which it or any of its property is bound;

(vi) Except as may be required under Blue Sky or other securities laws of any state or with respect to the design or construction of the Project, and except such as 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 having jurisdiction over the Corporation required in connection with the execution, delivery and sale of the Certificates or the consummation by the Corporation of the other transactions contemplated by the Final Official Statement and this Purchase Agreement;

(vii) There is no action, suit, proceeding or investigation at law or in equity pending before or by any court, public board or body or, to the best of the knowledge of the Corporation, threatened against or affecting the Corporation, (a) that would materially and adversely affect the Corporation's ability to complete the transactions described in or contemplated by the Final Official Statement, (b) to restrain or enjoin the delivery of the Certificates or the assignment of the payments to be made by the Board of Education pursuant to the Lease, (c) in any way contesting or affecting the validity of the Lease Documents or the Certificates, or contesting in any way the completeness or accuracy of the Final Official Statement, or (d) wherein an unfavorable decision, ruling or finding would materially and adversely affect the Corporation or the validity or enforceability of the Lease Documents or the Certificates;

(viii) The information relating to the Corporation, its functions, duties and responsibilities contained in the Final Official Statement is true and correct in all material respects and such information does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ix) By official action of the Corporation prior to or concurrently with the execution of this Purchase Agreement, the Corporation has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations on its part contained in, the Lease Documents and the consummation by it of all other transactions with respect to the execution and delivery of the Certificates as contemplated by the Final Official Statement, and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded;

(x) The Corporation is not in breach of or 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 Corporation is a party or to which it or any of its property is otherwise subject which breach or default would have a material and adverse impact on the Corporation's ability to perform its obligations under the Lease Documents, and no event

has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, which would have a material and adverse impact on the Corporation's ability to perform its obligations under the Lease Documents; and

(xi) The Corporation has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Lease Documents at or prior to the Closing;

(10) Certificate of the Trustee. A certificate of an authorized officer of The Bank of New York Mellon Trust Company, N.A, (the "Trustee"), dated the Closing Date, to the effect that:

(i) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America having the full power and authority to enter into and perform its duties as Trustee under the Trust Agreement and to execute and deliver the Certificates;

(ii) the Trustee is duly authorized to enter into the Trust Agreement and, when the Trust Agreement is duly authorized, executed and delivered by the other respective parties thereto, to execute and deliver the Certificates to the Underwriter pursuant to the terms of the Trust Agreement;

(iii) the execution and delivery by the Trustee of the Trust Agreement and the Certificates and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or Blue Sky laws or regulations);

(iv) to the Trustee's knowledge, there is no action, suit, proceeding or investigation at law or in equity pending before or by any court, public board or body, that has been served on the Trustee or, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Certificates, or the Trust Agreement, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the execution and delivery of the Certificates, or that, in any way, would adversely affect the validity of the Certificates, or the Trust Agreement or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Trust Agreement or the consummation of the transactions contemplated in connection with the execution and delivery of the Certificates; and

(v) subject to the provisions of the Trust Agreement, the Trustee will apply the proceeds from the Certificates to the purposes specified in the Trust Agreement;

(11) Board of Education Resolution. Copies of the resolution adopted by the Board of Education and certified by the Secretary of the Board of Education authorizing the execution and delivery of the Certificates and the Certificate Documents;

(12) Corporation Resolution. Copies of the resolution adopted by the Board of Directors of the Corporation and certified by an authorized officer of the Corporation authorizing the execution and delivery of the Lease Documents;

(13) Title Insurance. Evidence of the issuance of a CLTA leasehold title insurance policy on the Facilities in an amount not less than the stated amount of the Certificates;

(14) Other Insurance. Evidence that the Board of Education has fully complied with the insurance requirements under the Lease with respect to casualty insurance, rental interruption insurance, workers' compensation insurance, and public liability and property damage insurance;

(15) Arbitrage. A non-arbitrage certificate of the Board of Education in a form satisfactory to Special Counsel;

(16) Issue Price Certificate. A certificate dated the Closing Date and signed by such officer(s) of the Underwriter as shall be satisfactory to the Board of Education, certifying the reasonably expected initial offering prices of the maturities of the Certificates for purposes of establishing the issue price of the Certificates. Such executed certificate may be attached as an exhibit to the non-arbitrage certificate of the Board of Education and shall be substantially similar to the form attached hereto as Exhibit B;

(17) Rating. Evidence satisfactory to the Underwriter that the Certificates shall have been given a rating of “__” by Standard & Poor’s, and that such rating has not been revoked or downgraded;

(18) Preliminary Official Statement. Certificates of the appropriate officials of the Board of Education evidencing their determinations respecting the Preliminary Official Statement in accordance with Rule 15c2-12;

(19) Continuing Disclosure Certificate. A Continuing Disclosure Certificate of the Board of Education substantially in the form set forth in the Official Statement and in a form satisfactory to the Underwriter that complies with paragraph (b)(5) of Rule 15c2-12;

(20) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as Special Counsel or counsel for the Underwriter may reasonably request to evidence compliance by the Trustee and the Board of Education with legal requirements, the truth and accuracy, as of the time of Closing, of the representations

contained herein and of the information contained in the Official Statement, and the due performance or satisfaction by the Trustee, the Corporation, and the Board of Education, at or prior to such time, of all agreements then to be performed and all conditions then to be satisfied.

f. **Termination.** Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Certificates shall not have been delivered by the Board of Education to the Underwriter prior to the close of business, Pacific Time, on [CLOSING DATE] then the obligation to purchase Certificates hereunder shall terminate and be of no further force or effect except with respect to the obligations of the Board of Education and the Underwriter under Section 13 hereof.

If the Board of Education shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the Board of Education in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Board of Education hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

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

13. Expenses. The Board of Education shall pay the expenses incident to the performance of its obligations hereunder from the proceeds of the Certificates, including but not limited to the following: (i) the cost of the preparation and reproduction of the Certificate Documents; (ii) the fees and disbursements of Special Counsel; (iii) the cost of the preparation, printing, and delivery of the Certificates; (iv) the fees, if any, for credit ratings and credit enhancement, including all necessary travel expenses; (v) the cost of printing, posting to the internet, and distribution of the Official Statement; (vi) the initial fees, if any, of the Trustee; (vii) the fees for title reports, title insurance policies, and appraisals with respect to the Facilities; (viii) the fees for rental interruption insurance required pursuant to the Lease; (ix) the premium for a policy of municipal bond insurance and/or a surety bond (if any); (x) the fees and disbursements of the financial advisor; and (xi) all other fees and expenses incurred by the Board of Education incident to the issuance and sale of the Certificates. All other costs and expenses incurred by the Underwriter as a result of or in connection with the purchase of the Certificates shall be borne by the Underwriter, including, but not limited to (i) clearing house fees; (ii) DTC fees; (iii) CUSIP fees; (iv) CDIAC fees; (v) MSRB fees; and (vi) costs or fees of qualifying the Certificates for offer and sale in various states chosen by the Underwriter and the costs or fees of preparing Blue Sky or legal investment memoranda to be used in connection therewith.

14. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, as follows:

If to the Board of Education: Sutter County Board of Education
790 Klamath Lane
Yuba City, CA 95993
Attention: Assistant Superintendent of Business Services

If to the Underwriter: [UNDERWRITER]
[ADDRESS]
Attention: Executive Director

15. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Agreement when accepted by the Board of Education in writing as heretofore specified shall constitute the entire agreement between the Board of Education and the Underwriter. This Purchase Agreement is made solely for the benefit of the Board of Education and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the Board of Education in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Certificates hereunder, and (c) any termination of this Purchase Agreement.

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

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

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Certificate Purchase Agreement by their officers thereunto duly authorized.

[UNDERWRITER]

By: _____
[NAME/TITLE]

SUTTER COUNTY BOARD OF EDUCATION

By: _____
Ron Sherrod, Assistant Superintendent of
Business Services

The above is hereby agreed to and accepted as of
[SALE DATE] at ____ a.m./p.m. Pacific Time.

EXHIBIT A

**MATURITY SCHEDULE
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION**

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
	\$	%	%	

c = Priced to October 1, 20__ par call.

EXHIBIT B

FORM OF UNDERWRITER'S ISSUE PRICE CERTIFICATE

(Competitive Bid Rule)

**[\$[PAR AMOUNT]]
SUTTER COUNTY BOARD OF EDUCATION
2023 Certificates of Participation**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [UNDERWRITER] (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Certificates").

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Certificates to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Certificates used by the Underwriter in formulating its bid to purchase the Certificates. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Certificates.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm bid to purchase the Certificates.

2. *Defined Terms.*

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is [SALE DATE].

The representations set forth in this Issue Price Certificate are limited to factual matters only and makes no representation as to the legal sufficiency of the factual matters set forth herein. Nothing in this Issue Price Certificate represents [UNDERWRITER] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Board of Education with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Parker & Covert LLP, as special counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Board of Education from time to time relating to the Certificates.

Dated: [CLOSING DATE]

[UNDERWRITER]

By: [SAMPLE]
 Authorized Officer

SCHEDULE A
EXPECTED OFFERING PRICES

(Attached)

SAMPLE

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

SAMPLE

EXHIBIT B

FORM OF UNDERWRITER'S ISSUE PRICE CERTIFICATE (10% Test and Hold-the-Offering-Price Rule)

SUTTER COUNTY BOARD OF EDUCATION 2023 Certificates of Participation

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [UNDERWRITER] (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Certificates").

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

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

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this Issue Price Certificate as Schedule B.

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

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Certificates shown in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Certificates shown in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SAMPLE

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

SAMPLE

\$[PAR AMOUNT]
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION

CONTINUING DISCLOSURE CERTIFICATE

Dated: [CLOSING DATE]

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Sutter County Board of Education (the “Board of Education”) in connection with the execution and delivery of \$[PAR AMOUNT] aggregate principal amount of the Sutter County Board of Education, 2023 Certificates of Participation (the “Certificates”), pursuant to a trust agreement dated as of October 1, 2023 (the “Trust Agreement”), by and among [TRUSTEE], as trustee (the “Trustee”), the Board of Education, and Public Property Financing Corporation of California (the “Corporation”). In connection therewith, the Board of Education covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board of Education for the benefit of the Certificateholders, and in order to assist the Participating Underwriter, as defined below, in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. 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 provided by the Board of Education pursuant to, and as described in, Sections 3 (Provision of Annual Reports) and 4 (Content of Annual Reports) of this Disclosure Certificate.

Beneficial Owner means any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

Certificateholders means either the registered owners of the Certificates, or, if the Certificates are registered in the name of The Depository Trust Company or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

Dissemination Agent means the Board of Education, or any successor Dissemination Agent designated in writing by the Board of Education and that has filed with the Board of Education a written acceptance of such designation. The initial Dissemination Agent will be Government Financial Services Joint Powers Authority.

EMMA or Electronic Municipal Market Access means the centralized online repository for documents filed with the MSRB, such as official statements and disclosure

information relating to municipal bonds, notes and other securities as issued by state and local governments.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Listed Events means any of the events listed in Section 5(a) (Reporting of Significant Events – Listed Events) of this Disclosure Certificate.

MSRB means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information, which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Official Statement means the final Official Statement relating to the Certificates dated [SALE DATE].

Opinion of Special Counsel means a written opinion of a law firm or attorney experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes.

Participating Underwriter means any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

Repository means MSRB or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Rule 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.

State means the State of California.

Section 3. Provision of Annual Reports.

a. Delivery of Annual Report to Repositories. The Board of Education shall, or shall cause the Dissemination Agent to, not later than nine and one-half (9 ½) months after the end of the Board of Education’s fiscal year (which currently ends on June 30), which date would be April 15, commencing with the report for the 2022-2023 Fiscal Year due April 15, 2024, provide to the Repository an Annual Report that is consistent with the requirements of Section 4 (Content of Annual Reports) of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 (Content of Annual Reports) of this Disclosure Certificate; provided that the audited financial statements of the Board of Education may be

submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the Board of Education's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Board of Education shall provide the Annual Report to the Dissemination Agent (if other than the Board of Education). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Board of Education.

d. Report of Non-Compliance. If the Board of Education is unable to provide an Annual Report by the date required in Subsection (a), the Dissemination Agent shall provide to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall, if the Dissemination Agent is other than the Board of Education, file a report with the Board of Education certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Board of Education's Annual Report shall contain or include by reference the following:

a. Financial Statements. The audited financial statements of the Board of Education for the prior fiscal year, prepared in accordance with the generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Board of Education's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) (Delivery of Annual Report to Repositories), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

b. Annual Budget. The Board of Education's approved annual budget for the then-current fiscal year.

c. Interim Financial Report. The most recent Interim Financial Report submitted to the Board of Education's governing board in accordance with Education Code section 42130 (or its successor statutory provision).

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 Board of Education or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be

available from the MSRB. The Board of Education shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a. Significant Events. Pursuant to the provisions of this Section, the Board of Education shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other material events affecting the tax-exempt status of the Certificates;
- (7) modifications to rights of Certificateholders, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Board of Education;
- (13) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Board of Education, or entry into or termination of a definitive agreement relating to the foregoing, if material;
- (14) appointment of a successor or additional trustee or paying agent, or the change of name of the trustee or paying agent, if material;
- (15) incurrence of a Financial Obligation of the Board of Education, if material, or agreement to covenant, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board of Education, any of which affect Certificateholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board of Education, any of which reflect financial difficulties.

b. Determination of Materiality of Listed Events. Whenever the Board of Education obtains knowledge of one of the foregoing events, notice of which must be given only if material, the Board of Education shall immediately determine if such event would be material under applicable federal securities laws.

c. Notice to Dissemination Agent. If the Board of Education has determined an occurrence of a Listed Event under applicable federal securities laws, the Board of Education shall promptly notify the Dissemination Agent (if other than the Board of Education) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Subsection (d) (Notice of Listed Events).

d. Notice of Listed Events. The Board of Education shall file, or cause the Dissemination Agent to file, with the MSRB, in an electronic format prescribed by the MSRB, a notice of the occurrence of a Listed Event to provide notice of specified events in a timely manner not in excess of ten (10) business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(8) (Certificate calls and tender offers) and (a)(9) (defeasances) need not be given under this subsection any earlier than the notice (if any) given to Certificateholders of affected Certificates, pursuant to the Trust Agreement.

Section 6. Identifying Information for Filings with MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Board of Education's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the Board of Education shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

Section 8. Dissemination Agent.

a. Appointment of Dissemination Agent. The Board of Education 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 Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Board of Education, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board of Education pursuant to this Disclosure Certificate.

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the Board of Education for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Board of Education 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 Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Board of Education, Certificateholders, or any other party. The Dissemination Agent may rely and shall be protected

in acting or refraining from acting upon any direction from the Board of Education or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Board of Education.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board of Education may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

b. the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized special counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, 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 either (i) is approved by holders of the Certificates 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 special counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto 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 Board of Education 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 filed in the same manner as for a Listed Event under Section 5(d).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board of Education 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 Board

of Education 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 Board of Education shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Board of Education fails to comply with any provision of this Disclosure Certificate, any Certificateholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board of Education 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 Board of Education to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Board of Education agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Board of Education, the Certificateholders, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Board of Education or an opinion of nationally recognized special counsel. The obligations of the Board of Education under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board of Education, the Dissemination Agent, the Participating Underwriter, and Certificateholders from time to time of the Certificates, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Board of Education has caused this Continuing Disclosure Certificate to be executed by its authorized officer as of the date first written above.

SUTTER COUNTY BOARD OF EDUCATION

By: _____
Ron Sherrod, Assistant Superintendent of Business
Services

EXHIBIT A

FORM OF NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: SUTTER COUNTY BOARD OF EDUCATION

Name of Issue: SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION

Date of Delivery: [CLOSING DATE]

NOTICE IS HEREBY GIVEN that Sutter County Board of Education (the “Board of Education”) has not provided an Annual Report for the fiscal year ended June 30, 20__ with respect to the above-named Certificates as required by a Continuing Disclosure Certificate executed on [CLOSING DATE], with respect to the above-captioned issue of Certificates. The Board of Education anticipates that the Annual Report will be filed by _____.

Date: _____ **SUTTER COUNTY BOARD OF EDUCATION**

[SAMPLE ONLY]

By: _____

NEW ISSUE – BOOK-ENTRY ONLY

Insured Rating: S&P: “___”
 Underlying Rating: S&P: “___”
 (See “RATINGS” herein)

In the opinion of Parker & Covert LLP, Sacramento, California (“Special Counsel”), under existing statutes, regulations, rulings and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, the portion of Rental Payments designated as and comprising interest received by the owners of the Certificates is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, such interest evidenced by the Certificates is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals; however, with respect to certain corporations, such interest is included in determining adjusted financial statement income in order to compute alternative minimum tax for tax years beginning after December 31, 2022. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Certificates, or the amount, accrual, or receipt of the portion of Rental Payments constituting interest. See “TAX MATTERS” herein.

[\$[PRINCIPAL AMOUNT]*
2023 CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Rental Payments to be Made by the
SUTTER COUNTY BOARD OF EDUCATION
to the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

Dated: Date of Delivery

Due: October 1, as shown on inside cover

Purpose. The captioned Certificates of Participation (the “Certificates”) are being executed and delivered to (i) provide funds to finance the construction, furnishing, and equipping of certain capital facilities for the Sutter County Board of Education (the “Board”), (ii) pay costs of executing and delivering the Certificates, (iii) fund a deposit into the Certificate Reserve Fund [which will be in the form of a municipal bond debt service reserve policy as described herein], and (iv) fund a capitalized interest fund to pay a portion of interest payments through April 1, 2026. See “ESTIMATED SOURCES AND USES OF PROCEEDS.”

Security. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2023 (the “Trust Agreement”), by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Public Property Financing Corporation of California (the “Corporation”), and the Board. The Board will lease the property described herein (the “Facilities”) to the Corporation pursuant to the Ground Lease dated as of October 1, 2023 (the “Ground Lease”) by and between the Board and the Corporation and will lease the Facilities back from the Corporation pursuant to a Facilities Lease, dated as of October 1, 2023 (the “Facilities Lease”), by and between the Corporation and the Board. The Certificates evidence direct, undivided fractional interests in Rental Payments to be made by the Board, as lessee under the Facilities Lease, for use and possession of the Facilities. The Board has covenanted to budget and appropriate Rental Payments in each fiscal year in consideration of the use and occupancy of the Facilities from any source of legally available funds, and to take such action as may be necessary to include all Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein. The Board’s obligation to make Rental Payments is subject to abatement in the event of the taking of, damage to, or loss of use and possession of the Facilities. See “SPECIAL RISK FACTORS – Abatement” herein.

Certificate Terms; Book-Entry Only. Interest with respect to the Certificates will be calculated at the rates on the inside cover page, payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2024. The Certificates will be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The Certificates will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Certificates will not receive certificates representing their interests in the Certificates. Payments of the principal of and interest represented by the Certificates will be made to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Certificates. See “THE CERTIFICATES - General” and “THE CERTIFICATES – Book-Entry Only System.”

Prepayment. The Certificates are subject to [optional prepayment, mandatory sinking fund prepayment, and special mandatory prepayment] prior to maturity under certain circumstances as described herein. See “THE CERTIFICATES – Prepayment Provisions.”

Insurance. The Board may obtain an insurance policy to insure the payment, when due, of all or part of the principal of and interest with respect to the Certificates. As of the date of this Preliminary Official Statement, the Board has not determined if such insurance would be cost effective and has not yet accepted a commitment for such insurance.]

MATURITY SCHEDULE
(See Inside Front Cover)

Cover Page. This cover page of the Official Statement contains information for quick reference only and is not a complete summary of the Certificates or the Facilities Lease. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The obligation of the Board to make Rental Payments does not constitute an obligation of the Board for which the Board is obligated to levy or pledge any form of taxation or for which the Board has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the Board to make Rental Payments constitute a debt of the Board, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The obligation of the Board to make Rental Payments is subject to the Board’s beneficial use and possession of the Facilities.

The Certificates are offered when, as and if delivered and received by the Underwriter, subject to the approval as to legality by Parker & Covert, LLP, Sacramento, California, Special Counsel to the Board, and subject to certain other conditions. Lozano Smith, LLP, Sacramento, California is acting as Disclosure Counsel to the Board. [UNDERWRITER’S COUNSEL] is acting as Underwriter’s Counsel. It is anticipated that the Certificates in book-entry form will be available for delivery to The Depository Trust Company in New York, New York on or about October ____, 2023.

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

[UNDERWRITER LOGO]

The date of this Official Statement is _____, 2023.

MATURITY SCHEDULE

**[\$[PRINCIPAL AMOUNT] *
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION**

Base CUSIP[†] 869417

\$ _____ Serial Certificates*

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
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\$ _____ * Term Certificates maturing _____ 1, 20__*, Yield __%. CUSIP[†]: __

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2023 CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter, the Board, Special Counsel, Disclosure Counsel, or the Public Finance Consultant are responsible for the selection or correctness of the CUSIP® numbers set forth above.

** Preliminary; subject to change.*

SUTTER COUNTY BOARD OF EDUCATION

June McJunkin, *President, Trustee, Area 2*
Victoria Lachance, *Vice President, Trustee, Area 5*
Gurv Pamma, *Trustee, Area 1*
Harjit Singh, *Trustee, Area 4*
Kash Gill, *Trustee, Area 3*

OFFICE OF THE SUTTER COUNTY SUPERINTENDENT OF SCHOOLS

Tom Reusser, *Sutter County Superintendent of Schools*
Ron Sherrod, *Assistant Superintendent, Business Services*
Nicolaas Hoogeveen, *Director, Internal Business Services*

PROFESSIONAL SERVICES

PUBLIC FINANCE CONSULTANT

Government Financial Services Joint Powers Authority
Sacramento, California

SPECIAL COUNSEL

Parker & Covert, LLP
Sacramento, California

DISCLOSURE COUNSEL

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UNDERWRITER'S COUNSEL

[UNDERWRITER'S COUNSEL]
[CITY, STATE]

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
[CITY, STATE]

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Board or the Underwriter.

No Offering except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Board, the Corporation or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representation must not be relied upon as having been authorized by the Board, the Corporation or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the Board and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Board in any press release and in any oral statement made with the approval of an authorized officer of the Board or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Board or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter has provided the following statement 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."

Rule 15c2-12. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Board with respect to the Certificates that has been deemed "final" by the Board as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Certificates at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Certificates to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Trust Agreement or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Certificates have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Certificates have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Board, the County, the other parties described in this Official Statement, or the condition of the property within the Board since the date of this Official Statement.

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

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[\$[PRINCIPAL AMOUNT]]*
2023 CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Rental Payments to be Made by the
SUTTER COUNTY BOARD OF EDUCATION
to the Public Property Financing Corporation of California

INTRODUCTION

This Official Statement, which includes the cover page, Table of Contents and Appendices hereto, provides certain information concerning the sale and delivery of Sutter County Board of Education 2023 Certificates of Participation, in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the “Certificates”) evidencing the direct, undivided fractional interests of the registered owners thereof (the “Owners”) in Rental Payments (as hereinafter defined) to be made by the Sutter County Board of Education (the “Board”) pursuant to a Facilities Lease, dated as of October 1, 2023 (the “Facilities Lease”), by and between the Public Property Financing Corporation of California, as lessor (the “Corporation”), and the Board, as lessee, for the use and possession of the Board-owned property, as described herein and in the Facilities Lease.*

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 Sutter County Board of Education

In California, county boards of education and county superintendents of schools are separate legal entities with separate statutory duties and responsibilities, but which together form the administrative entities known as county offices of education. The Board and Office of the Sutter County Superintendent of Schools (the “Sutter County Superintendent”) are together referred to herein as the “County Office.”

The Board is the governmental body charged with establishing education policy within Sutter County and acting upon a variety of fiscal, administrative, personnel and instruction matters.

Within this framework, the Board’s role includes adopting rules and regulations governing both the administration of the County Office’s operations and local education, reviewing and approving annual budgets and audits of the Sutter County Superintendent, and hearing and deciding various types of appeals related to local education. The Board also has the power to acquire, hold, convey, and lease real property.

* Preliminary; subject to change.

Each Board member is elected by the public for a four-year term of office and elections for the Board are held every two years.

For more information concerning the Board and the Sutter County Superintendent, including certain financial information, see “FINANCIAL AND OPERATIONAL INFORMATION” herein. The Board’s audited financial statements for the fiscal year ended June 30, 2022, are included as APPENDIX C and should be read in their entirety. The discussion of the Board’s financial history and the financial information contained herein does not purport to be complete or definitive.

The Sutter County Superintendent of Schools

As discussed above, the County Office is comprised of both the Board and the Sutter County Superintendent. The Sutter County Superintendent’s duties include the management of day-to-day operations of the County Office, fiscal and administrative oversight of all school districts within the County Office’s jurisdiction, administration of community day schools and other County Office direct educational services, implementation and enforcement of the Board’s rules and regulations countywide, development of County Office budgets, financial reports, and LCAPs for Board review and approval, among other administrative duties and roles.

The Certificates

For a description of the Certificates and their terms, see “THE CERTIFICATES” herein. The proceeds of the Certificates, net of underwriter’s discount and other delivery costs, will be used to (i) provide funds to finance the construction, furnishing, and equipping of certain capital facilities (the “Project”) for the County Office, (ii) pay the costs of executing and delivering the Certificates, (iii) fund a deposit into the Certificate Reserve Fund [which will be in the form of a municipal bond debt service reserve policy as described herein], and (iv) fund a capitalized interest fund to pay a portion of interest payments through April 1, 2026. See “ESTIMATED SOURCES AND USES OF PROCEEDS.”

Authority for Leasing and Source of Repayment for the Certificates

The Board is authorized under provisions of the Constitution and laws of the State of California to enter into lease or lease purchase agreements relating to real property and buildings, facilities, and equipment. The Board approved the Facilities Lease, the Ground Lease, and the Trust Agreement, and related documents and actions, by resolution adopted on [September 13, 2023] (the “Resolution”), which authorizes and directs the execution of the documents relating to the sale and delivery of the Certificates.

The Certificates will be executed and delivered pursuant to the Trust Agreement, dated as of October 1, 2023, by and among The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Corporation and the Board, and evidence direct, fractional undivided interests in the Rental Payments to be made by the Board under the Facilities Lease for the use of

the Facilities. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES –The Leased Property” herein.

The Board will enter into a Ground Lease, dated as of October 1, 2023 (the “Ground Lease”), pursuant to which the Board will lease the Facilities to the Corporation. The Corporation will then sublease the Facilities back to the Board pursuant to the Facilities Lease, obligating the Board to make Rental Payments (the “Rental Payments”) in consideration for the County Office’s use of the Facilities.

Pursuant to the Trust Agreement, the Corporation will assign to the Trustee, for the benefit of the Owners of the Certificates, its rights under the Facilities Lease, including (i) all its rights to receive Rental Payments from the Board under the Facilities Lease, and (ii) all its other rights under the Ground Lease and the Facilities Lease as may be necessary to enforce payment of Rental Payments when due or otherwise to protect the interests of the Owners of the Certificates.

The Board covenants under the Facilities Lease to take such action as may be necessary to include all Rental Payments due under the Facilities Lease as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

Rental Payments are subject to complete or partial 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, or delay in the construction of or failure to complete construction of that portion of the Facilities comprised of the Project, there is substantial interference with the Board’s right to use and occupy any portion of the Facilities. See “RISK FACTORS – Abatement.” Abatement of Rental Payments under the Facilities Lease, to the extent payment is not made from alternative sources as set forth below, could result in all Certificate Owners receiving less than the full amount of principal and interest evidenced by the Certificates. To the extent proceeds of insurance are available or there are amounts available in the Certificate Reserve Fund or other funds established under the Trust Agreement (as described below), Rental Payments (or a portion thereof) may be made during periods of abatement.

The obligation of the Board to make the Rental Payments does not constitute a debt of the Board, the Sutter County Superintendent, the County Office, 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 Board or the State is obligated to levy or pledge any form of taxation or for which the Board or the State has levied or pledged any form of taxation.

For a more detailed description of the security documents underlying the Certificates, See "APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

Certificate Insurance

[Concurrently with the execution and delivery of the Certificates, [INSURER] (“[____]”) will issue its Municipal Bond Insurance Policy for the Certificates (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest evidenced by the Certificates when due as set forth in the form of the Policy included as [APPENDIX G] to this Official Statement. See “CERTIFICATE INSURANCE” herein.]

Reserve Fund; Reserve Policy

[Pursuant to the Facilities Lease and the Trust Agreement, the Certificate Reserve Fund has been established and pledged for the benefit of the Certificate Owners. Upon the execution and delivery of the Certificates, a municipal bond debt service reserve insurance policy (the “Reserve Policy”), in an amount equal to the initial Reserve Requirement, issued by [INSURER], will be deposited in the Certificate Reserve Fund for the Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Certificate Reserve Fund.”]

Tax Matters

In the opinion of Special Counsel, under existing statutes, regulations, rulings and court decisions and assuming, among other things, the accuracy of certain representations and compliance with certain covenants, the portion of Rental Payments designated as and comprising interest received by the owners of the Certificates is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, such interest evidenced by the Certificates is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals; however, with respect to certain corporations, such interest is included in determining adjusted financial statement income in order to compute alternative minimum tax for tax years beginning after December 31, 2022. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Certificates, or the amount, accrual, or receipt of the portion of Rental Payments constituting interest. See “TAX MATTERS” herein.

Continuing Disclosure

The Board will covenant for the benefit of the holders and Owners of the Certificates to provide certain financial information and operating data relating to the County Office (the “Annual Report”) by not later than nine and one half months following the end of the Board’s fiscal year, commencing with the report for the fiscal year ending June 30, 2023, which is due no later than April 15, 2024, and to provide notices of the occurrence of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” and Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., will act as Trustee with respect to the Certificates. The Certificates will be delivered subject to the approval as to their legality by Parker & Covert, LLP, Sacramento, California, acting as Special Counsel. Lozano Smith, LLP, Sacramento, California, is acting as Disclosure Counsel with respect to the Certificates. [UNDERWRITER'S COUNSEL], _____, _____, is acting as counsel to the Underwriter. Government Financial Services Joint Powers Authority, Sacramento, California, a municipal entity (as defined under the Securities Exchange Act of 1934), is serving as Public Finance Consultant to the Board in connection with the execution and delivery of the Certificates.

Certificate Owners' Risks

Certain events and conditions, should they occur or arise, could affect the ability of the Board to make the Rental Payments when due. See "SPECIAL RISK FACTORS" herein, for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of the Facilities Lease, the Ground Lease, the Trust Agreement, the Continuing Disclosure Certificate, and information concerning the Certificates are available upon request by contacting the Sutter County Superintendent of Schools, 970 Klamath Lane, Yuba City, CA 95993, telephone: (530) 822-2900 or by contacting the Public Finance Consultant, 9800 Old Placerville Road, Suite 300, Sacramento, CA, telephone: (916) 444-5100. The Board may impose a charge for copying, mailing and handling.

This Official Statement contains brief descriptions of, among other things, the Board, Sutter County Superintendent, the County Office, the Corporation, the Certificates, the Trust Agreement, the Facilities Lease, the Ground Lease, and certain other matters relating to the security for the Certificates. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents and agreements are qualified in their entirety by reference to such documents, and agreements and references herein to the Certificates are qualified in their entirety by reference to the form thereof included in the Trust Agreement. Copies of such documents will be available for inspection at the principal office of the Trustee after delivery of the Certificates. Capitalized terms used but not otherwise defined herein will have the meanings assigned thereto in the Trust Agreement or the Facilities Lease.

The sale and delivery of the Certificates to potential investors is made only by means of the Official Statement.

THE CERTIFICATES

General

The Certificates will be executed and delivered in the aggregate principal amount of \$[PRINCIPAL AMOUNT]*. The Certificates will be dated the date of execution and original delivery thereof and will mature on the dates set forth on the inside cover page of this Official Statement. The Certificates will be executed and delivered in fully registered form, without coupons, in denominations of \$5,000 principal amount or any integral multiple thereof.

The Certificates evidence and represent direct, fractional undivided interest of the Owners thereof in the principal and interest components of Rental Payments to be made by the Board pursuant to the Facilities Lease.

Payment of Principal and Interest

Interest with respect to the Certificates will be computed on the basis of a 360-day year comprised of twelve, 30-day months, due and payable semiannually April 1 and October 1 of each year, commencing October 1, 2024 (each an "Interest Payment Date"), to an including their respective maturity dates (each a "Principal Payment Date") or prior prepayment date, at the interest rates set forth on the inside cover page of this Official Statement. Interest with respect to each Certificate will run from the dated date of such Certificate, so long as the Certificate is executed on or before the 15th day preceding the first Interest Payment Date.

Payments of both principal and interest with respect to the Certificates are payable in lawful money of the United States of America by check mailed to the Owners of record at the address shown on the Certificate registration books maintained by the Trustee for such purpose.

Owners of Certificates in an aggregate principal amount of \$1,000,000 or more may, by providing written request to the Trustee, receive interest with respect to the Certificates by wire transfer to a bank account within the United States that is on record with the Trustee as of the close of business on the 15th day preceding an Interest Payment Date (the "Record Date"). Note, however, that so long as the Certificates are subject to the Book-Entry System, payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its DTC Participants for subsequent disbursement to Beneficial Owners of the Certificates. See "DTC and the Book-Entry Only System" below.

Prepayment Provisions

The Certificates maturing on or before October 1, 2032, are not subject to optional prepayment. The Certificates maturing on or after October 1, 2033, are subject to optional prepayment, prior to their respective stated maturity dates on any date on or after October 1, 2032, at the option of the

* Preliminary; subject to change.

Board, from any source of available funds, in whole or in part, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

Mandatory Prepayment from Net Proceeds of Insurance or Condemnation. The Certificates are subject to mandatory prepayment, in whole or in part, on any business day, in inverse order of maturity and by lot within a maturity, from certain proceeds of insurance or eminent domain proceedings (collectively, the “Net Proceeds”) credited towards the prepayment of the Rental Payments under the Facilities Lease and the Trust Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

Prepayments from Net Proceeds and the resulting redemption of Certificates that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Certificates.

Mandatory Sinking Fund Prepayment. The Certificates maturing on October 1, 20__, are subject to mandatory sinking fund prepayment on October 1 in each year as shown in the following tables, by lot, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date of prepayment, without premium, from the principal component of the Rental Payments to be paid by the Board pursuant to the Facilities Lease with respect to each such prepayment date as follows:

Prepayment Date (October 1)	Principal Amount of Certificate to be Prepaid
20__	
20__	
20__ [†]	

[†] Maturity.

Selection of Certificates for Prepayment. Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee will select Certificates maturing in the years selected by the Board, and if less than all Certificates of an individual maturity are prepaid, will select Certificates to be prepaid by lot within such maturity. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid.

Notice of Prepayment. When optional prepayment is authorized pursuant to the Trust Agreement, the Trustee will give notice of the prepayment of the Certificates. Such notice must state (i) the date of such notice, (ii) the date of issue of the Certificates, (iii) the prepayment date, (iv) the prepayment price, (v) the place or places of prepayment, (vi) the CUSIP number (if any) of the maturity or maturities to be prepaid, and, if less than all of any such maturity, the distinctive certificate numbers of the Certificates of such maturity to be redeemed, and (vii) in the

case of Certificates to be prepaid in part only, the respective portions of the principal amount represented thereby to be prepaid.

Each notice of redemption will either (a) explicitly state that the proposed prepayment is conditioned on there being on deposit with the Trustee on the prepayment date sufficient money to pay in full the prepayment price of the Certificates or portions thereof to be prepaid, or (b) be sent only if sufficient money to pay in full the prepayment price of the Certificates or portions thereof to be prepayment is on deposit with the Trustee. The Board has the right to rescind any conditional notice of the optional prepayment of Certificates by written notice to the Trustee on or prior to the date fixed for prepayment. Any conditional notice of prepayment shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment. The Board and the Trustee have no liability to the Certificate owners or any other party related to or arising from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent under the Trust Agreement.

Each notice shall also state that on the prepayment date there will become due and payable on each of the Certificates to be prepaid the prepayment price thereof or of said specified portion of the principal amount represented thereby in the case of a Certificate to be prepaid in part only, together with interest represented thereby accrued to the date fixed for prepayment, and that from and after such prepayment date interest represented thereby shall cease to accrue, and shall require that such Certificates be then surrendered at the address of the Trustee specified in the notice of prepayment.

The Trustee will give notice of prepayment to the respective Owners of Certificates designated for prepayment by first-class mail, postage prepaid, at their respective addresses appearing on the registration books maintained by the Trustee as of the close of business on the day before such notice of prepayment is sent, which shall be at least 30 days but not more than 60 days prior to the date set for prepayment. Neither the failure to receive any such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

So long as DTC is the registered Owner of the Certificates, all such notices will be provided to DTC as the Owner, without respect to the beneficial ownership of the Certificates.

Effect of Prepayment. When notice of prepayment has been duly given as provided in the Trust Agreement and moneys for the payment of the prepayment price of the Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice, the Certificates so called for prepayment will become payable at the prepayment price specified in such notice; and from and after the date so designated, interest evidenced by such Certificates will cease to accrue and such Certificates will cease to be entitled to any benefit or security under the Trust Agreement except for the right of the Owners of such Certificates to receive payment of the prepayment price thereof.

Book-Entry Only System

The following information has been provided by DTC for use in securities offering documents, and none of the Board, the Sutter County Superintendent, the County Office, the Corporation or the Underwriter takes any responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Certificate will be issued for each stated Principal Payment Date of the Certificates, each in the aggregate amount of the principal evidenced by Certificates with such stated Principal Payment Date, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market investments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Prepayment notices will be sent to DTC. If less than all of the Certificates with a particular stated Principal Payment Date are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Certificates to be prepaid.

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

Payments of principal, premium, if any, interest and other payments evidenced by the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary

practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, interest and other payments evidenced by the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, and disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

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

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

Discontinuance of DTC Service. In the event that (a) DTC determines not to continue to act as securities depository for the Certificates or (b) the Board determines to remove DTC from its functions as a depository, DTC's role as securities depository for the Certificates and use of the book-entry system will be discontinued. If the Board fails to select a qualified securities depository to replace DTC, the Board will cause the Trustee to execute and deliver new Certificates in fully registered form in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested by the Beneficial Owners thereof. Upon such registration, such persons in whose names the Certificates are registered will become the registered Owners of the Certificates for all purposes.

Exchange and Transfer. The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. **While the Certificates are subject to DTC's book-entry system, their exchange and transfer will occur through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.**

All Certificates are transferable by the Owner thereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee on the registration books maintained by the Trustee pursuant to the provisions of the Trust Agreement, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not the principal or interest evidenced by such Certificate is overdue, and the Trustee will not be affected

by any knowledge or notice to the contrary; and payment of the interest and principal evidenced by such Certificate will be made only to such Owner, which payments will be valid and effectual to satisfy and discharge the liability evidenced by such Certificate to the extent of the sum or sums so paid.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee will execute and deliver a new Certificate or Certificates evidencing principal in the same aggregate amount and having the same stated Principal Payment Date. The Trustee will require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Certificates may be exchanged at the principal corporate trust office of the Trustee for Certificates evidencing principal in a like aggregate amount having the same stated Principal Payment Date in such Authorized Denominations as the Owner may request. The Trustee will require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be required to transfer or exchange any Certificate during the period commencing five days before the date of selection of the Certificates for prepayment and ending on the date of mailing notice of such prepayment, nor will the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Neither the Certificates nor the obligation of the Board to make Rental Payments constitutes an obligation of the Board for which the Board is obligated to levy or pledge, or for which the Board has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the Board to make Rental Payments constitutes a debt of the Board, the State of California or any of their respective political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation.

Nature of the Certificates

Each Certificate represents a proportionate interest in the Rental Payments to be made by the Board to the Corporation. The Corporation, pursuant to the Trust Agreement, will assign its rights under the Facilities Lease to the Trustee for the benefit of the Owners, including its right to receive Rental Payments thereunder and its right to exercise such rights and remedies as may be necessary to enforce Rental Payments when due or otherwise to protect its interests should an Event of a Default occur. Principal and interest with respect to the Certificates when due will be made from Rental Payments payable by the Board for the use and occupancy of the Facilities, from money in the Certificate Reserve Fund, or from Net Proceeds of any rental interruption insurance or other applicable insurance award pertaining to the Facilities to the extent that such Net Proceeds are not used for repair or replacement.

The Board has covenanted under the Facilities Lease to take such action as may be necessary to include all Rental Payments and any Additional Payments due under the Facilities Lease in its annual budget and to make the necessary annual appropriations therefor. The Facilities Lease requires that the Board furnish annually to the Trustee a certificate stating that all Rental Payments and Additional Payments for the applicable fiscal year have been included in its annual budget. Such covenants are deemed in the Facilities Lease to be duties imposed by law and the ministerial duty of each and every public official of the Board.

The amounts payable to the Trustee under the Facilities Lease will be deposited by the Trustee into a trust fund established and maintained by the Trustee pursuant to the Trust Agreement, designated as the "Certificate Fund," and used to make the punctual payment of the principal and interest with respect to the Certificates. Under California law, even though the Facilities Lease becomes effective as of the date of the Certificates, the obligation of the Board to make Rental Payments (other than to the extent that funds to make Rental Payments are available in the Certificate Fund and the Certificate Reserve Fund) may be abated in whole or in part if the Board does not have use and possession of all or a portion of the Facilities.

In the event the Rental Payments are abated because the Board does not have use and possession of all or a portion of the Facilities, the Rental Payments will be payable solely from any moneys deposited in the Certificate Reserve Fund or the Certificate Fund, or from Net Proceeds of certain insurance awards. See "APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—FACILITIES LEASE—Abatement of Rental" herein. If the Rental Payments remain abated and the rental interruption insurance expires and the Certificate Reserve Fund is depleted, the diminished Rental Payments, if any, may not be sufficient to pay the principal and interest with respect to the Certificates when due. See "SPECIAL RISK FACTORS –Abatement" herein. The failure to make such payments of principal and interest with respect to the Certificates due to such abatement does not constitute an Event of Default as defined within the Trust Agreement or the Facilities Lease.

Pledge of Funds Held by Trustee; Repayment Plan

Pursuant to the Trust Agreement, all amounts held by the Trustee in any fund or account established thereunder (including any proceeds of the Certificates initially deposited in the Certificate Fund to be applied to Rental Payments as capitalized interest), are pledged to secure the payment of principal and interest represented by the Certificates. Said pledge is valid and binding from and after the delivery of the Certificates by the Trustee, and shall remain irrevocable until all of the Certificates are no longer outstanding.

The Rental Payments are payable from any source of legally available funds from within the unrestricted moneys of the County School Service Fund, which is the Board's general fund (the "General Fund") (see "SPECIAL RISK FACTORS—Payments Not Debt of the Board" herein). Although not pledged for repayment, the Board intends on utilizing revenues generated by the Facilities (see "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES —The Leased Property" and "ESTIMATED SOURCES AND USES OF PROCEEDS —The Project"), consisting predominantly of tuition and student fees, and other increased revenues generated as a result of the Facilities, as sources of payment for a portion of the annual budget obligation used to make Rental Payments. From and after the Project is constructed, the Board expects the revenue generated by the Project to increase as the programs to be housed at the Project are expanded and the tuition fee structure is realized and increased for various career training programs. Revenues received from the Facilities may be insufficient to make principal and interest payments on the Certificates, and the Board intends to cover any difference from the General Fund.

Schedule of Rental Payments

Rental Payments are required to be made by the Board under the Facilities Lease on or before March 15 and September 15 of each year the Certificates are outstanding, commencing on September 15, 2024, for the use and possession of the Facilities. Such payments, when made, shall be deposited by the Trustee in the Certificate Fund and held for the benefit of the Owners. On each Interest Payment date, the Trustee will withdraw from the Certificate Fund the aggregate amount necessary to make annual principal and semiannual interest payments with respect to the Certificates. The table below shows the semi-annual debt service payments on the Certificates, assuming no optional prepayment or mandatory prepayment from net proceeds of insurance or condemnation.

TABLE 1
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION
Semi-Annual Debt Service Schedule

Interest Payment Date	Principal Component	Interest Component	Semi-Annual Payment Schedule	Fiscal Year Payment Schedule
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Total

Certificate Reserve Fund

The Trust Agreement provides that a Certificate Reserve Fund be funded in an amount equal to (as of the date of calculation) the least of (i) maximum annual Rental Payments on all Certificates then outstanding, (ii) 125% of average annual Rental Payments on all Certificates then outstanding, and (iii) 10% of the original aggregate principal amount of the Certificates (the "Reserve Requirement"). [The Certificate Reserve Fund will be initially funded from proceeds of the sale of the Certificates or cash deposited by the Board or, in lieu thereof, by providing a surety bond in the amount required thereunder in favor of the Trustee.] In the event of insufficient funds in the Certificate Fund from which to make principal and/or interest payments to the Owners of the Certificates as due on an Interest Payment Date, the Trustee will draw first on the Certificate Reserve Fund, to the extent available therefrom, to obtain sufficient funds to pay principal and/or interest as due to the Owners of the Certificates.

So long as any of the Certificates are outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof will be applied to the prepayment of Rental Payments. Any such award made after all of the Certificates have been fully paid and retired will be paid to the Board. If the whole of the Facilities, or so much thereof as to render the remainder unusable for the purposes for which it was used by the Board, will be taken under the power of eminent domain, the term of the Facilities Lease will cease as of the day that possession shall be so taken. If the award on a partial or complete taking, together with other funds available therefor, is insufficient to prepay all of the Outstanding Certificates, the Board will use all reasonable efforts to appeal such award to obtain an award that will be sufficient in amount to prepay the Certificates in full for a complete taking, or, in the event of a partial taking, an amount sufficient such that remaining Rental Payments will be sufficient to pay the remaining outstanding Certificates. If less than the whole of the Facilities shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the Board at the time of such taking, then the Facilities Lease will 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 will be a partial abatement as provided in the Facilities Lease.

[Reserve Policy]

[TBD]

[The Reserve Requirement will initially be satisfied by the Reserve Policy. The premium on the Reserve Policy will be fully paid at time of the execution and delivery of the Certificates. The Reserve Insurer has made a commitment to issue a Reserve Policy for the reserve fund with respect to the Certificates, effective as of the date of execution and delivery of such Certificates. Under the terms of the Reserve Policy, the Reserve Insurer will, subject to the Policy Limits described below, unconditionally and irrevocably guarantee to pay that portion of the scheduled principal of and interest on the Certificates that becomes due for payment but shall be unpaid by reason of nonpayment by the Board (the "Insured Payments"). No payment will be made under the Reserve Policy in excess of the Reserve Requirement.]

Pursuant to the terms of the Reserve Policy, the amount available at any particular time to be paid to the Trustee shall automatically be reduced to the extent of any payment made by the Reserve Insurer under the Reserve Policy, provided that, to the extent of the reimbursement of such payment by the Board to the Reserve Insurer, the amount available under the Reserve Policy shall be reinstated in full or in part, in an amount not to exceed the limit available under the Reserve Policy, as described above.

The Reserve Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee.

The Leased Property

Pursuant to the Ground Lease, the Board is leasing the Facilities to the Corporation and leasing the Facilities back from the Corporation pursuant to the Facilities Lease. The Facilities consist of land and improvements as described in the Facilities Lease, currently comprised of (i) the Feather River Academy campus located at 1895 Lassen Boulevard Yuba City, California; (ii) the Sutter County Superintendent's main administration building located at 970 Klamath Lane, Yuba City, California; and (iii) the Project (defined herein).

Since 1989, Feather River Academy serves 7th-12th grade students who have been expelled by their local school districts, referred by the probation department, or referred by the School Attendance Review Board, as required by California law which stipulates that there must be a countywide plan for providing education for expelled youth. This community school program also serves students who are homeless or voluntarily referred by parents. The Feather River Academy's program offers both in-class and independent study options. Feather River Academy offers the only program available for expelled youths on probation in all 12 school districts within its jurisdiction. The main building, multi-purpose room and classrooms (totaling approximately 25,300 square feet) were constructed in 2005. The improvements have a total insurance (replacement) value of \$7,005,000, without regard to the land value.

The Sutter County Superintendent's main administration site consists of nine separate structures, including the main building and portable classrooms (totaling approximately 25,400 square feet) with a total insurance (replacement) value of \$5,357,800, without regard to the land value. The main building was constructed in 2001, and the portable structures were added to the site between 1989 through 2004.

The Project being funded with proceeds of the Certificates is also included in the property comprising the Facilities subject to the Ground Lease and Facilities Lease. For a description of the Project, see "ESTIMATED SOURCES AND USES OF FUNDS –The Project" below.

The Board is the owner in fee of the real property on which the Facilities are located. During the period the Certificates are outstanding, the Board will retain title to the Facilities and all structural additions thereto and the Corporation will have a leasehold estate in the Facilities.

Under the Ground Lease and Facilities Lease, the Board may supplement the Facilities identified above with, and/or substitute, other suitable Board-owned property in place of the identified property. See discussion of the Facilities Lease and the Ground Lease in Appendix A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Property and Title Insurance

Pursuant to the Facilities Lease, the Board will obtain a CLTA leasehold title insurance policy with respect to the Facilities in an amount equal to the initial aggregate principal amount of the Certificates.

The Facilities Lease also requires that the Board maintain rental abatement insurance to insure against loss of Rental Payments from the Facilities in an amount not less than the maximum remaining scheduled Rental Payments in any two consecutive fiscal years during the remaining term of the Facilities Lease. The Board is obligated to obtain a standard comprehensive general public liability and property damage insurance policy or policies and workers’ compensation insurance. The Board is also obligated to procure and maintain casualty insurance providing coverage against loss or damage to the Facilities. See Appendix A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Facilities Lease.”

The Facilities Lease requires the Board to apply the Net Proceeds of any applicable insurance award either to replace or repair the Facilities, make Rental Payments when due and payable, or to prepay Certificates if certain certifications with respect to the adequacy of the Net Proceeds to make repairs, and the timing thereof, cannot be made. The amount of Rental Payments will be abated and Rental Payments due under the Facilities Lease may be reduced during any period in which material damage or destruction to all or part of the Facilities substantially interferes with the Board’s use and possession thereof. See “SPECIAL RISK FACTORS - Abatement” and “Absence of Earthquake Insurance” herein.

ESTIMATED SOURCES AND USES OF PROCEEDS

The estimated sources and uses of proceeds to be received from the sale of the Certificates are as follows:

TABLE 2
SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION
Estimated Sources and Uses of Proceeds

Sources of Funds

Principal Amount of Certificates	\$
Plus/Less Original Issue Premium/Discount	_____
Total	

Uses of Funds

Project Fund	\$
Certificate Fund (Capitalized Interest)	
Costs of Issuance ⁽¹⁾	
Underwriter's Discount	_____
Total	\$

(1) Includes Public Finance Consultant fees, legal fees, printing fees, title insurance, rating agency fees, Trustee fees, [Certificate Insurance premium, Reserve Fund Surety premium], and other miscellaneous costs of issuance.

The Project

The net proceeds of the Certificates shall be used by the Board to finance (in part) the construction, furnishing and equipping of capital facilities (referred to herein as the "Project"). More particularly, the majority of the Project consists of the construction of a new Sutter County Career Training and Conference Center to house various career training programs and job placement activities, currently housed in various leased facilities, in one location. The new Career Training and Conference Center will be an advanced, sustainable, energy-efficient, and adaptable two-story building, approximately 36,000 square feet, housing multiple programs and departments including (but not limited to):

- Sutter County 1 STOP – Since 1982, the One Stop serves as the local workforce development agency assisting Sutter County resident with career exploration, employment preparation, skills upgrade/vocational training and job placement.
- Sutter County Adult Education offices – Provides an opportunity for students to complete their high school diploma; prepare for the high school equivalency exam; improve their

English; increase their reading or math skills or enhance their employment skills. SCAE has been providing services to adult students since 1993.

- Tri-County Regional Occupation Program offices – Began in 1973 and continues to serve high school students located in Sutter, Yuba and Colusa Counties. Tri-County ROP supports students in Dental Assisting, Public Safety, Medical Pathways, Automotive, Culinary, Agriculture and Work Based Learning experiences.
- North Central Adult Education Consortium offices – The role of the consortium is to provide support, direction, and implementation of the AB 104 monies that are distributed to consortia in California. Has served adult education programs across Sutter, Yolo, Colusa, Yuba, and Lake Counties since 2017.
- Sutter County Curriculum, Instruction & Accountability – As a core competency and function of the County Office, provides support to districts and charters with state and federal accountability and program implementation through professional development, technical assistance, sharing of resources, and as a liaison between the LEA and the CDE.
- Sutter County Career Training Center – Is an accredited institution through the ACCSC that currently offers programs in Medical Assisting and Cosmetology. The SCCTC was formed after the purchase of the Cambridge Junior College in 2021.
- Program classrooms and conference rooms – To accommodate the various instructional component of the programs above.
- Community Conference Room – To serve as a resource for large meetings that can accommodate the need of various local and non-local organizations and LEA's.

CERTIFICATE INSURANCE

[TBD]

SPECIAL RISK FACTORS

The following factors, together with all other information provided in this Official Statement, should be considered by potential investors in evaluating the purchase of the Certificates. The discussion below does not purport to be and should not be construed as, complete or a summary of all factors that may affect the financial condition of the Board, the Board's ability to make Rental Payments in the future, the effectiveness of any remedies that the Trustee may have, or the circumstances under which Rental Payments may be abated.

No representation is made as to the future financial condition of the Board. Payment of the Rental Payments is a general fund obligation of the Board and the ability of the Board to make Rental Payments may be adversely affected by its financial condition as of any particular time.

Payments Not Debt of the Board

The obligation of the Board to make the Rental Payments does not constitute a debt of the Board or of the State or of any of their respective political subdivisions within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the Board or the State is obligated to levy or pledge any form of taxation or for which the Board or the State has levied or pledged any form of taxation.

The Board is obligated under the Facilities Lease to pay Rental Payments from any source of legally available funds (subject to the exceptions under which the Rental Payments may be abated; see "SPECIAL RISK FACTORS – Abatement" below) from within the unrestricted moneys of the General Fund, which fund finances the legally authorized activities of the Board not provided for by other funds of the Board that are restricted to the specific purposes for which those moneys were received. The Board has covenanted in the Facilities Lease that, for as long as the Facilities are available for its use, it will make the necessary annual appropriations within its budget for all Rental Payments. The Board is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Rental Payments.

Abatement

The obligation of the Board under the Facilities Lease to pay Rental Payments is in consideration for the use and possession of the Facilities.

The amount of Rental Payments (as well as Additional Payments) due under the Facilities Lease will be adjusted or abated during any period in which by reason of damage, destruction, taking by eminent domain or condemnation, delay in the construction of or failure to complete construction of that portion of the Facilities comprised of the Project, or other events or conditions, there is substantial interference with the use and possession of any portion of the Facilities. Such adjustment or abatement will end with the substantial completion of replacement, repair, or reconstruction of the Facilities such that use and occupancy is restored to the Board. If abatement occurs, the amount of abatement will be such that the resulting Rental Payments and Additional Payments represent fair consideration for use and occupancy of that portion of the Facilities that is available for use and occupancy. During abatement, available moneys on deposit in the Certificate Fund, Certificate Reserve Fund, and other special sources of money, including without limitation, proceeds of rental interruption insurance, shall be applied to pay the Rental Payments and Additional Payments, as applicable.

If damage or destruction to the Facilities results in abatement or adjustment of Rental Payments and the resulting Rental Payments, together with moneys in the Certificate Fund, Certificate

Reserve Fund, or other special sources of money, including without limitation, proceeds of rental interruption insurance, are insufficient to make all payments of principal and interest due with respect to the Certificates during the period that the Facilities is being replaced, repaired or reconstructed, then such payments of principal and interest may not be made, and the only remedy available to the Trustee or Owners will be the proceeds from rental interruption insurance. Such insurance is required to provide coverage of Rental Payments for up to two years during this period.

Notwithstanding the foregoing provisions of the Facilities Lease and the Trust Agreement specifying the extent of abatement in the event of the Board's failure to have use and possession of the Facilities, such provisions may be superseded by operation of law and, in such event, the resulting Rental Payments may not be sufficient to pay all of that portion of the remaining principal and interest with respect to the Outstanding Certificates. Failure to make such payments under such circumstances is not a default under the Certificates, the Facilities Lease or the Trust Agreement, as the Certificates will continue in effect, but payments as to principal and interest with respect to the Certificates will only be made as the use and occupancy of the Facilities by the Board is restored such that the Board may legally begin paying Rental Payments again for the use and occupancy of the Facilities. If rent is abated, the term of the Facilities Lease will be extended for a period equal to the period of such abatement, up to 10 years.

(see "SPECIAL RISK FACTORS—Absence of Earthquake Insurance" below for a discussion of potentially hazardous risks to the Facilities).

Absence of Earthquake Insurance

Much of California is seismically active, with numerous faults that could be earthquake sources. The Board is obligated under the Facilities Lease to procure and maintain, or cause to be procured and maintained, casualty insurance on the Facilities, which would include loss or damage due to earthquakes only if available at a reasonable cost from reputable insurers in the reasonable opinion of the Board. The Board does not presently have earthquake insurance, and does not expect to be able to obtain such insurance at a reasonable cost. Thus, if seismic activity caused significant damage to the Facilities, the value of such property could be adversely affected. The Board would, however, promptly apply for Federal or State disaster aid in the event that the Facilities are damaged or destroyed as a result of an earthquake. Any money 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 Board, to prepay all Outstanding Certificates if such use of such disaster aid is permitted. See "THE CERTIFICATES—Redemption Provisions" herein. The Board is not able to predict whether or to what extent these results might occur. See also "SPECIAL RISK FACTORS – Risk of Natural Disaster" herein.

All school buildings in California are required to be constructed pursuant to the "Field Act," California State Building Code, Title 24. The Field Act requires substantially higher construction standards for public schools 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 Facilities.

Addition and/or Substitution of Facilities

The Facilities Lease provides that, upon the satisfaction of certain conditions specified therein, the Board may add and/or substitute other public facilities or real property for all or any portion of the Facilities. The Facilities Lease requires that any property that will comprise the Facilities after such an addition and/or substitution must have a useful life and fair rental value at least equal to the useful life and fair rental value of the Facilities at the time of addition and/or substitution. Such an addition and/or replacement could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Rental Payments were to occur subsequent to such addition and/or substitution.

Leased Property Value; New Construction Risk

The Board has estimated the value of the existing improvements included in the Facilities, not including the value of the Project. (See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES –The Leased Property” herein.) The estimate makes certain assumptions which could affect the estimate of property value. If any of these assumptions are proven incorrect, there could be a negative impact on value.

The Project to be constructed with proceeds of the Certificates will be a component of the Facilities, once constructed. (See “ESTIMATED SOURCES AND USES OF PROCEEDS —The Project” herein.) The Rental Payments to be made between the execution and delivery of the Certificates and the anticipated completion of the Project, are partially sourced from the initial deposit of Certificate proceeds with the Trustee (representing capitalized interest), such that the remaining portion of such payments sourced from available funds of the Board, are sized according to the fair rental value of the completed facilities. There can be no assurance that the construction of the Project will be substantially completed within the estimated budget or by the estimated completion date, as many factors can affect either the Project budget or timely completion, or both. In the event construction of the Project is delayed, or is not completed due to unforeseen circumstances, the Board’s obligation to make remaining Rental Payments in exchange for beneficial use and occupancy of the Facilities would be reduced under the abatement clause of the Facilities Lease. (See “Abatement” above.) Any shortfall in Rental Payments caused by such abatement would be covered first from funds held by the Trustee, [and including from proceeds of Certificate Insurance under the Policy issued by ____].

The estimates as to values are merely the opinions of the Board as of the date the Facilities were last insured. The Board has not sought the present opinion of any other appraiser. A different present opinion of such value might be rendered by an appraiser.

The Board’s fee estate will not be assigned to the Trustee, rather, the rights of the Corporation under the Facilities Lease, which is for a limited term, will be assigned to the Trustee for the

benefit of the Owners of the Certificates. (See Appendix A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.) Thus, the value of the real property constituting the Facilities and the buildings and improvements thereon are not necessarily an accurate measure of the value of the interest in the Facilities Lease assigned to the Trustee.

Risks Related to Bond Insurance

[IF INSURED, AND DEPENDING ON INSURER’S REQUESTED LANGUAGE]

In the event of default in the payment of principal or interest with respect to the Certificates when due, the Owners will have a claim under the Policy obtained in connection with the Certificates. In the event that [INSURER] becomes obligated to make payments with respect to the Certificates, no assurance be given that such event will not adversely affect the market for the Certificates. In the event that [INSURER] is unable to make payments of principal or interest with respect to the Certificates when due under the Policy, the Certificates will be payable solely as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” herein.

Neither the Board nor the Underwriter will make an independent investigation of the claims paying ability of [INSURER], and no assurance or representation regarding the financial strength or projected financial strength thereof is being made by the Board or the Underwriter in this Official Statement.

No Acceleration Upon Default

In an Event of Default, as defined under the Facilities Lease (see " Appendix A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—FACILITIES LEASE—[No Acceleration]" herein), there is no available remedy of acceleration of the total Rental Payments due over the term of the Facilities Lease. The Board will only be liable for Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment each year for that year's Rental Payments. Any such suit for money damages would be subject to limitations on legal remedies against public agencies in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Enforcement of Remedies

The enforcement of any remedies provided in the Facilities Lease (see "Appendix A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—FACILITIES LEASE—[Remedies on Default]" herein) and the Trust Agreement (see "Appendix A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—TRUST AGREEMENT—[Events of Default and Remedies of Owners]" herein) could prove both expensive and time consuming. In addition to the limitation on remedies contained in the Facilities Lease and the Trust Agreement, the rights and remedies provided in the Facilities Lease 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. The legal opinion to be delivered concurrently with the delivery of the Certificates will be qualified, as to the enforceability of the Trust Agreement, the Facilities Lease, and other related documents, by bankruptcy,

reorganization, moratorium, insolvency or other similar laws affecting the enforcement of creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against public agencies in the State of California.

The enforceability of the rights and remedies of the Owners of the Certificates, and the obligations incurred by the Board, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Loss of Tax Exemption

The Board has covenanted to comply with restrictions under the Internal Revenue Code of 1986, as amended (the "Code") (relating to use of Certificate proceeds, Certificate Reserve Fund funding requirements, investment yield limitations, rebate requirements, federal guarantee prohibitions and registration requirements) so that interest paid with respect to the Certificates is excludable from gross income for federal income tax purposes. However, in the event the Board fails to comply with any of these covenants, interest paid with respect to the Certificates would be includable in gross income for federal income tax purposes, possibly retroactive to the date of Certificate delivery.

The United States may enact legislation, including some that carry retroactive effective dates, that, if enacted, could alter or amend the Code or affect the market value of the Certificates. It cannot be predicted whether or in what form any such legislation might be enacted or whether, if enacted, it would apply to tax-exempt municipal securities issued prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Special Counsel expresses no opinion regarding any pending, proposed, or future federal tax legislation.

Natural Disaster

The value of the Facilities in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements on the Facilities and the continued habitability and enjoyment of such improvements. The areas in and surrounding the Board, like those in much of California, may be subject to unpredictable seismic activity. Other natural disasters could include, without limitation, landslides, floods,

fires, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to property of varying seriousness. 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 Board's rental interruption insurance will be available in lieu of Rental Payments, plus the period for which funds are available from the Certificate Reserve Fund or 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 Certificates, there could be insufficient funds to make payments to Owners in full.

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Rental Payments by the Board, or with respect to the performance by the Board of other agreements and covenants required to be performed by it contained in the Facilities Lease 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.

Cyber Security Risk

The Board, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Board is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Board's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The County Office has never had a major cyber breach that resulted in a material financial loss. The Board currently maintains insurance coverage for cyber security losses resulting from any successful breach.

No assurance can be given that the Board's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the Board. The Board is also reliant on other entities and service providers, such as the County Treasurer for investment of funds, and the Trustee in its role as Trustee.

Economic Conditions in California

The State of California, upon which the Board relies for a substantial portion of its revenues, has experienced budget shortfalls in prior fiscal years. See "FINANCIAL AND OPERATIONAL INFORMATION – State Funding of Education in General" and " – State Budgets," herein. Decreases in State revenues may significantly affect appropriations made by the State to educational agencies such as the Board, and the timing of payment by the State may depend upon the ability of the State to access the credit markets with respect to its own cash flow borrowings.

In the event that State monies are not available to meet obligations in a timely manner, education funding along with certain other services, are given priority under the State Constitution. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY OFFICE OF EDUCATION REVENUE AND APPROPRIATIONS.”

THE CORPORATION

The Public Property Financing Corporation of California, a nonprofit public benefit corporation, was incorporated pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). The Corporation was established in order to facilitate and assist California public educational agencies, such as the County Office, and other public entities in financing their capital projects and equipment needs. The Corporation’s principal place of business is located at 2945 Townsgate Road, Suite 200, Westlake Village, California 91361.

FINANCIAL AND OPERATIONAL INFORMATION

The following selected information provides a brief overview of the finances of the County Office, which is comprised of the office of the Sutter County Superintendent of Schools, and the Sutter County Board of Education. This financial information has been extracted from the County Office’s Audit Report and, in some cases, from unaudited information provided by the Sutter County Superintendent’s Business office. See “Appendix C – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022.”

General Information and Administration

The office of the Sutter County Superintendent and the Board together make up the governmental body charged with establishing educational policy within Sutter County. Within the jurisdiction of the County Office are eight elementary school districts, two unified school districts, and two high school districts. The County Office acts upon a variety of fiscal, administrative, personnel and instructional matters, and also serves as an intermediary between the school districts in Sutter County and the California Department of Education. For the school districts under its jurisdiction, the County Office provides educational assistance such as curriculum development and coordination, audio-visual aids and library facilities, in addition to establishing schools of special education. The County Office also provides administrative and budgetary development, improvements to instructional programs, coordination of inter-district activities and performs other services as needed to improve the quality of education throughout Sutter County. The Sutter County Superintendent supervises the activities and financial affairs of each school district providing public education within Sutter County to assure, among other matters, that requirements of the State Education Code are met.

The County Board of Education. The Board governs all activities related to public education within the jurisdiction of the Sutter County Superintendent. The Board receives funding from local, State, and federal government sources and must comply with the respective requirements

of these funding source entities. The Board consists of five members, each elected by the public and representing separate “Trustee Areas” within its jurisdictional boundaries. Elections for the Board are held every two years. Each Board member is elected for a four-year term of office. Terms are staggered so that at any election either two or three seats, respectively, are up for election.

The current members of the Board and their terms are set forth in the following table.

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
June McJunkin	President, Trustee Area 2	2024
Victoria Lachance	Vice President, Trustee Area 5	2024
Gurv Pamma	Trustee Area 1	2024
Harjit Singh	Trustee Area 4	2026
Kash Gill	Trustee Area 3	2026

Superintendent of Schools and Administrative Personnel. The Sutter County Superintendent is elected by the voters of the County and works in collaboration with the Board. The Sutter County Superintendent responsible for management of the County Office’s day-to-day operations and supervises the work of other key administrators. Information concerning the Sutter County Superintendent and other key administrators is set forth below.

Tom Reusser, Superintendent of Schools. Tom Reusser was duly elected as the Sutter County Superintendent of Schools and began his first term on January 1, 2019. Mr. Reusser has served in education for the past twenty three years in a variety of positions: teacher, coach, assistant principal, principal, superintendent/principal and currently as Sutter County Superintendent of Schools. He received his Bachelor’s degree in Liberal Arts and teaching credential from California State University, Sacramento. Mr. Reusser earned his Master’s degree in Educational Leadership and administrative credential from the University of LaVerne.

Ron Sherrod, Assistant Superintendent, Business Services. Ron Sherrod was hired as the Assistant Superintendent, Business Services for the Sutter County Superintendent of Schools Office in February 2019. Ron has twenty years of experience in California school finance with roles as the chief business officer at both the county office and school district level. He received his Bachelor’s degree in Business Administration from California State University, Sacramento and Master’s in Business Administration from California State University, Chico. He also maintains a current active license as a Certified Public Accountant.

State Funding of Education in General

The following information concerning the State’s funding of education has been compiled from publicly available information provided by the State. Neither the County Office, the Board, the Sutter County Superintendent, the Public Finance Consultant, nor the Underwriter is responsible for the information relating to the State’s budgets provided in this section.

Revenue Limit Funding. Prior to fiscal year 2013-14, school districts, charter schools, and county offices of education (together, “LEAs”) operated under general purpose revenue limits established by the California Department of Education. In general, revenue limits were calculated by multiplying ADA by a base revenue limit per unit of ADA. For county offices of education (“COEs”) (including the County Office), the ADA represented by pupils enrolled in county community schools was credited to the school district of residence for such pupils, and such school districts would pay the COE the entire revenue limit for such credited ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. Funding of a school district’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) (“A.B. 97”), enacted as part of the 2013-14 State budget, established a new system for LEAs. Certain provisions of A.B. 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) (“S.B. 91”).

The primary component of A.B. 97, as amended by S.B. 91, was the implementation of the Local Control Funding Formula (“LCFF”). Beginning in fiscal year 2013-14, the bulk of funding for LEAs is now provided on the basis of target base funding grants per unit of ADA (each, a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments to create a funding target for each LEA. These adjustments include supplemental grants, concentration grants, and others as described herein. The LCFF funding system was implemented over the course of approximately six years, as funding levels grew to bridge the gap between prior funding levels and the new LCFF target funding levels. For COEs, however, the gap was bridged (LCFF targets were fully funded) in fiscal year 2014-15. As of fiscal year 2018-19, school districts and charter schools are fully funded under LCFF.

For school districts and charter schools, the LCFF establishes base, supplemental, and concentration grants in place of the myriad of previously existing K-12 funding streams, including revenue limits, general purpose block grants, and most of the 50-plus State categorical programs that existed prior to the LCFF.

For COEs, the LCFF establishes separate funding streams for oversight activities and instructional programs. Regional services (including a COE’s oversight responsibilities) are funded through the “Operations Grant,” consisting of (1) a flat minimum amount allocated to each COE (the “OG Base Amount”); a flat amount allocated to the COE for each school district under the COE’s jurisdiction (the “OG District Allowance”); and (3) a per-unit of ADA amount based on countywide ADA (the “OG Grant”). A COE’s own instructional program is funded through a per-unit of ADA grant known as the “Alternative Education Grant” based on county community school enrollment, with additional supplemental and concentration grant funding based on unduplicated percentage of targeted students, resulting in add-ons for per-unit of ADA from juvenile court schools and county-funded non-juvenile court schools.

For fiscal year 2023-24, the OG Base Amount is \$872,151 per COE, the OG District Allowance is \$347,167 per school district within the COE's jurisdiction, and the OG Grant is \$109.22 per unit of countywide ADA (for COEs with 30,000 or fewer countywide students, including the County Office"). The adjusted Alternative Education Base Grant in 2023-24 is \$16,395, after accounting for the 2023-24 COLA and SB 114 adjustment, but not including supplemental and concentration grant amounts.

Supplemental Grants for COEs are broken into COE-funded juvenile court school Supplemental Grant (Alternative Education Base Grant per ADA, times total ADA, times 35%) and COE-funded non-juvenile court school Supplemental Grant (Alternative Education Base Grant per ADA, times total ADA, times Unduplicated Pupil Percentage ("UPP"), times 35%). Similarly, Concentration Grants for COEs are broken into COE-funded juvenile court school Concentration Grant (Alternative Education Base Grant per ADA, times total ADA, times 17.5%) and COE-funded non-juvenile court school Concentration Grant (Alternative Education Base Grant per ADA, times total ADA, times portion (if any) of UPP that exceeds 50 percent, times 35%).

The sum of an LEA's adjusted Base, Supplemental and Concentration Grants will be multiplied by such LEA's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable categorical block grant add-ons, will yield an LEA's total LCFF allocation (Alternative Education LCFF allocation for COEs). Generally, the amount of annual State apportionments received by any LEA will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes.

The State's cost to fund the LCFF in each fiscal year fluctuates depending on a number of factors, including the provision of COLAs, fluctuations in ADA and student demographics, and growth in property tax revenues. The provision of the COLAs is currently subject to appropriation for such adjustment in the annual State budget.

The 2020-21 State Budget suspended the statutory cost-of-living adjustment in fiscal year 2020-21. The 2021-22 State Budget included a cost-of-living adjustment of 4.05%, representing a fiscal year 2020-21 cost-of-living adjustment of approximately 2.3% and a fiscal year 2021-22 cost-of-living adjustment of approximately 1.7%. The 2021-22 State Budget also included \$520 million in Proposition 98 general fund resources to provide a 1% increase in LCFF base funding. Such discretionary increase, together with the compounded cost-of-living adjustment, resulted in growth of LCFF of 5.07% above the fiscal year 2020-21 levels. The 2022-23 State Budget funded a COLA of 6.56%. The 2023-24 State Budget funded a COLA of 8.22%, the largest COLA in the history of the LCFF.

In addition to the Operational Grants and Alternative Education Grants discussed above, COEs are eligible for the following LCFF State aid add-ons and entitlements:

- LCAP support grants, including a minimum allowance per COE and a per-district grant.
- State aid for COEs providing assistance to schools identified for differentiated support.

- Support and Enrichment Block Grant.
- Expanded Learning Opportunities Program Funding.
- Special Education funding.
- Transportation funding.

Accountability. The State Board of Education has adopted regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that LEAs increase or improve services for certain targeted students (“EL/LI” students) in proportion to the increase in funds apportioned to such LEA on the basis of the number and concentration of such EL/LI students, as well as the conditions under which LEAs can use supplemental or concentration funding on a school-wide or district-wide basis.

LEAs are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by A.B. 97. COE LCAPs, by contrast, cover goals to achieve ten areas of State priority. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority.

COEs are required to submit their three-year LCAP or annual LCAP update, each year on or before July 1 to the State Superintendent of Public Instruction (the “State Superintendent”). The State Superintendent then has until August 15 to seek clarification regarding the LCAP, to which the COE must respond in writing. The State Superintendent may also submit recommendations and comments regarding a COE’s LCAP. The State Superintendent must approve a COE’s LCAP by October 8 each year, after finding that (1) the LCAP adheres to the State template and (2) the budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

The Board adopted the County Office’s most recent LCAP annual update and budget overview for parents on June 14, 2023

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

Attendance and LCFF

As discussed above, certain components of the LCFF system, as applied to COEs, rely on both countywide average daily attendance (“ADA”) as well as ADA attributable to educational services provided directly by a COE. For fiscal years 2019-20, 2020-21, and 2021-22, the ADA factor for most LCFF calculations was based on pre-pandemic levels due to State bills passed in response to the COVID-19 pandemic, and due to then-existing LCFF funding calculations. Starting in fiscal year 2022-23, in order to allow LEAs to adjust to enrollment-related funding declines and minimize the impacts of a single-year drop in enrollment, the legislation enacting the 2022-23 State Budget amended the LCFF calculation to consider the greater of an LEAs current year, prior year, or the average of three prior years’ ADA.

The following table shows the County Office’s and Countywide relevant ADA history since fiscal year 2013-14. For its alternative education and charter school programs, the Board is projecting a modest but steady enrollment growth in coming fiscal years.

TABLE 4
SUTTER COUNTY OFFICE OF EDUCATION
Average Daily Attendance
Fiscal Years 2013-14 through 2023-24

Fiscal Year	Funded Countywide ADA ⁽¹⁾	Funded Alternative Education Grant ADA ⁽²⁾	Charter School ADA	Total LCFF Entitlement ⁽⁴⁾
2013-14	20,336	108	--	\$ 9,553,673
2014-15	20,414	92	--	9,492,601
2015-16	20,700	104	--	9,691,205
2016-17	21,505	87	--	9,524,220
2017-18	23,327	65	--	9,363,900
2018-19	24,933	39	--	9,928,270
2019-20	22,206	31	--	9,800,696
2020-21	22,307	49	12	10,095,874
2021-22	22,543	32	3	9,751,931
2022-23	22,962	41	15	10,568,809
2023-24 ⁽⁵⁾	22,714	43	15	11,306,536

Note: All amounts are rounded to the nearest whole number.

⁽¹⁾ As explained under “State Funding of Education” above, countywide ADA is one component of the Operations Grant, which in turn is the largest component of COE LCFF funding.

⁽²⁾ County Office direct educational services (non-juvenile court schools).

⁽³⁾ Board authorized charter school.

⁽⁴⁾ Includes Alternative Education Grant, Base Grant, Supplemental Grant, Concentration Grant, and Operations Grant.

⁽⁵⁾ Projected.

Source: *The office of the Sutter County Superintendent of Schools.*

Charter School. The Board authorized the charter of the Pathways Charter Academy, which operates within the Board’s jurisdiction. The Pathways Charter Academy is a “dependant” charter school, which means its finances and operations are governed directly by the Board and administered by the County Office. The Pathways Charter Academy primarily offers an independent study program.

Governmental Funds

As described below, the County Office’s major governmental funds include the County School Service Fund (referred to herein as the “General Fund”), the Special Reserve Fund (Fund 17), the Adult Education Fund (Fund 11), and the Special Reserve Fund for Capital outlay Projects (Fund 40). The General Fund is the County Office’s main operating fund.

General Fund. The General Fund is used to account for the County Office’s general operations and major programs not identified in other specific funds. The County Office’s audited fiscal year 2021-22 General Fund revenues totaled \$38,475,890, derived from four main sources as discussed under “General Fund Revenue Sources” below. See also “Financial Statements” below for a detailed summary of General Fund revenues and expenditures. Note that, although discussed separately below, certain governmental funds (including Fund 17) are included as a component of the General Fund (pursuant to GASB Statement No. 54) for audit reporting purposes. Such funds are separated out of the General Fund for internal budget reporting (including adopted and interim budgets) purposes.

Special Reserve Fund (Fund 17). This fund is used to earmark funds for long-term planning and non-capital projects.

Adult Education (Fund 11). This fund is used to track revenue and expenses associated with the County Office’s Adult Education program.

Special Reserve for Capital Outlay Projects (Fund 40). This fund is used to set aside general fund moneys for capital outlay purposes.

All other governmental funds are considered non-major funds for financial reporting purposes. The General Fund ended the 2021-22 fiscal year with a fund balance of \$19,000,000, while the remaining governmental funds reported a combined ending balance of \$6,300,000.

One-Time COVID-19 Funding. Over the past three fiscal years, the County Office has been allocated and received various State and federal grant money authorized under the various relief bills passed to address pandemic-related issues. The Board utilized these resources on on-time expenses and projects, and anticipates that the one-time COVID response and mitigation funding will be fully spent over the next two fiscal years.

General Fund Revenue Sources

The Board categorizes its general fund revenues into four sources: (1) LCFF sources, (2) federal revenues, (3) other State revenues, and (4) other local revenues. Each of these revenue sources is described below.

LCFF Sources. As discussed above under “State Funding of Education in General,” the LCFF funding system funds COEs on the basis of operational/oversight activities, and direct educational services. LCFF sources are derived first from local property tax sources, i.e., each COE’s share of the local 1% general assessment property tax, which are counted toward the amount allocated under the LCFF, with State aid making up the difference to fund the COE’s total entitlement. Local sources amounted to \$1,775,485, or approximately 18.2%, of the County Office’s total LCFF sources of \$9,751,931 in fiscal year 2021-22, with State aid making up the remaining \$7,976,446 or 81.8%.

See “LOCAL PROPERTY TAXATION” herein for statistics and details regarding local property values securing local property taxes, and in turn the County Office’s locally-sourced LCFF revenue.

Like school districts and charter schools, a COE is guaranteed a minimum amount of State aid based on what they received in 2012-13, to hold the COE harmless if the new formula yields less than what they were receiving prior to LCFF.

Federal Revenues. The federal government provides funding for several County Office programs, including special education programs and specialized programs.

Other State Revenues. In addition to the State apportionments included in the LCFF funding described above, the County Office receives substantial other State revenues, including lottery funds and state categorical funding (e.g. class size reduction funding, state special education funding and economic impact funding).

Other Local Revenues. In addition to property taxes included in the County Office’s LCFF revenues, the County Office receives additional local revenues from items such as leasing of property, interest earnings, interagency services, and other local sources.

SUTTER COUNTY OFFICE OF EDUCATION
General Fund Revenue Sources
Fiscal Year 2021-22

<u>Revenue Source</u>	<u>2021-22 Amount</u>	<u>Percent of Total General Fund Revenue</u>
LCFF sources	\$ 9,751,931	25.35%
Federal revenues	3,689,836	9.59
Other State revenues	15,113,085	39.28
Other local revenues	9,921,038	25.79
Total General Fund Revenue	\$38,475,890	

Source: Office of the Sutter County Superintendent of Schools.

Note: Table includes special reserve funds and other activity pursuant to GASB 54.

Support and Intervention. A.B. 97 established a new system of support and intervention to assist LEAs to meet the performance expectations outlined in their respective LCAPs. COEs must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to the State Superintendent

An LEA is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the LEA requests technical assistance from the State Superintendent, or if the LEA does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of an LEA’s strengths and weaknesses in the eight State priorities, or the assignment of an academic expert to assist the LEA to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting LEAs to achieve the goals set forth in their LCAPs. On or before October 1, 2015, the State Board of Education was required to develop rubrics to assess LEA performance and the need for support and intervention.

The State Superintendent, with the approval of the State Board of Education, is authorized to intervene in the management of persistently underperforming LEAs. The State Superintendent may intervene directly or may, together with the State Board of Education, assign an academic trustee to act on their behalf. In so doing, the State Superintendent is authorized to (a) modify an LEA’s LCAP, (b) impose budget revisions designed to improve student outcomes, and (c) stay or rescind actions of the local governing board that would prevent such LEA from improving student outcomes; provided, however, that the State Superintendent is not authorized under A.B. 97 to rescind an action required by a local collective bargaining agreement.

Accounting Practices

The Board’s accounting practices conform to generally accepted accounting principles and are in accordance with the policies and procedures of the California School Accounting Manual. This

manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts and COEs.

County Office accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the General Fund which accounts for all financial resources not requiring a special fund placement. The Board's fiscal year begins on July 1 and ends on June 30.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available, except for certain revenue sources which are not susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred.

The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments, such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis, (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting, and (iv) required supplementary information. The Board's financial statements are prepared in accordance with Statement No. 34.

Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for LEAs, including the County Office. The County Office's Audited Financial Statements for the fiscal year ending June 30, 2022, were prepared by Crowe LLP, Sacramento, California and are attached as Appendix C hereto. The Board has not requested the auditor's consent to include the 2021-22 Audited Financial Statements or its audit report in this Official Statement. Audited financial statements for the fiscal year ended June 30, 2022, and prior fiscal years are on file with the Sutter County Superintendent and may be obtained by contacting the Public Finance Consultant, Government Financial Services Joint Powers Authority, 9800 Old Placerville Road, Suite 300, Sacramento, CA 95827, Telephone: 916-444-5100. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the Sutter County Superintendent.

The following table shows the audited income and expense statements for the County Office for fiscal years 2019-20 through 2021-22.

TABLE 5
SUTTER COUNTY OFFICE OF EDUCATION
Summary of Audited General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2019-20 through 2021-22 ^{(1) (2)}

	Audited 2019-20	Audited 2020-21	Audited 2021-22
Revenues			
LCFF Sources	\$ 9,800,696	\$10,095,874	\$ 9,751,931
Federal Revenue	3,657,570	4,757,382	3,689,836
Other State Revenue	10,876,317	13,304,033	15,113,085
Other Local Revenue	12,245,767	8,620,480	9,921,038
Total Revenues	\$36,580,350	\$36,777,769	\$38,475,890
Expenditures			
Certificated Salaries	\$ 9,038,011	\$ 8,727,213	\$ 8,895,778
Classified Salaries	11,049,766	9,562,517	10,357,840
Employee Benefits	7,493,402	7,920,063	8,610,892
Books and Supplies	714,011	1,201,959	919,913
Contract Services and Operating Expenditures	4,406,410	4,541,573	4,617,852
Other Outgo	900,435	612,159	882,928
Capital Outlay	244,411	120,473	530,055
Total Expenditures	\$33,846,446	\$32,685,957	\$34,815,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,733,904	\$ 4,091,812	\$ 3,660,632
Other Financing Sources and Uses			
Transfers In	\$ 83,794	\$ 100,958	\$ 109,577
Transfers Out	(655,936)	(412,147)	(3,815,657)
Total Other Financing Sources/Uses	\$ (572,142)	\$ (311,189)	\$(3,706,080)
Net Change in Fund Balances	\$ 2,161,762	\$ 3,780,623	\$ (45,448)
Beginning Fund Balance (July 1)	\$13,131,441	\$15,293,203	\$19,076,084
Cumulative effect of GASB 84 Implementation	--	2,258	--
Restated July 1 fund Balance	--	15,295,461	--
Ending Fund Balance (June 30) ⁽³⁾	\$15,293,203	\$19,076,084	\$19,030,636

⁽¹⁾ Restricted and Unrestricted General Fund Revenues.

⁽²⁾ Totals may not add due to rounding.

⁽³⁾ Table includes special reserve funds and other activity pursuant to GASB 54.

Source: Audit Reports for fiscal years 2019-20 through 2021-22.

General Fund Budget

Budget Process. The Board is required by provisions of the State law to maintain a balanced budget each year, which means the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. Under current law, a COE's governing board must adopt and file with the State Department of

Education a tentative budget by July 1 in each fiscal year. While California public school districts are under the jurisdiction of their respective COE, COEs, including the County Office, are under the jurisdiction of the State Superintendent. The State 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. The State Superintendent must review and approve, conditionally approve, conditionally approve or disapprove the budget no later than August 15.

A State law adopted in 1991 known as “A.B. 1200” imposed additional financial reporting requirements on LEAs (including COEs), and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et seq.), each COE is required to file two interim certifications, known as the “First Interim Report” and “Second Interim Report,” with the State 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 State Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any COE that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any COE that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any COE that, based on then current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate.

A COE that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the State Superintendent. The County Office has never received a qualified or negative certification for any of its interim budget reports.

For COEs under fiscal distress, the State Superintendent is authorized to take a number of actions to ensure that the COE meets its financial obligations, including budget revisions. A COE that becomes insolvent may, upon the approval of a fiscal plan by the State Superintendent, request an emergency appropriation from the State, the acceptance of which constitutes an agreement to submit to management of the State Superintendent-appointed administrator.

In the five fiscal years including and prior to 2022-23, the Board has not had an adopted budget disapproved by the State Superintendent.

The following table summarizes the Sutter County Superintendent’s 2022-23 Estimated Actuals and 2023-24 general fund budget, each of which has been reviewed and adopted by the Board.

TABLE 6
SUTTER COUNTY OFFICE OF EDUCATION

Summary of Budgeted and Reported General Fund Revenues, Expenditures and Changes in Fund Balance ^{(1), (2)}

Revenues	Estimated Actuals 2022-23	Original Adopted Budget 2023-24
LCFF Sources	\$10,573,568	\$11,306,536
Federal Revenue	5,365,092	5,036,967
Other State Revenue	15,605,422	14,144,633
Other Local Revenue	14,038,966	16,070,941
Total Revenues	\$45,583,048	\$46,559,077
Expenditures		
Certificated Salaries	\$10,016,073	\$10,147,561
Classified Salaries	12,511,471	12,983,439
Employee Benefits	10,143,174	10,672,644
Books and Supplies	1,557,120	1,191,623
Services and Other Operating Expenses	7,895,721	8,050,467
Capital Outlay	691,114	648,184
Other Outgo (excluding Transfers of Indirect Costs)	458,659	509,024
Other Outgo - Transfers of Indirect Costs	(107,740)	(117,633)
Total Expenditures	\$43,165,592	\$44,085,309
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	\$ 2,417,456	\$ 2,473,768
Other Financing Sources/Uses		
Interfund Transfers In	\$ 49,363	\$ 35,000
Interfund Transfers Out	4,191,826	2,716,977
Total Other Financing Sources/Uses	\$(4,142,463)	\$(2,681,977)
Net Increase (Decrease) in Fund Balance	\$(1,725,007)	\$ (208,209)
Beginning Fund Balance (July 1)	\$17,820,597	\$16,095,590
Ending Fund Balance (June 30)	\$16,095,590	\$15,887,381

⁽¹⁾ Restricted and Unrestricted General Fund Revenues.

⁽²⁾ Totals may not add due to rounding.

Source: Sutter County Superintendent's Adopted Budget for fiscal year 2023-24.

Long Term Obligations

The following table summarizes the County Office's outstanding long-term obligations for the fiscal year ending June 30, 2022.

TABLE 7
SUTTER COUNTY OFFICE OF EDUCATION
Changes in Long-Term Obligations
Fiscal Year Ending June 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2022</u>
<u>Governmental Activities</u>				
Net Pension Liability	\$35,866,316	--	\$17,817,044	\$18,049,272
Total OPEB Liability	4,373,131	\$448,229	--	4,821,360
Compensated Absences	35,497	--	801	34,696
Total	<u>\$40,274,944</u>	<u>\$448,229</u>	<u>\$17,817,845</u>	<u>\$22,905,328</u>
<u>Business-Type Activities</u>				
Net pension liability	\$133,684	\$549,044	--	\$682,728

Direct and Overlapping Governmental Obligations

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc, displaying debt as of September 1, 2023. The Debt Report is included for general information purposes only. The Board has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County Office in whole or in part. Such long-term obligations generally are not payable from revenues of the County Office (except as indicated) nor are they necessarily obligations secured by land within the boundaries of the County Office. In many cases, long-term obligations issued by a public agency are payable only from that public agency’s general fund or other revenues of that public agency.

TABLE 8
SUTTER COUNTY OFFICE OF EDUCATION
Statement of Direct and Overlapping Bonded Debt
Debt as of September 1, 2023

2022-23 Assessed Valuation: \$12,125,847,884 (Includes Unitary Utility)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/23</u>
Yuba Joint Community College District	29.551%	\$ 50,492,643
Live Oak Unified School District	100.000	20,459,000
Woodland Joint Unified School District	98.500	\$222,413
Yuba City Unified School District		
School Facilities Improvement District No. 99-1	100.000	5,633,380
School Facilities Improvement District No. 2004-1	100.000	9,020,817
East Nicolaus Joint Union High School District	95.388	3,329,041
Sutter Union High School District	100.000	22,298,918
Brittan School District	100.000	3,945,000
Franklin School District	100.000	2,310,000
City of Yuba City Community Facilities District No. 2004-1	100.000	1,570,541
City of Yuba City 1915 Act Bonds	100.000	775,872
California Statewide Communities Development Authority 1915 Act Bonds	100.000	2,599,608
Sutter Butte Flood Control Agency Assessment District	92.950	72,408,050
Sacramento Area Flood Control Agency Assessment Districts	0.348 - 0.772	<u>1,299,975</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$196,365,258
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT ⁽¹⁾:</u>		
Sutter County General Fund Obligations	100.000 %	\$ 5,975,000
Yuba Joint Community College Certificates of Participation	29.551	3,162,690
Live Oak Unified School District	100.000	6,035,193
Woodland Joint Unified School District	0.985	76,682
Yuba City Unified School District Certificates of Participation	100.000	15,275,000
City of Yuba City Certificates of Participation	100.000	<u>11,067,937</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$41,592,502
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000 %	\$23,910,000
COMBINED TOTAL DEBT		\$261,867,760 ⁽²⁾

(1) Excludes the Certificates described herein.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$0)	0.00%
Total Direct and Overlapping Tax and Assessment Debt.....	1.62%
Combined Total Debt	2.16%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$405,433,397):

Total Overlapping Tax Increment Debt.....	5.90%
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Source: California Municipal Statistics, Inc.

Employee Relations

The Sutter County Superintendent is the employer charged with responsibility for hiring, setting salaries, management, and discipline of employees. This is in contrast to school districts, whose boards of education are the ultimate authority with respect to employment matters.

Represented employees of the Sutter County Superintendent are divided into appropriate bargaining units and are represented under collective bargaining agreements between the Sutter County Superintendent and the respective bargaining unit. The Sutter County Superintendent has two recognized bargaining units for its employees. The CTA - Sutter County Superintendent of Schools Staff Association is the exclusive bargaining agent for certificated non-management teaching personnel, and the CSEA - Chapter #634 is the bargaining agent for most classified non-management personnel. A portion of classified personnel are unrepresented. Management and confidential employees are not represented by any bargaining unit. Set forth in the following table are the employee counts and contract status for each of the employee categories.

TABLE 9
SUTTER COUNTY OFFICE OF EDUCATION
Bargaining Units

Category and Bargaining Unit	Number of Employees	Contract Expiration ⁽¹⁾
Certificated:		
CTA - Sutter County Superintendent of Schools Staff Association	58	June 30, 2023
Classified:		
CSEA - Chapter #634	185	June 30, 2023
Unrepresented Employees, including management ⁽²⁾	80	N/A
Total Employees	323	N/A

⁽¹⁾ By law, the contracts with each bargaining unit remain effective until a new contract is approved.

⁽²⁾ Certificated and Classified substitutes, discussed below, not included in this table.

Source: Office of the Sutter County Superintendent of Schools.

Not included in the above Table 9, the Sutter County Superintendent also employs approximately 83 certificated and classified substitutes, on an as-needed basis. The substitutes are not represented by any bargaining unit.

The Sutter County Superintendent is currently in contract negotiations to establish a new three-year contract (for the period of July 1, 2023 to June 30, 2026) with both CTA and CSEA.

Retirement Benefits

The information set forth below regarding the CalSTRS and CalPERS programs, other than the information provided by the Sutter County Superintendent regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the County Office (including the Sutter County Superintendent and the Board), or the Underwriter.

All full-time employees of the Sutter County Superintendent are eligible to participate in retirement plans with either the California Teachers' Retirement System ("CalSTRS"), which covers all full-time faculty members, or the California Public Employees' Retirement System ("CalPERS"), which covers classified employees. Classified personnel who are employed more than half of full-time service may participate in CalPERS.

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

Employer Contributions. The following table sets forth the Sutter County Superintendent's total employer contributions to CalSTRS and CalPERS for fiscal years 2016-17 through 2021-22, the projected (budgeted) contributions for fiscal year 2022-23, and the percentage of the total general fund expenditures represented by such aggregated contributions. For more information regarding the Sutter County Superintendent's retirement benefits obligations, see Appendix C – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022, Note 7 – Net Pension Liability – State Teachers' Retirement Plan and Note 8 – Net Pension Liability – Public Employer's Retirement Fund B."

TABLE 11
SUTTER COUNTY OFFICE OF EDUCATION
Aggregate Employer Contributions to CalSTRS and CalPERS
Fiscal Years 2016-17 through 2022-23

Fiscal Year	CalSTRS Contributions ⁽¹⁾	CalPERS Contributions ⁽¹⁾	Employer Contribution (CalSTRS and CalPERS Combined) as Percentage of Total General Fund Expenditures
2016-17	\$1,003,630	\$1,173,463	
2017-18	1,152,938	1,425,344	
2018-19	733,321	1,713,883	
2019-20	1,471,692	1,997,667	10.25
2020-21	1,319,875	1,898,153	9.85
2021-22	1,392,160	2,487,012	11.14
2022-23 ⁽²⁾	1,716,240	3,110,342	11.18
2023-24 ⁽³⁾	1,859,777	3,729,786	12.68

⁽¹⁾ Reflects data for all funds, including the General Fund. Does not include on-behalf payments from the State.

⁽²⁾ Unaudited.

⁽³⁾ Projected.

Source: County Office Audit Reports for fiscal years 2016-17 through 2021-22; and County Office adopted budget for fiscal year 2023-24.

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

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, CalSTRS contribution rates did not vary annually to make up funding shortfalls or assess credits for actuarial surpluses, although the State did, and does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as “pre-enhancement benefits”) within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the then-Governor signed Assembly Bill 1469 (“AB 1469”) which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate then increased by 1.85% beginning in Fiscal Year 2015-16 until the employer contribution rate is 19.10% of covered

payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012, and 9.205% of pay for members hired on or after January 1, 2013, effective July 1, 2016. On July 1, 2018, however, for members hired on or after January 1, 2013, the rate for members hired on or after January 1, 2013, increased from 9.205% of pay to 10.205% of pay, and has remained at that level through 2021-22.

The State also contributes to CalSTRS, and the State's total contribution also increased from approximately 3% in Fiscal Year 2013-14 to 8.328% of payroll in fiscal year 2022-23, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program, for a total State contribution rate of 10.828%.

The funding plan enacted through AB 1469 and related legislation provides the State Teachers Retirement Board (the "STRS Board") with authority to modify, based upon recommendations from its actuary, the percentages paid by employers and employees starting in 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded actuarial obligation by June 30, 2046, provided that the employer contribution rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to CalSTRS are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. The STRS Board also has authority to reduce employer and State contributions if they are no longer necessary.

AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the CalSTRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the unfunded liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for CalSTRS to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to CalSTRS and CalPERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rates were 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. Since the State did not provide additional rate relief for fiscal year 2022-23, employers experienced a rate increase of 2.18% of payroll in fiscal year 2022-23.

As of June 30, 2022, the actuarial valuation for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$88.55 billion, based on an actuarial value of assets, a decrease of approximately \$1.17 billion from the prior year valuation. The funded ratios of the valuation of assets over the accrued liabilities as of June 30, 2021, and June 30, 2022, based on the actuarial assumptions, were approximately 73.0% and 74.4%, respectively. While the program’s investments saw significant returns for the year ending June 30, 2021, the following year, ending June 30, 2022, saw a slight decrease in valuation, with a reported investment return of negative 1.3%. Despite the modest decline, the program is still projected to reach its goal of full funding by 2046. As a result, the STRS Board, at its May 2022 meeting, voted to maintain the employer contribution rate at existing levels for 2023-24. The effective employer contribution rates from fiscal year 2014-15 through 2023-24, are shown in the following schedule:

TABLE 12
EMPLOYER CONTRIBUTION RATES
CalSTRS (Defined Benefit Program)

Effective Date	Employer Contribution Rate ⁽¹⁾
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10 ⁽²⁾
July 1, 2020	16.15 ⁽³⁾
July 1, 2021	16.92 ⁽³⁾
July 1, 2022	19.10
July 1, 2023	19.10

⁽¹⁾ Expressed as a percentage of covered payroll.

⁽²⁾ The 2019-20 State Budget provided supplemental payments to CalSTRS, reducing the employer contribution rate from 18.13% to 17.10% for fiscal year 2019-20.

⁽³⁾ The 2020-21 State Budget reallocated the supplemental State payment allocated in the 2019-20 State Budget, to instead be used solely to reduce employer contribution rates, to approximately 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22.

Source: CalSTRS, AB 1469, the 2019-20 State Budget, and the 2020-21 State Budget.

The Sutter County Superintendent’s total employer contributions to CalSTRS for fiscal years 2015-16 through 2022-23 were equal to 100% of the required contributions for each year (see Table 11 above). Due to the expected increase in employer contribution rates under AB 1469, the Sutter County Superintendent anticipates that its contributions to CalSTRS may increase in future fiscal years as compared to prior fiscal years. The Sutter County Superintendent, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalPERS. The Sutter County Superintendent contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit

pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws.

All qualifying classified employees of COEs in the State are members in CalPERS, and all of such COEs participate in the same plan and share the same contribution rate in each year. However, unlike participation in CalSTRS, the contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the Sutter County Superintendent cannot provide any assurances that its required contributions to CalPERS in future years will not significantly vary from any current projected levels.

Active plan members hired before January 1, 2013, are required to contribute 7.0% of their salary, members hired after January 1, 2013, contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19 through 2021-22. (See discussion of rates in *California Public Employees' Pension Reform Act of 2013* below.) The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration (the "CalPERS Board"). On April 18, 2022, the CalPERS Board increased the fiscal year 2022-23 employee contribution rate for members subject to the Reform Act from 7.00% of earnings to 8.00%.

Employers are required to contribute to CalPERS at an actuarially determined rate. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the employer contribution adopted for fiscal year 2023-24 is 26.68%, with annual adjustments thereafter, resulting in a projected 29.8% employer contribution rate for fiscal year 2028-29. State legislation enacting the 2020-21 State Budget reallocated State contributions to the Schools Pool, resulting in adjusted CalPERS employer contribution rates reduced from the adopted/projected rates, to 20.70% in fiscal year 2020-21 and 22.91% in fiscal year 2021-22.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2022 (the "2022 CalPERS Schools Pool Actuarial Valuation"), was presented in summary form to the CalPERS Board on April 17, 2023, and such summary reported an actuarial accrued liability of \$116.982 billion with the market value of assets at \$79.386 billion, and a funded status of 67.9%. The actuarial funding method used in the 2022 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method."

On April 17, 2023, the CalPERS Board set the fiscal year 2023-24 employer contribution rate at 26.68%. Employer contribution rates for 2020-21 through 2023-24, and projected through 2028-29, are shown in the following table.

TABLE 13
EMPLOYER CONTRIBUTION RATES
CALPERS

Fiscal Year	Employer Contribution Rate ⁽¹⁾
2020-21	20.7%
2021-22	22.9
2022-23	25.4
2023-24	26.7
2024-25 ⁽²⁾	27.7
2025-26 ⁽²⁾	28.3
2026-27 ⁽²⁾	28.7
2027-28 ⁽²⁾	30.0
2028-29 ⁽²⁾	29.8

Note: The CalPERS Board is expected to approve official employer contribution rates for each fiscal year, during the preceding fiscal year.

⁽¹⁾ Expressed as a percentage of covered payroll.

⁽²⁾ Projected.

Source: CalPERS.

The Sutter County Superintendent’s contributions to CalPERS for fiscal years 2015-16 through 2022-23 equaled 100% of the required contributions for each year (see Table 11 above). The Board anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased into CalPERS actuarial assumptions.

Impact on Pension Liabilities from Potential Economic Downturn or Recession. The economic consequences of a potential downturn or recession in local and global economies include the potential for volatility and decline in the U.S. and global stock markets, which could have a material impact on the investments in the State pension trusts, which could materially increase either or both CalSTRS’ and CalPERS’ unfunded pension liabilities, which, in turn, could result in material changes to the required employer contribution rates in future fiscal years. As to CalSTRS, however, under existing law, the CalSTRS Board may not increase the employer contribution rate by more than 1% in any fiscal year, up to a maximum employer contribution rate of 20.25%.

The Sutter County Superintendent is unable to predict whether or to what extent its required employer contribution rates, or its proportionate share of net pension liability, in connection with CalSTRS or CalPERS, may be affected by future economic conditions including recession.

California Public Employees’ Pension Reform Act of 2013. The then-Governor signed the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) into law on September 12, 2012. PEPRA affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the “Implementation Date”). As it pertains to CalSTRS

participants hired after the Implementation Date, PEPRA changes the normal retirement age, increasing the eligibility for the 2% “age factor” (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) “pensionable compensation” is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in Social Security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB 67 and 68. Government Accounting Standards Board (“GASB”) Statement Number 67, Financial Reporting for Pension Plans (“Statement Number 67”), addresses financial reporting for pension plans. GASB Statement Number 68, Accounting and Financial Reporting for Pensions (“Statement Number 68”), establishes certain accounting and financial reporting requirements for governments that provide their employees with pensions. These statements’ require: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (such unfunded liabilities are typically included as notes to the government’s financial statements); (ii) full pension costs be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates 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 to be used for certain purposes of the financial statements, resulting increased pension expenses. Statement Number 67 took effect in fiscal years beginning after June 15, 2013, and Statement Number 68 took effect in fiscal years beginning after June 15, 2014.

As of June 30, 2022, the Sutter County Superintendent’s proportionate share of CalSTRS net pension liability was \$5,671,000, and the Sutter County Superintendent’s proportionate share of CalPERS net pension liability was \$13,061,000. The proportionate share of net pension liability for each plan is based on a projection of the County Office’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. For further information regarding the Sutter County Superintendent’s net pension liability, see also “Appendix C – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022,” Note 7 and Note 8.

Other Post-Employment Benefits (OPEB)

In addition to the retirement plan benefits with CalSTRS and CalPERS discussed above, the Sutter County Superintendent provides certain post-retirement healthcare benefits (“OPEB”), under a single employer defined benefit OPEB plan (the “Plan”) to eligible retirees. The Plan allows eligible retirees to continue to participate in the group insurance plans offered to active employees. The retirees pay the insurance premiums, though at a rate lower than the expected costs for such benefits.

As of July 1, 2022, the Plan had 252 active plan members, and 13 inactive members currently receiving benefits.

OPEB Liability. Beginning in fiscal year 2017-18, the Board was required to implement GASB Statement Number 75, which replaced GASB Statement Number 45 as the accounting standard for OPEB plans. The accounting standards generally require actuarially determined OPEB liabilities to be reported as long-term debt liability. The County Office’s total OPEB liability of \$4,537,523 was reported as of a measurement date of June 30, 2022, rolled forward from the June 30, 2021 valuation date, as reported by the County Office’s most recent OPEB actuarial study completed by Total Compensation Systems, Inc. on February 28, 2023. The following table displays the changes in the County Office’s total OPEB liability during fiscal year 2021-22, as updated via the most recent actuarial report.

TABLE 14
SUTTER COUNTY OFFICE OF EDUCATION
Changes in Total OPEB Liability

Total OPEB Liability – June 30, 2021	\$4,821,360
Service Cost	399,710
Interest	106,212
Differences between actual and expected experience	(17,131)
Changes in assumptions	(581,786)
Benefit Payments	(190,842)
Net Change	<u>(283,837)</u>
Balance, June 30, 2022	\$4,537,523

Source: Actuarial Study Prepared by Total Compensation Systems, Inc., dated February 28, 2023.

For a description of the County Office’s actuarial methods and assumptions, see Appendix C – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022,” Note 9, Other Postemployment Benefits, herein.

Risk Management/JPA Membership

The office of the Sutter County Superintendent is a member of Tri-County Schools Insurance Group (“TCSIG”), which is a common risk management and insurance program providing health and welfare insurance.

The office of the Sutter County Superintendent is also a member of the Government Financial Services Joint Powers Authority, which provides financial consulting services to member agencies and other public entities.

The relationship between the Sutter County Superintendent and the above-referenced joint powers authorities (JPAs) is such that the JPAs are not a component unit of the County Office for financial reporting purposes.

LOCAL PROPERTY TAXATION

Ad Valorem Property Taxes

The Certificates are primarily secured by Rental Payments to be budgeted and appropriated annually by the Board. The Certificates are not secured by ad valorem property taxes. Only a small portion of the Board’s funds are derived from property taxes. Information in this section is provided to give more general information about the Board and its tax base.

The Office utilizes the services of Sutter County for the assessment and collection of taxes for Board purposes, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are the same for both Office and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment. Property on the secured roll with delinquent taxes is sold to the State on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a prepayment penalty of 1.5% per month to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the County Treasurer-Tax Collector. Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31.

Assessed Valuation

All property is assessed using full cash value as defined by Article XIII A 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.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) 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 schools 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 following table shows a recent historical summary of assessed valuations of property within Sutter County.

TABLE 15
SUTTER COUNTY OFFICE OF EDUCATION
Assessed Valuations for Fiscal Years 2018-19 through 2022-23

Fiscal Year	Local Secured	Non-Unitary Utility	Unsecured	Total	Annual % Change
2018-19	\$ 9,089,176,248	\$73,580,950	\$447,515,551	\$ 9,610,272,749	--
2019-20	9,530,968,035	50,034,419	580,811,776	10,161,814,230	5.74%
2020-21	9,989,342,316	45,334,419	594,128,754	10,628,805,489	4.60
2021-22	10,384,687,387	78,434,419	561,648,087	11,024,769,893	3.73
2022-23	11,101,801,416	80,434,419	575,125,204	11,757,361,039	6.64

Source: California Municipal Statistics, Inc.

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

The following table shows a recent historical summary unitary property value within Sutter County, along with the total assessed value of property in Sutter County including unitary property (note that unitary property is excluded from the total assessed value in Table 15 above).

TABLE 16
SUTTER COUNTY OFFICE OF EDUCATION
Unitary Utility Property Valuation for Fiscal Years 2018-19 through 2022-23

Fiscal Year	Unitary Utility	Total AV Including Unitary Property
2018-19	\$313,987,007	\$ 9,924,169,756
2019-20	302,594,301	10,464,408,531
2020-21	300,044,109	10,928,849,598
2021-22	330,595,315	11,355,365,208
2022-23	368,486,845	12,125,847,884

Assessed Valuation By Land Use. The following table gives a distribution of taxable property located within the jurisdiction of the Board for the fiscal year 2022-23 tax roll by principal purpose for which the land is used, as measured by assessed valuation and number of parcels.

TABLE 17
SUTTER COUNTY OFFICE OF EDUCATION
Secured Assessed Valuation and Parcels by Land Use
Fiscal Year 2022-23

	<u>2022-23</u> <u>Assessed Valuation (1)</u>	<u>% of</u> <u>Total</u>	<u>No. of</u> <u>Parcels</u>	<u>% of</u> <u>Total</u>
Non-Residential:				
Agricultural/Rural	\$2,887,065,466	25.82%	6,540	18.38%
Commercial	1,442,794,190	12.90	1,154	3.24
Vacant Commercial	44,522,426	0.40	198	0.56
Industrial	444,088,659	3.97	845	2.38
Vacant Industrial	18,092,019	0.16	102	0.29
Government/Social/Institutional	11,059,661	0.10	947	2.66
Power Plant/Utility Roll	<u>80,434,419</u>	<u>0.72</u>	<u>56</u>	<u>0.16</u>
Subtotal Non-Residential	\$4,928,056,840	44.07%	9,842	27.67%
Residential:				
Single Family Residence	\$5,703,746,795	51.01%	22,708	63.83%
Condominium	56,910,616	0.51	473	1.33
Mobile Home	30,388,477	0.27	888	2.50
Mobile Home Park	27,684,456	0.25	19	0.05
2-4 Residential Units	55,998,226	0.50	271	0.76
5+ Residential Units/Apartments	318,155,290	2.85	377	1.06
Vacant Residential	<u>61,295,135</u>	<u>0.55</u>	<u>997</u>	<u>2.80</u>
Subtotal Residential	\$6,254,178,995	55.93%	25,733	72.33%
Total:	\$11,182,235,835	100.00%	35,575	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 distribution of assessed valuation of single-family homes located within the jurisdiction of the Board among various categories of value for fiscal year 2022-23, including mean and median value per parcel.

TABLE 18
SUTTER COUNTY OFFICE OF EDUCATION
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2022-23

	<u>No. of Parcels</u>	<u>Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	22,708	\$5,703,746,795	\$251,178	\$231,957

<u>2022-23 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	118	0.520%	0.520%	\$ 2,001,337	0.035%	0.035%
\$25,000 - \$49,999	441	1.942	2.462	17,449,326	0.306	0.341
\$50,000 - \$74,999	896	3.946	6.407	56,636,877	0.993	1.334
\$75,000 - \$99,999	1,260	5.549	11.956	110,892,041	1.944	3.278
\$100,000 - \$124,999	1,326	5.839	17.795	149,113,976	2.614	5.893
\$125,000 - \$149,999	1,534	6.755	24.551	210,942,785	3.698	9.591
\$150,000 - \$174,999	1,783	7.852	32.403	289,835,648	5.081	14.672
\$175,000 - \$199,999	1,754	7.724	40.127	328,710,018	5.763	20.435
\$200,000 - \$224,999	1,743	7.676	47.803	369,737,572	6.482	26.918
\$225,000 - \$249,999	1,638	7.213	55.016	388,605,449	6.813	33.731
\$250,000 - \$274,999	1,603	7.059	62.075	420,940,502	7.380	41.111
\$275,000 - \$299,999	1,372	6.042	68.117	394,202,282	6.911	48.022
\$300,000 - \$324,999	1,378	6.068	74.185	429,929,452	7.538	55.560
\$325,000 - \$349,999	1,188	5.232	79.417	400,281,241	7.018	62.578
\$350,000 - \$374,999	1,001	4.408	83.825	361,877,980	6.345	68.922
\$375,000 - \$399,999	827	3.642	87.467	319,759,816	5.606	74.528
\$400,000 - \$424,999	678	2.986	90.453	279,060,477	4.893	79.421
\$425,000 - \$449,999	477	2.101	92.553	208,578,597	3.657	83.078
\$450,000 - \$474,999	372	1.638	94.191	171,560,520	3.008	86.086
\$475,000 - \$499,999	251	1.105	95.297	122,116,675	2.141	88.227
\$500,000 and greater	<u>1,068</u>	<u>4.703</u>	100.000	<u>671,514,224</u>	<u>11.773</u>	100.000
	22,708	100.000%		\$5,703,746,795	100.000%	

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

The following table shows the assessed valuation of property by amount and percentage located within the jurisdiction of the Board for fiscal year 2022-23.

TABLE 19
SUTTER COUNTY OFFICE OF EDUCATION
2022-23 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation Office	% of Office	Assessed Valuation Of Jurisdiction	% of Jurisdiction in Office
City of Live Oak	\$ 546,483,427	4.65%	\$ 546,483,427	100.00%
City of Yuba City	6,417,408,536	54.58	6,417,408,536	100.00%
Unincorporated Sutter County	4,793,469,076	40.77	4,793,469,076	100.00%
Total District	\$11,757,361,039	100.00%		
Sutter County	\$11,757,361,039	100.00%	\$11,757,361,039	100.00%

Source: California Municipal Statistics, Inc.

Tax Levies, Collections, and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. A supplemental roll is developed when property changes hands or new construction is completed.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a prepayment penalty (i.e., interest) to the time of prepayment. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Treasurer-Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy and collect all property taxes and prescribed how levies on county-wide property values

(except for levies to support prior voter-approved indebtedness) are to be shared with local taxing entities within each county.

Teeter Plan. The Sutter County Board of Supervisors 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 *et seq.* of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk, which in turn makes it more certain that sufficient funds will be available for the Board’s repayment of the Certificates.

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

If the Teeter Plan for the County was terminated, the amount of the levy of *ad valorem* secured property taxes within the County Office’s boundaries would depend upon the collections of the *ad valorem* secured property taxes and delinquency rates experienced with respect to the parcels within the County Office’s boundaries. There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the County Office’s share of property tax collections in the County to the County Office. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the Board’s or the County’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the Board.

Largest Property Owners

The following table shows the twenty largest owners of taxable property in the County as determined by secured assessed valuation in fiscal year 2022-23.

TABLE 20
SUTTER COUNTY OFFICE OF EDUCATION
Largest Local Secured Taxpayers
Fiscal Year 2022-23

	Property Owner	Primary Land Use	Assessed Valuation	% of Total ⁽¹⁾
1.	CCFC Sutter Energy LLC	Power Plant	\$ 74,300,000	0.66%
2.	ELVS LLC	Public Storage	44,675,083	0.40
3.	Sunsweet Growers Inc.	Food Processing	42,683,808	0.38
4.	Bains Properties LP	Agricultural	38,992,659	0.35
5.	Odysseus Farms	Agricultural	38,598,865	0.35
6.	Sutter Valley Medical Foundation	Surgical Hospital	36,594,261	0.33
7.	Miravista LLC	Shopping Center	36,000,000	0.32
8.	Sysco Food Services Sacramento	Industrial – Warehouse	32,074,623	0.29
9.	Pelger Road 1700 LLC	Agricultural	30,431,270	0.27
10.	Chohan 21 Trust	Agricultural	27,021,075	0.24
11.	Siller Bros Inc.	Agricultural	26,905,888	0.24
12.	Millennium Farms LLC	Agricultural	25,771,037	0.23
13.	VCRAF Agis California Nuts	Agricultural	24,050,084	0.22
14.	Kats River Oaks	Apartments	22,264,834	0.20
15.	Sutter Basin Growers Co-Op	Food Processing	20,715,219	0.19
16.	Lomo Cold Storage LLC	Industrial – Warehouse	19,653,738	0.18
17.	Butte House Bel Air Inv-II	Shopping Center	19,580,832	0.18
18.	Bridge Street QC LLC	Apartments	19,100,000	0.17
19.	Thiara Fam 16 Trust	Agricultural	17,940,894	0.16
20.	AWW2 LP	Apartments	<u>17,231,247</u>	<u>0.15</u>
			\$614,585,417	5.50%

⁽¹⁾ 2022-23 local secured assessed valuation: \$11,182,235,835.

Source: California Municipal Statistics, Inc.

THE SUTTER COUNTY INVESTMENT POOL

The following information concerning the County of Sutter Investment Pool (the "Investment Pool" or "Pool") has been obtained from the Sutter County website (<http://www.suttercounty.org>) and has not been confirmed or verified by the Board, the Sutter County Superintendent, the County Office, or the Underwriter. The website is not incorporated herein by reference. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Sutter County Board of Supervisors approved the current County Investment Policy (the "Investment Policy") on April 11, 2023. The Investment Policy applies to all financial assets deposited and retained in the Investment Pool. The primary goal is to invest public funds in a manner which will provide a market average rate of return consistent with the objectives of the County, while meeting the daily cash flow demands of the County Treasury. The main investing objectives, in order of priority are: Safety, Liquidity, Yield, and Diversification.

Oversight of the investments is conducted in several ways. The County Treasurer-Tax Collector (the "Treasurer") annually reviews and monitors the Investment Policy. The Treasurer is further responsible for the establishment and maintenances of internal control structures designed to ensure that the assets of the Investment Pool are protected from loss, fraud, theft, or misuse. Finally, the Treasurer is responsible for coordinating an annual outside compliance audit and the delivery of a resulting report, to ensure the Investment Pool funds are invested in compliance with the Investment Policy and with the California Government Code (specifically, California Government Code Sections 26920 and 26922). All audit reports, and the quarterly Treasurer's Investment Reports are available on-line at the Sutter County website (<http://www.suttercounty.org>). (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.)

The Board's funds held by the County Treasurer are invested in the Investment Pool. As of the latest investment report (as of June 30, 2023), the combined cash and investments in the treasury totaled \$462,829,140. Invested treasury funds total \$454,499,217, with \$107,327,527 under the management of the Local Agency Investment Fund, California Asset Management Program, and Money Market Mutual Funds with Five Star Bank. The dollar-weighted average maturity of invested funds is 718 days.

None of the County Office, the Board, the Sutter County Superintendent, the Public Finance Consultant, or the Underwriter has made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the 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 Treasurer, with the consent of the Treasury Oversight Committee and 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 Pool will not vary significantly from the values described herein.

STATE BUDGETS

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

The State Budget Process. 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 an initiative constitutional amendment 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 supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. 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. As discussed below, the Governor signed the most recent adopted State budget, for fiscal year 2023-24 (“2023-24 State Budget”) into law on June 27, 2023.

When the State budget is not adopted on time, basic appropriations and the categorical funding portions of LEA 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 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. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the Board might experience delays in receiving certain expected revenues.

State Budget Process and Proposition 98 Education Funding. The Proposition 98 funding amount for education in a given year varies throughout the stages of the budget and appropriation process, from the Governor’s January budget proposal to the final adopted budget, and may continue to evolve even through actual expenditures and post-year-end revisions to the prior year budget.

If, at year-end, the guaranteed amount is calculated to be higher than the amount of Proposition 98 funding appropriated in that year, the difference becomes an additional education funding obligation, referred to as “settle-up.” If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund

revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as “maintenance factor.”

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

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

2022-23 State Budget

On June 30, 2022, the Governor signed the State budget for fiscal year 2022-23 (the “2022-23 State Budget”). The following information is drawn from the California Department of Finance summary of the 2022-23 State Budget.

For fiscal year 2021-22, the 2022-23 State Budget projects total general fund revenues and transfers of \$277.1 billion and authorizes expenditures of \$242.9 billion. The State was projected to end the 2021-22 fiscal year with total reserves of \$46.7 billion, including \$18.2 billion in the traditional general fund reserve, \$20.3 billion in the Budget Stabilization Account (also known as the Rainy Day Fund) (“BSA”), \$7.3 billion in the Public School System Stabilization Account (“PSSSA”) and \$900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the 2022-23 State Budget projects total general fund revenues and transfers of \$219.7 billion and authorizes expenditures of \$234.4 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$37.2 billion, including \$3.5 billion in the traditional general fund reserve, \$23.3 billion in the BSA, \$9.5 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. The 2022-23 State Budget

includes deposits to the PSSSA of \$3.1 billion, \$4 billion and \$2.2 billion attributable to fiscal years 2020-21 through 2022-23, respectively. The balance of \$7.1 billion in the PSSSA in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY OFFICE OF EDUCATION REVENUES AND APPROPRIATIONS – Proposition 2” herein.

The 2022-23 State Budget set total funding for all K-12 education programs at \$128.6 billion, including \$78.6 billion from the State general fund. This resulted in per-pupil funding of \$22,893, including \$16,993 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2022-23 was set at \$110.4 billion. The 2022-23 State Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at \$96.1 billion and \$110.2 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of \$35.8 billion over the level projected by the 2021-22 Budget. Test 1 is projected to be in effect over this three year period.

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

- *Local Control Funding Formula.* The 2022-23 State Budget funds a COLA of 6.56% to LCFF apportionments, the largest COLA in the history of the LCFF. To assist school district and charter schools address ongoing fiscal pressures, staff shortages and other operational needs, the 2022-23 State Budget includes \$4.32 billion in ongoing Proposition 98 funding to increase LCFF base funding by an additional 6.28%. With respect to county offices of education, the 2022-23 State Budget includes \$101.2 million in ongoing, augmented LCFF funding. To support the fiscal stability of all local educational agencies, including those with declining student populations, the 2022-23 State Budget amends the LCFF calculation to consider the greater of a school district’s current year, prior year or average of three prior years’ ADA. Finally, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 State Budget enables all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year ADA or their current year enrollment, adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year. The 2022-23 State Budget also allows classroom-based charter schools to be similarly funded. The 2022-23 State Budget reflects \$2.8 billion in ongoing Proposition 98 funding and \$413 million in one-time Proposition 98 funding to implement these stabilization policies.
- *Learning Recovery.* The 2022-23 State Budget establishes the Learning Recovery Emergency Fund and appropriates \$7.9 billion in one-time Proposition 98 funding to establish a block grant to support local educational agencies in establishing learning recovery initiatives.
- *Discretionary Block Grant.* \$3.6 billion in one-time, discretionary Proposition 98 funding to school districts, county offices of education, charter schools and State special schools to be

spent on a variety of purposes, including arts and music programs, professional development, instructional materials, operational costs and expenses related to the COVID-19 pandemic.

- *Student Supports.* The 2021-22 State Budget provided \$3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. The 2022-23 State Budget includes an additional \$1.1 billion in one-time Proposition 98 funding to expand access to community schools.
- *Educator Workforce.* The 2021-22 State Budget provided \$2.9 billion to support a variety of initiatives intended to further expand the State’s educator preparation and training infrastructure, including meeting the needs of early childhood educators. To further support this effort, the 2022-23 State Budget provides \$48.1 million in one-time funding to waive certain teacher examination fees, \$20 million in one-time funding to develop and implement integrated teacher preparation programs, \$2.7 million to fund State operational support for teacher credentialing, and \$1.4 million to establish career counselors for prospective educators.
- *Educator Preparation, Retention and Training.* The 2022-23 State Budget funds a variety of additional educator workforce initiatives, including (i) \$250 million in one-time Proposition 98 funding to expand residency slots for teachers and school counselors, (ii) \$85 million in one-time Proposition 98 funding to create Pre-Kindergarten through 12th grade educator resources and professional learning in science technology, engineering and math, and (iii) \$35 million in one-time Proposition 98 funding, available over three years, for educator training in computer science, special education and support for English-learners.
- *Universal Transitional Kindergarten.* \$614 million in ongoing Proposition 98 funding to expand eligibility for transitional kindergarten to include all children turning five years old between September 2 and February 2, beginning in the 2022-23 fiscal year. To accommodate expected enrollment increases related to the expansion of transitional kindergarten, the 2022-23 State Budget will rebench the Test 1 percentage of State revenues allocated to education. Additionally, the 2022-23 State Budget includes \$383 million in Proposition 98 funding to add one additional certificated or classified employee to every transitional kindergarten class, which is expected to reduce student-to-adult ratios to more closely align with the State’s preschool program. Finally, the 2022-23 State Budget provides \$100 million of one-time funding in 2022-23, and \$550 million of funding in 2023-24, to support the construction or retrofit of school facilities for the purpose of providing classrooms for transitional kindergarten, full-day kindergarten or preschool.

- *Expanded Learning Time.* \$3 billion of Proposition 98 funding as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and foster youth. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their numbers of such students. Beginning in fiscal year 2023-24, local educational agencies will be required to offer expanded learning opportunities to all low-income students, English language learners and foster youth. Local educational agencies with the highest concentrations of these students will be required to offer expanded learning opportunities to all students. The 2022-23 State Budget continues to assume full implementation of this program by fiscal year 2025-26.
- *Literacy.* \$250 million in one-time Proposition 98 funding, available over five years, for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and offer one-on-one and small group intervention for struggling readers.
- *Community Engagement.* \$100 million in one-time Proposition 98 funding to expand the reach of an initiative included in prior budgetary legislation which builds the capacity of local educational agencies to engage more effectively with their communities.
- *Special Education.* \$500 million in ongoing Proposition 98 funding to increase in the Statewide base funding rate for special education funding.
- *College and Career Pathways.* \$500 million in one-time Proposition 98 funding, over seven years, to support the development of college and career pathways program focused on technology (including computer science, green technology and engineering), health care, education and climate-related fields. Additionally, the 2022-23 State Budget includes \$200 million in one-time Proposition 98 funding, available over four years, to strengthen and expand student access and participation in dual enrollment opportunities.
- *Home-to-School Transportation.* \$637 million in ongoing Proposition 98 funding to reimburse local educational agencies for up to 60% of their prior year transportation costs. In addition, commencing in fiscal 2023-24, the 2022-23 State Budget reflects the application of an ongoing COLA to the current LCFF Home-to-School Transportation add-on. Finally, the 2022-23 State Budget provides \$1.5 billion in one-time Proposition 98 funding, available over five years, to support the greening of school buses as part of a Statewide zero-emissions initiative.
- *Nutrition.* \$596 million in Proposition 98 funding to create universal access to subsidized school meals. The 2022-23 State Budget provides an additional \$611.8 million in ongoing Proposition 98 funding to augment State meal program reimbursements rates beginning in fiscal year 2022-23, in order to allow local educational agencies to continue offering

higher quality and more diverse meals for students. Additionally, the 2022-23 State Budget includes \$600 million in one-time Proposition 98 funding, available over three years, to upgrade school kitchen infrastructure and equipment, provide food service employee training and incorporate fresh, minimally-processed, California-grown foods in school meals. The 2022-23 State Budget also provides an additional \$100 million in one-time Proposition 98 funding to support local educational agency procurement practices for plant-based or restricted diet meals, as well as to procure California-grown or California-produced, sustainably grown and whole or minimally processed foods. Finally, the 2022-23 State Budget includes an additional \$30 million in one-time Proposition 98 funding for the California Farm to School Program, which connects local producers and school food buyers, increases food education opportunities and engages schools and students with the agricultural community.

- *Facilities.* \$1.4 billion in State general obligation bond funding to support school construction projects. This represents the final installment available to K-12 school districts under Proposition 51. The 2022-23 State Budget also provides \$1.3 billion in one-time funding in fiscal year 2022-23, \$2.1 billion of such funds in 2023-24 and \$875 million of such funds in fiscal year 2024-25, to support new construction and modernization projects through the State's school facility program. Finally, the 2022-23 State Budget includes \$30 million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program.
- *Classified Staff.* An increase of \$35 million in one-time Proposition 98 funding, and \$90 million in ongoing Proposition 98 funding, for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during the intersessional months when they are not employed.

2023-24 State Budget

On June 27, 2023, the Governor signed the legislative version of the 2023-24 State Budget. The 2023-24 Budget reports that, after two years of growth, the State is projected to face a downturn in revenues driven by a declining stock market, persistently high inflation, rising interest rates and job losses in high-wage sectors.

The 2023-24 State Budget predicts a \$31.7 billion revenue shortfall in fiscal year 2023-24. To close the budget gap, the 2023-24 State Budget includes a series of measures intended to avoid deep reductions to priority spending, as follows:

- Fund Shifts – \$9.3 billion in shifts of spending commitments from the State general fund to other sources.
- Reductions/Pullbacks – \$8.1 billion in State general fund spending reductions or pullbacks of previously approved spending.

- Delays – \$7.9 billion in delayed spending across multiple years, without reducing the amount of funding over the same period.
- Revenue and Internal Borrowing – \$6.1 billion in revenue, primarily from the Managed Care Organization tax, and internal borrowing from special fund balances not projected for programmatic purposes.
- Trigger Reductions – \$340 million in reductions that will be restored in the proposed State budget for fiscal year 2024-25 if there are sufficient resources to do so.

For the prior fiscal year (2022-23), the 2023-24 State Budget projects total general fund revenues and transfers of \$205.1 billion and authorizes expenditures of \$234.6 billion. The State is projected to end the 2022-23 fiscal year with total reserves of \$54.2 billion, including \$21.1 billion in the traditional general fund reserve, \$22.3 billion in the BSA, \$9.9 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2023-24, the 2023-24 State Budget projects total general fund revenues and transfers of \$208.7 billion and authorizes expenditures of \$225.9 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$37.8 billion, including \$3.8 billion in the traditional general fund reserve, \$22.3 billion in the BSA, \$10.8 billion in the PSSSA and \$900 million in the Safety Net Reserve Fund. The 2023-24 State Budget indicates that maintaining this level of reserves provides a prudent insurance policy, as the State continues to face revenue risks and uncertainty. The ending balance in the BSA is at the constitutional maximum amount, requiring any amounts in excess thereof to be dedicated to infrastructure improvements. The 2023-24 State Budget also includes revised deposits to the PSSSA of \$4.8 billion and \$1.8 billion attributable to fiscal years 2021-22 and 2022-23, respectively, and authorizes a deposit in fiscal year 2023-24 of \$902 million.

K-12 Education Spending. The 2023-24 State Budget sets total funding for all K-12 education programs at \$129.2 billion, including \$79.5 billion from the State general fund and \$49.7 billion from other sources. The minimum funding guarantee in fiscal year 2023-24 is set at \$108.3 billion. The 2023-24 State Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2021-22 and 2022-23, setting them at \$110.6 billion and \$107.4 billion, respectively. Test 1 is projected to be in effect over this three year period. To accommodate enrollment increases related to the expansion of transitional kindergarten (as further described below), the 2023-24 State Budget rebench the Test 1 percentage, from approximately 38.2% to 38.5%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

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

- *Local Control Funding Formula:* The 2023-24 State Budget funds a COLA of 8.22% to LCFF apportionments. When combined with declining enrollment adjustments, this increases year-over-year discretionary funds available to local educational agencies by

approximately \$3.4 billion. The 2023-24 State Budget also provides approximately \$1.6 billion in one-time Proposition 98 resources to support the ongoing costs of the LCFF in fiscal year 2023-24, and an increase of \$80 million in ongoing Proposition 98 funding for county offices of education serving students in juvenile court and other alternative school settings. Finally, to complement efforts to identify and address student group and school site equity gaps through school district LCAPs, the 2023-24 State Budget provides \$300 million in ongoing Proposition 98 funding to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and \$2 million in ongoing Proposition 98 funding to support the work of equity leads within the Statewide system of support.

- *Categorical Programs*: \$556.3 million in ongoing Proposition 98 funding to reflect an 8.22% COLA for specified categorical programs that remain outside of the LCFF.
- *Universal Transitional Kindergarten*: The funding levels in the 2023-24 State Budget reflect \$357 million in ongoing Proposition 98 funding to support the first year of expanded eligibility for transition kindergarten to include all children turning five years old between September 2, and February 2 in fiscal year 2022-23 (roughly 29,000 children). Additionally, the 2023-24 State Budget reflects \$238 million of Proposition 98 funding to support one additional classified or certificated staff person in every transitional kindergarten class in fiscal year 2022-23. The 2023-24 Budget includes \$597 million in ongoing Proposition 98 funding to support the second year of expanded eligibility to include all children turning five years old between September 2 and April 2 (roughly 42,000 children), beginning in fiscal year 2023-24. Additionally, the 2023-24 State Budget includes \$165 million to support one additional certificated or classified employee in every transitional kindergarten class. The 2023-24 Budget also makes certain adjustments to the transitional kindergarten program, including (i) requiring that, commencing with the 2025-26 fiscal year, transitional kindergarten classrooms maintain a 1:10 adult-to-student ratio, (ii) enabling local educational agencies, in fiscal years 2023-24 and 2024-25, to enroll children whose fourth birthday falls between June 2 and September 1 in transitional kindergarten if classrooms meet the 1:10 ratio and maintain a total class size of 20 or less students, and (iii) extending the deadline for credentialed teachers to have earned 24 early education college credits, or its equivalent, or earned a child development teacher permit or early childhood education specialist credential. Finally, the 2023-24 State Budget delays, to fiscal year 2024-25, \$550 million of funding previously approved to support the construction or retrofit of full-day kindergarten and preschool facilities.
- *Literacy*: The 2023-24 State Budget provides \$250 million in one-time Proposition 98 funding for high-poverty schools, using evidence-based practices, to train and hire literacy coaches and reading specialists for one-on- one and small group interventions for struggling readers. The 2023-24 State Budget also provides \$1 million in one-time Proposition 98 funding to support efforts to begin screening students in kindergarten

through second grade for risk of reading difficulties, including dyslexia. Finally, the 2023-24 State Budget provides \$1 million in one-time Proposition 98 funding to create a literacy roadmap to help educators navigate literacy resources provide by the State.

- *Educator Workforce:* The 2023-24 State Budget includes a number of statutory changes to reduce barriers for those interested in entering the teacher profession, including (i) increasing the per-candidate allocation for the Teacher and School Counselor Residency Program, (ii) allowing greater time for residency candidates to complete their service requirements, (iii) providing additional ways for teachers to complete their teaching credentials, and (iv) allowing relocated U.S. military service members, or their spouses, to be issued a State teaching credential if they possess a valid, out-of-state credential. The 2023-24 State Budget also provides \$10 million in one-time Proposition 98 funding for grants to local education agencies to provide culturally relevant support and mentorship for educators to become school administrators.
- *Arts and Cultural Enrichment:* On November 8, 2022, State voters approved Proposition 28, which requires that an amount equal to 1% of the prior year's minimum funding guarantee be allocated to schools to increase arts instruction and arts programs in public education. The 2023-24 State Budget includes approximately \$938 million to fund this mandate. The 2023-24 State Budget also reflects a reduction of approximately \$200 million in one-time Proposition 98 funding previously approved for the Arts, Music and Instructional Materials Block Grant.
- *Learning Recovery:* The 2022-23 State Budget established the Learning Recovery Emergency Fund and appropriated \$7.9 billion in one-time Proposition 98 funding to establish a block grant to support local educational agencies in establishing learning recovery initiatives. The 2023-24 State Budget delays approximately \$1.1 billion of such funding to fiscal years 2025-26 through 2027-28.
- *Home-to-School Transportation:* The 2022-23 State Budget provided \$1.5 billion in one-time Proposition 98 funding, available over five years, to support the greening of school buses as part of a Statewide zero-emissions initiative. The 2023-24 State Budget delays \$1 billion of this funding to fiscal years 2024-25 and 2025-26.
- *Nutrition:* \$154 million in additional ongoing Proposition 98 funding, and \$110 million in one-time Proposition 98 funding, to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.
- *Teacher Development:* The 2023-24 State Budget provides \$20 million in one-time Proposition 98 funding to support the Bilingual Teacher Professional Development Program. The 2023-24 State Budget also provides \$6 million in one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.

- *Reversing Opioid Overdoses*: \$3.5 million in ongoing Proposition 98 funding for all middle school, high school and adult school sites to maintain at least two doses of medication to reverse an opioid overdose on campus.
- *Restorative Justice*: \$7 million in one-time Proposition 98 funding to support local educational agencies opting to implement restorative justice best practices.
- *School Safety*: \$119.6 million in one-time federal funds authorized by the Bipartisan Safer Communities Act to support local educational agency activities related to improving school climates and school safety.
- *After School Education*: \$3 million in one-time federal funds to support after school programs in rural school districts.
- *Facilities*: The 2023-24 State Budget reflects a decrease of \$100 million in State general fund support for the State school facilities program. The 2023-24 State Budget includes \$30 million in one-time Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program, and \$15 million in one-time Proposition 98 funding to support grants to local educational agencies to acquire and install commercial dishwashers.

Additional Information on State Finances

The full text of and further analysis regarding proposed and adopted State budgets may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading "California Budget." The Legislative Analyst's Office ("LAO") budget overviews and other analyses may be found at www.lao.ca.gov under the heading "Products." In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov or through the Municipal Securities Rulemaking Board's EMMA website at emma.msrb.org.

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agency maintaining each website and not by the Board, and the Board can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future State Budgets

The Board cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The Board also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the Board will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Board.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY OFFICE OF EDUCATION REVENUES AND APPROPRIATIONS

Neither the Certificates nor the obligation of the Board to make Rental Payments constitutes an obligation of the Board for which the Board is obligated to levy or pledge, or for which the Board has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the Board to make Rental Payments constitutes a debt of the Board, the State of California or any of their respective political subdivisions in contravention of any constitutional limitation or any statutory debt limitation.

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Limitations on Appropriations

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

Limitations on Taxing Authority

Constitutional Limitations. On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (“Article XIII C” and “Article XIII D,” respectively), which contain a number of provisions affecting the ability of local agencies, including county offices of education, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts and county offices of education from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

The California Supreme Court upheld and reaffirmed the constitutionality of Proposition 62 in its decision on September 28, 1995, in *Santa Clara County Transportation Authority v. Guardino*. Certain matters regarding Proposition 62 were not addressed in the Supreme Court’s decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 26. On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is

not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Proposition 19 Ballot Measure. A proposed ballot measure was approved by voters on the November 2020 Statewide ballot ("Proposition 19"). Proposition 19 amends Article XIII A to permit eligible homeowners to transfer tax assessments anywhere in the State, narrows existing special rules for inherited properties, and broadens the scope of triggers for reassessment of properties. Any additional revenues and net savings resulting from Proposition 19 will be allocated to fire protection services and reimbursing local governments for taxation-related changes. The Board cannot make any assurance as to what effect the implementation of Proposition 19 will have on County Office revenues or assessed valuation of real property in the County Office's boundaries.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding A.B.x1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that A.B.x1 27, a companion bill to A.B.x1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY OFFICE OF EDUCATION REVENUES AND APPROPRIATIONS—Proposition 1A and Proposition 22" herein. A.B.x1 27 would have permitted redevelopment agencies to continue operations provided their establishing city or county agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

A.B.x1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("A.B. 1484"), which, together with A.B.x1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the

California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to A.B.x1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

The priority among the various types of enforceable obligations is as follows: (1) the first priority for payment is tax allocation bonds issued by the former redevelopment agency; (2) second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; (3) third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; (4) fourth is tax revenues in the Trust Fund in excess of such amounts, if any, and will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory 2% pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (A.B. 1290, Chapter 942, Statutes of 1993) ("A.B. 1290"), are restricted to educational facilities without offset against State funding. Only 43.3% of A.B. 1290 pass-throughs are offset against State aid so long as the Board uses the moneys received for land acquisition,

facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

A.B.X1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received had the redevelopment agency existed at that time,” and that the county auditor/controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of A.B.X1 26 using current assessed values and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. A.B. 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The Board can make no representations as to the extent to which its LCFF apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Propositions 98 and 111

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

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to public educational agencies. Any such transfer would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if

revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budget in a different way than is proposed in the 2018-19 State Budget.

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

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

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

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

(c) *Exclusions from Spending Limit.* Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the

Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds.

The foregoing requirement could apply to amounts budgeted by the Board as being received from the State. To the extent the holding in such case would apply to State payments reflected in the Board's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the Board if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

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

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

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax is being levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending in the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (a) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers).

The California Children’s Education and Health Care Protection Act of 2016 (also known as “Proposition 55”) is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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

Proposition 2

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

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

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

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

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and the above-described Propositions 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 County Office revenues or the Board's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the Board.

TAX MATTERS

In the opinion of Parker & Covert LLP, Sacramento, California, Special Counsel to the Board, based upon the analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of Rental Payments designated as and comprising interest received by the owners of the Certificates is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, such interest evidenced by the Certificates is not a specific item of tax preference for purposes of the alternative minimum tax imposed on individuals. However, for tax years beginning after December 31, 2022, such interest evidenced by the Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. A complete copy of the proposed form of Opinion of Special Counsel is set forth in Appendix B attached hereto.

The Internal Revenue Code of 1986, as amended, (the “Code”) imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest evidenced by obligations such as the Certificates.

The Board has made certain representations and has covenanted to comply with certain restrictions designed to assure that interest evidenced by the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in such interest evidenced by the Certificates being included in federal gross income, possibly from the date of issuance of the Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after that date of issuance of the Certificates may adversely affect the tax status of interest evidenced by the Certificates.

Although Special Counsel expects to render an opinion that interest evidenced by the Certificates is excludable from gross income for federal income tax purposes and such interest is exempt from State of California personal income taxes, the ownership or disposition of the Certificates, or the accrual or receipt of amounts treated as interest evidenced by the Certificates may otherwise affect a Beneficial Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Certificates, or the amount, accrual, or receipt of the portion of Rental Payments constituting interest.

If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Original issue discount is treated, under the Code, as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph above. The original issue discount accrues under a constant yield method, and original issue discount will accrue to an Owner before receipt of cash attributable to such excluded income. The amount of original issue discount deemed received by the Beneficial Owner will increase the Beneficial Owner’s basis in the Certificates. Beneficial Owners of the Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such Certificates in the original offering to the public.

Under the Code, Certificates with original issue premium will be treated as having amortizable premium. Amortized premium is not deductible for federal income tax purposes for obligations

such as the Certificates. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Certificate with original issue premium will be reduced by the amount of amortizable premium properly allocable to such Beneficial Owner. Beneficial Owners of such Certificates with original issue premium should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest evidenced by the Certificates to be subject, directly or indirectly, to federal and/or state income taxation, or otherwise prevent Beneficial Owners of the Certificates from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Certificates should consult their own tax advisers regarding any pending or proposed federal and/or state tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Certificates for audit examination, or the course or result of any IRS examination of the Certificates, or obligations that present similar tax issues, will not affect the market price or marketability of the Certificates.

The rights of the Beneficial Owners of the Certificates and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

CONTINUING DISCLOSURE

The Board has authorized the execution of a Continuing Disclosure Certificate in connection with the delivery of the Certificates, wherein the Board will covenant, for the benefit of holders and beneficial owners of the Certificates, to provide certain financial information and operating data relating to the County Office (an "Annual Report") to the Municipal Securities Rulemaking Board (the "MSRB") by not later than nine and one half months following the end of the Board's fiscal year (which currently would be by April 15 in each year based upon the June 30 end of the Board's fiscal year), commencing with the annual report for the fiscal year ending June 30, 2023, which is due no later than April 15, 2024. The Board will also covenant to provide notice of the occurrence of certain enumerated events ("Listed Events") within ten (10) business days after the occurrence of such a Listed Event. The specific nature of the information to be contained in the Annual Report and the notices of Listed Events is set forth in APPENDIX D - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants are made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

In the five years preceding the date of this Official Statement, the Board has not been subject to any existing continuing disclosure undertaking pursuant to the Rule, and so has not failed to timely file any required Annual Reports or notices of Listed Events.

In order to assist it in complying with its disclosure undertakings (the “Undertaking”) for the Certificates, the Board has engaged the Public Finance Consultant, to serve as its dissemination agent. A failure by the Board to comply with an Undertaking will not constitute an Event of Default with respect to the Certificates. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

RATINGS

[TO BE UPDATED DEPENDING ON INSURANCE AND RATING]

[S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), is expected to assign a municipal bond rating of “AA” to the Certificates, with the understanding that a municipal bond insurance policy insuring the payment, when due, of principal and interest with respect to the Certificates will be issued by Assured Guaranty Municipal Corp. at the time of delivery of the Certificates. In addition, S&P have assigned an underlying municipal bond rating of “A+” to the Certificates.

Such ratings, which appear on the front cover of this Official Statement, reflect only the views of S&P, and an explanation of the significance of each such rating may be obtained only from S&P. Such ratings are not a recommendation to buy, sell, or hold the Certificates. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if in S&P’s judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates. Neither the Underwriter nor the Board has undertaken any responsibility after the offering of the Certificates to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

UNDERWRITING

The Certificates are being sold to [UNDERWRITER] (the “Underwriter”), pursuant to a Certificate purchase agreement at a price of \$_____ (which is equal to the initial principal amount of the Certificates, plus/less net original issue premium/discount of \$_____, less an Underwriter’s discount of \$_____).

The Certificate purchase agreement provides that the Underwriter will purchase all of the Certificates (if any are purchased), and provides that the Underwriter’s obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter may offer and sell Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

OTHER LEGAL MATTERS

Parker & Covert, LLP, Sacramento, California, Special Counsel, will render an opinion with respect to the validity and enforceability of the Ground Lease, the Facilities Lease, and the Trust Agreement in connection with the Certificates, the form of which opinion is set forth at APPENDIX B to this Official Statement. Copies of the approving opinion will be available at the time of delivery of the Certificates.

Legality for Investment

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

Absence of Material Litigation

At the time of delivery of and payment for the Certificates, the Board (by and through authorized officers of the County Office) and the Corporation will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the Board or the Corporation threatened, against the Board or the Corporation in any material respect affecting the existence of the Board or the Corporation or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or the payment of Rental Payments or challenging, directly or indirectly, the validity or enforceability of the proceedings to lease the Facilities back from the Corporation, the Trust Agreement, the Facilities Lease, or the Ground Lease.

There is no action, suit, or proceeding known to be pending or threatened, to restrain or enjoin the execution or delivery of the Certificates, or in any way contesting or affecting the validity of the Certificates or any proceedings of the Board taken with respect thereto. The Board is not aware of any litigation, pending or threatened, questioning the political existence of the Board, the office of the Sutter County Superintendent, or the County Office.

The Board is occasionally subject to lawsuits and claims. In the opinion of the Board, the aggregate amount of the uninsured liabilities of the Board under these lawsuits and claims will not materially affect the financial position or operations of the County Office.

Compensation of Certain Professionals

Payment of the fees and expenses of Special Counsel, Disclosure Counsel, Trustee, [and the Public Finance Consultant], are contingent upon execution and delivery of the Certificates.

Public Finance Consultant. The Board is a member of Government Financial Services Joint Powers Authority ("GFSJPA"). GFSJPA provides financial consulting services to member agencies and other public entities. The Board's payment of fees and expenses of GFSJPA is not contingent upon the execution and delivery of the Certificates.

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ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Certificates. The references herein to the Facilities Lease, the Ground Lease, and the Trust Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Prior to the delivery of the Certificates to the Underwriter, copies of the Facilities Lease, the Ground Lease, and the Trust Agreement, are available for inspection at the office of the Sutter County Superintendent, and following delivery of the Certificates, such documents will be on file at the office of the Trustee. The Board may impose a charge for any copies requested.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive. Reference is made to such documents and reports for full and complete statements of the content thereof.

Any statement 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 Board and the purchasers or Owners of any of the Certificates. Appropriate County Office officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

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

SUTTER COUNTY BOARD OF EDUCATION

By: _____
Sutter County Superintendent of Schools

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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The following are summaries of selected provisions of certain legal documents that are not described elsewhere in this Official Statement. These summaries do not purport to be comprehensive, and reference should be made to the Ground Lease, the Facilities Lease, and the Trust Agreement, for full and complete statements of their provisions. All capitalized terms not defined in this Official Statement have the meanings set forth in the Trust Agreement.

DEFINITIONS

Additional Payments means the additional payments payable by the Board of Education under and pursuant to the Facilities Lease

Annual Debt Service means for each Bond Year the aggregate amount (without duplication) of principal and interest scheduled to become due (either at maturity or by mandatory prepayment) and sinking fund payments (or lease or installment purchase payments with separately designated interest and principal components) required to be paid in that Bond Year on all Outstanding Certificates.

Applicable Environmental Laws means any local, state, and/or federal laws or regulations, whether currently in existence or enacted later, that govern (1) the existence, cleanup, and/or remedy of contamination on property; (2) the protection of the environment from spilled, deposited, or otherwise emplaced contamination; (3) the control of hazardous wastes; or (4) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

Board of Education means the Sutter County Board of Education, Sutter County, State of California, a county board of education duly organized and existing under the Constitution and laws of the State.

Bond Year or Year means the period ending on October 1 of each year, with the first Bond Year beginning on the Closing Date and ending on October 1, 2024, and the last Bond Year ending on the date on which none of the Certificates remain outstanding.

Business Day means a day other than a Saturday, a Sunday or a day on which banks in the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to close.

Certificate Reserve Requirement means, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service on all Certificates then Outstanding; (ii) 125% of average Annual Debt Service on all Certificates then Outstanding; and (iii) 10% of the aggregate principal amount of the Certificates executed and delivered on the Closing Date (or, if the Certificates were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Certificates (excluding pre-issuance accrued interest), as those terms are defined in the Code).

Certificates or Certificates of Participation means the Sutter County Board of Education, 2023 Certificates of Participation, authorized by, and at any time Outstanding pursuant to, the Trust Agreement. *Serial Certificates* means the Certificates, maturing in specified years, for which no Mandatory Sinking Account Payments are provided. *Term Certificates* means the Certificates payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Certificates on or before their specified maturity date or dates.

Closing Date means the date of delivery of the Certificates to the initial purchaser.

Code means the Internal Revenue Code of 1986, as amended, and the regulations applicable to or issued thereunder.

Corporation means Public Property Financing Corporation of California, a nonprofit public benefit corporation duly established and validly existing under and by virtue of the laws of the State of California.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Board of Education and related to the authorization, execution and delivery of the Facilities Lease, the Ground Lease, and the Trust Agreement and the related sale of the Certificates, 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, initial fees, legal fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, premiums, fees, legal fees and expenses of municipal bond insurers (if any), surety bond providers and letter of credit banks, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

Defeasance Securities means (1) cash; (2) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("U.S. Treasury Obligations"); (3) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (4) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (5) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

Facilities means the real property described in Exhibit A attached to the Facilities Lease and all improvements located thereon.

Hazardous Substance means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Facilities, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

Interest Payment Date means April 1 and October 1 in each year, commencing October 1, 2024.

Investment Securities means the following:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies, which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities that are purchased at prices exceeding their principal amounts);

(b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

(c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; or

(d) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities that are purchased at prices exceeding their principal amounts).

4. Unsecured certificates of deposit (including those placed by a third party pursuant to a separate agreement between the Board of Education and the Trustee), time deposits, demand

deposits, other deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts and bankers' acceptances (having maturities of not more than 365 days) of any bank (including the Trustee or any of its affiliates) the short-term obligations of which are rated "A-1+" or better by Standard & Poor's and "Prime-1" by Moody's. Additionally, no more that 30% of the Board of Education's money invested under this Trust Agreement may be invested in bankers' acceptances of any one commercial bank.

5. Deposits the aggregate amount of which is fully insured by the Federal Deposit Insurance Corporation, including time deposits, unsecured certificates of deposit (including those placed by a third party pursuant to a separate agreement between the Board of Education and the Trustee), time deposits, demand deposits, other deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits, interest bearing money market accounts and bankers' acceptances in banks (including the Trustee or any of its affiliates) which have capital and surplus of at least \$15 million or collateralized by Defeasance Securities for amounts in excess of insurance.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's. Entities that may issue commercial paper shall be consistent with California Government Code section 53601 or its equivalent.

7. Money market mutual funds rated "Aam" or "AAm-G" by Standard & Poor's, or better and if rated by Moody's rated "Aa2" or better, including funds for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, but excluding funds with a floating net asset value.

8. The Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code.

9. "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A3" by Moody's and at least "A-" by Standard & Poor's, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by Standard & Poor's and "MIG-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA-" or better by Standard & Poor's and "Aa3" or better by Moody's.

10. Pre-refunded municipal obligations rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s meeting the following requirements:

(a) The municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) The municipal obligations are secured by cash or U.S. Treasury Obligations that may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) The principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification Report”);

(d) The cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) No substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

(f) The cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

11. Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank (including the Trustee or any of its affiliates), the long-term debt of which is rated at least “A-” by Standard & Poor’s and “A3” by Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (that guarantees the provider) of which has, long-term debt rated at least “A-” by Standard & Poor’s and “A3” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least “A-” by Standard & Poor’s and “A3” Moody’s (each an “Eligible Provider”), provided that:

(a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA’s and 104% of the total principal when the collateral type is FNMA and FHLMC (“Eligible Collateral”);

(b) the Trustee or a third party acting solely as agent therefor or for the Board of Education (the "Custodian") has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

(c) the collateral shall be marked to market on a daily basis and the provider or the Custodian shall send monthly reports to the Trustee and the Board of Education, setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(d) the repurchase agreement shall state, and an opinion of counsel shall be rendered at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(e) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, notify the Board of Education and the Trustee within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) post Eligible Collateral, or (ii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by the Board of Education), repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Board of Education or the Trustee.

12. Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims-paying ability, of the guarantor is rated at least "A" by Standard & Poor's, "A3" by Moody's, or "A-" by Fitch Ratings, Inc. ("Fitch") (each an "Eligible Provider"); provided that:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay principal and interest due on the Certificates;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Board of Education and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the provider shall send monthly reports to the Trustee, the Board of Education setting forth the balance the Board of Education or the Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(d) the investment agreement shall state that it is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(e) the Board of Education and the Trustee shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(f) the Board of Education and the Trustee shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (ii) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (iii) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(g) the investment agreement shall provide that if during its term:

(i) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3," the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) post Eligible Collateral with the Board of Education, the Trustee or a third party acting solely as agent therefore (the "Custodian") free and clear of any third party liens or claims, or (ii) assign the agreement to an Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;

(ii) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3," the provider must, at the direction of the Board of Education or the Trustee, within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Board of Education or the Trustee.

(h) if the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S.

Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC ("Eligible Collateral"). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Board of Education setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(j) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(k) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Board of Education or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board of Education or the Trustee, as appropriate, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Board of Education or the Trustee, as appropriate.

13. The Sutter County investment pool.

Mandatory Sinking Account Payment means, with respect to Certificates of any maturity, the amount required by the Trust Agreement, or a Supplemental Trust Agreement hereto, to be deposited by the Board of Education in a Sinking Account for the payment of Term Certificates of such maturity.

Maximum Annual Debt Service shall mean the greatest amount of principal and interest becoming due and payable with respect to all Certificates in any Bond Year including the Bond Year in which the calculation is made or any subsequent Bond Year.

Outstanding, when used as of any particular time with reference to Certificates, means all Certificates theretofore, or thereupon being, executed and delivered by the Trustee under the Trust Agreement, except (1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Certificates with respect to which all liability of the Board of Education shall have been discharged, including Certificates (or portions of Certificates) for which money is held in trust by the Trustee; and (3) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

Permitted Encumbrances means (1) liens for general *ad valorem* taxes and assessment, if any, not then delinquent, or that the Board of Education may, pursuant to the Facilities Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions that exist of record as of the date of recordation of the Facilities Lease and that the Board of Education certifies in writing will not materially impair the use of the Facilities; (3) the Ground Lease, as it may be amended from time to time; (4) the Trust Agreement, as it may be amended from time to time; (5) any right or claim of any mechanic, laborer, materialman, supplier, or vendor 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 the Facilities Lease and to which the Corporation consents in writing; and (7) liens relating to special assessments levied with respect to the Facilities.

Person means an individual, a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Payment Date means October 1 in each year, commencing October 1, 2026.

Project means the school facilities improvements to be constructed with the proceeds of the sale of the Certificates.

Rating Agency means Moody's Investors Service, S&P Global Ratings, or any other entity which is nationally recognized as a rating agency for public securities.

Redemption Price means, with respect to any Certificate (or portion thereof) the principal amount represented by such Certificate (or portion), plus interest represented thereby accrued to the date fixed for redemption, plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Certificate and this Trust Agreement.

Rental Payments means the Rental Payments payable by the Board of Education pursuant to the provisions of the Facilities Lease.

Reserve Facility means any letter of credit, insurance policy, surety bond, or other credit source deposited with the Trustee pursuant to the Trust Agreement.

State means the State of California.

Statement, Certificate, Request, Requisition, and Order of the Board of Education mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the Board of Education by the Superintendent and/or Assistant Superintendent of Business Services of the Sutter County Superintendent of Schools Office, and/or the President, Vice President, and/or Secretary of the Board of Education, or designee, or any other person authorized by the Board of Education to execute such instruments. Any such instrument and

supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion, or representation, and the two or more so combined shall be read and construed as a single instrument, if and to the extent required by provisions of the Trust Agreement.

Supplemental Trust Agreement means any trust agreement hereafter duly executed and delivered, supplementing, modifying, or amending the Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized in the Trust Agreement.

Trustee means The Bank of New York Mellon Trust Company, N.A., a national banking association, or its successor as Trustee as provided in provisions of the Trust Agreement.

GROUND LEASE

Under the Ground Lease, the Board of Education will lease the Facilities to the Corporation for an advance rental equal to the proceeds of the sale of the Certificates. The term of the Ground Lease will commence on the Closing Date and will terminate on October 1, 2063, unless extended because of rental abatement or sooner terminated because of prepayment of the Certificates.

FACILITIES LEASE

General

Simultaneously with the delivery of the Ground Lease, the Corporation will sublease the Facilities to the Board of Education pursuant to the Facilities Lease. Certain of the provisions of the Facilities Lease are summarized below; this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Facilities Lease.

Term

The term of the Facilities Lease shall commence on the Closing Date and shall end on October 1, 2063, unless such term is extended or sooner terminated. If on October 1, 2063, the Certificates have not been fully paid, or if the rental payable under the Facilities Lease has been abated at any time and for any reason, then the term of the Facilities Lease will be extended for a period equal to the period of such abatement, up to 10 years. If, prior to October 1, 2063, the Certificates have been fully paid, or provision therefor made, the term of the Facilities Lease shall end.

Substitution, Addition, Deletion

The Board of Education and the Corporation may substitute alternate real property for any real property that constitutes the Facilities, or add or delete real property that constitutes the Facilities for purposes of the Ground Lease and the Facilities Lease, or alter the term of the

Ground Lease and the Facilities Lease as to any portion of the real property constituting the Facilities, but only after the Board of Education shall have filed with the Trustee all of the following:

Documents. Executed copies of the amended Ground Lease and Facilities Lease containing the amended description of the Facilities;

Recording. A Statement of the Board of Education certifying that the amended Ground Lease and Facilities Lease, or memoranda thereof, and an amended memorandum of the Trust Agreement have been duly recorded in the official records of Sutter County;

Value. An MAI fair market appraisal demonstrating that the value of the property that will constitute the Facilities after the substitution, addition, deletion, or change of term is greater than the principal amount of Certificates then outstanding, or a Certificate of an Insurance Consultant stating that the replacement value (estimated for casualty insurance purposes) of the property that will constitute the Facilities after such substitution, addition, deletion, or change of term is greater than the principal amount of Certificates then outstanding.

Title Insurance. A CLTA leasehold policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies in an amount or amounts such that the amount of title insurance coverage with respect to the Facilities after the substitution, addition, deletion, or change of term is at least equal to the amount of the remaining Rental Payments with respect to the Facilities. Each such policy or endorsement, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the Corporation in such amended property, subject only to the following exceptions: (1) Permitted Encumbrances, and (2) other exceptions that do not substantially interfere with the Board of Education's right to use and occupy the amended real property and that will not result in an abatement of Rental Payments.

No Effect on Occupancy; Useful Life. A Statement of the Board of Education certifying that such substitution, addition, deletion, or change of term, does not adversely affect the Board of Education's use and occupancy of the Facilities and that the Facilities, as amended, have a useful life extending at least to the date of termination of the Facilities Lease;

No Prior Liens. A Statement of the Board of Education certifying that the real property that will constitute the Facilities after the substitution, addition, deletion, or change of term is not subject to any liens securing monetary obligations (other than Permitted Encumbrances) unless such liens are subordinate to the interests of the Corporation created by the Facilities Lease;

Essential Facilities. A Statement of the Board of Education certifying that the real property that will constitute the Facilities after the substitution, addition, deletion, or change of term is essential to the fulfillment of the Board of Education's governmental purposes;

Opinion of Bond Counsel. An Opinion of Bond Counsel stating that amendments to the Ground Lease and the Facilities Lease that implement the substitution, addition, deletion, or change of term are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; upon execution and delivery will be valid obligations of the Board of Education and the Corporation; and will not cause the interest component of the Rental Payments to be includable in gross income for federal income tax purposes; and

Notice to Rating Agencies. Evidence of delivery of written notice of the proposed substitution, addition, deletion, or change of term to each Rating Agency then rating the Certificates.

Upon such substitution, addition, deletion, or change of term, the real property released shall be conveyed to the Board of Education, and the Corporation shall execute all documents necessary or appropriate to convey or reconvey such property to the Board of Education, free of all restrictions and encumbrances imposed or created by the Facilities Lease, the Ground Lease, or the Trust Agreement.

Rental Payments; Additional Payments

Rental Payments. Under the Facilities Lease, the Board of Education will pay Rental Payments for the use of the Facilities. A portion of the Rental Payments will constitute principal components and a portion will constitute interest components. Rental Payments are due on the dates specified on the schedule attached to the Facilities Lease.

Additional Payments. The Board of Education also promises to pay Additional Payments, which include (i) all costs and expenses incurred by the Corporation or the Trustee in connection with the execution, performance, or enforcement of the Facilities Lease and the Trust Agreement, (ii) amounts required to be paid to the Trustee for deposit in the Certificate Reserve Fund pursuant to the Trust Agreement; and (iii) amounts required to be deposited in the Rebate Fund.

Allocation of Rental Payments and Additional Payments

All Rental Payments and Additional Payments received shall be applied first to the interest components of the Rental Payments due, then to the principal components of the Rental Payments due, then to the replenishment of any draws upon the Certificate Reserve Fund, and thereafter to all Additional Payments due under the Facilities Lease, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Fair Rental Value

The Rental Payments and Additional Payments for each rental period during the term of the Facilities Lease shall constitute the total rental for such rental period. The Board of Education has agreed to pay the Rental Payments for and in consideration of the right to possess and to continue to quietly use and enjoy the Facilities. The parties to the Facilities Lease have agreed and determined that the Rental Payments and the Additional Payments represent the fair rental value of the Facilities during each rental period for which such rental is to be paid. In making such determination, consideration has been given to the cost of acquisition, design, construction, and financing of the Facilities, other obligations of the parties under the Facilities Lease, the uses and purposes that may be served by the Facilities, and the benefits therefrom that will accrue to the Board of Education and the general public.

Covenant to Budget and Appropriate

The Board of Education covenants and agrees to take such action as may be necessary to include all Rental Payments and Additional Payments due pursuant to the Facilities Lease in its annual budgets and to make the necessary annual appropriations for all such Rental Payments and Additional Payments. Annually within thirty days of the adoption of the budget, the Board of Education will furnish to the Trustee a Statement of the Board of Education certifying that such budget contains the necessary appropriation for all Rental Payments and Additional Payments. If requested in writing by the Trustee, the Board of Education will furnish a copy of such budget.

No Offsets; Net Lease

The Board of Education promises to make all Rental Payments and Additional Payments when due without deduction or offset of any kind, notwithstanding any dispute between the Corporation and the Board of Education, and not to withhold any Rental Payments or Additional Payments pending the final resolution of any such dispute. The Facilities Lease will be deemed and construed to be a "net-net-net lease" and the Board of Education agrees that the Rental Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges, or setoffs whatsoever.

Abatement of Rental

Except to the extent of amounts held by the Trustee in the Certificate Reserve Fund or in any other funds held by the Trustee under the Trust Agreement otherwise available to the Trustee for payments in respect of the Certificates, Rental Payments and Additional Payments shall be abated proportionately during any period in which, by reason of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or title defect with respect to any portion of the Facilities, or delay in the construction of or failure to complete construction of that portion of the Facilities comprised of the Project, there is substantial interference with the use and possession of the Facilities or a portion thereof. The amount of abatement shall be such that the resulting Rental Payments and Additional

Payments represent fair consideration for the use and possession of the portion of the Facilities not so interfered with. Such abatement shall commence with the date of such interference and shall end only with cure thereof. Any determination of remaining fair rental value will be made with reference to the greater of (i) the Board of Education's fair rental value certification as of the date of execution and delivery of the Certificates; or (ii) the fair rental value on the date of determination.

Prepayment

Casualty/Condemnation. The Board of Education will prepay from net insurance proceeds (including title insurance) and eminent domain proceeds, to the extent described below, all or a proportionate amount of each (such that the remaining Rental Payments are substantially equal in each year thereafter) of the principal components of the Rental Payments then unpaid, at a prepayment amount equal to the sum of the principal components prepaid plus the interest component of such Rental Payments accrued to the date of prepayment.

Optional Prepayment. The Board of Education may prepay, from any source of available funds, such part of the Rental Payments as specified by the Board of Education by depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to make such Rental Payments when due. The Board of Education agrees that, if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, or the Project is delayed or not completed, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Any such prepayment shall be applied by the Trustee to pay the principal and interest components of the Certificates and to redeem Certificates if such Certificates are subject to redemption pursuant to the terms of the Trust Agreement.

Covenants of the Board of Education

(a) *Maintenance of the Facilities.* The Board of Education agrees that, at all times during the term of the Facilities Lease, the Board of Education will, at the Board of Education's own cost and expense, maintain, preserve, and keep the Facilities and every portion thereof in good repair, working order, and condition and that the Board of Education will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.(a)

Taxes and Other Governmental Charges; Utility Charges. If the use, possession, or acquisition by the Board of Education or the Corporation of the Facilities is found to be subject to taxation in any form (except for income or franchise taxes of the Corporation), the Board of Education will pay during the term of the Facilities Lease, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities, and any equipment or other property acquired by the Board of Education in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities; provided that, with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, the Board of Education shall be obligated to pay only such installments as are accrued during

such time as the Facilities Lease is in effect. The Board of Education shall pay or cause to be paid all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility, and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Facilities.(a)

Liens. In the event the Board of Education shall at any time during the term of the Facilities Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Facilities, the Board of Education 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 Board of Education in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Corporation's interest therein, the Board of Education 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 Board of Education desires to contest any such lien it may do so in good faith. If any such lien is 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 Board of Education shall forthwith pay and discharge such judgment.(a)

Environmental Covenants. The Board of Education and the Corporation will comply with all Applicable Environmental Laws with respect to the Facilities and will not use, store, generate, treat, transport, or dispose of any Hazardous Substance thereon or in a manner that would cause any Hazardous Substance to later flow, migrate, leak, leach, or otherwise come to rest on or in the Facilities.(a)

Assignment and Subleasing. Neither the Facilities Lease nor any interest of the Board of Education thereunder shall be mortgaged, pledged, assigned, sublet, encumbered (except for Permitted Encumbrances) or transferred by the Board of Education by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest components of the Rental Payments payable by the Board of Education thereunder. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the Board of Education to make the Rental Payments and Additional Payments required under the Facilities Lease.**Insurance**

(a) **Fire and Extended Coverage Insurance.**1. **Coverage.** The Board of Education shall maintain, throughout the term of the Facilities Lease, insurance against loss or damage to the Facilities, and 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. 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.

2. **Amount.** Such insurance shall 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 \$10,000), or, in

the alternative, shall be in an amount and in a form sufficient (together with moneys in the Certificate Reserve Fund) in the event of total or partial loss, to enable all Certificates then Outstanding to be prepaid. The policy shall explicitly waive any co-insurance penalty.

3. Application of Net Proceeds.

a. Repair or Replacement of Facilities. In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Board of Education, except as described below, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction, or replacement of the damaged or destroyed item or items 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.

b. Prepayment of Lease. Alternatively, the Board of Education, at its option, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to prepay an aggregate principal amount represented by the Outstanding Certificates plus accrued interest to the prepayment date, equal to the amount of the Outstanding Certificates attributable to the item or items of the Facilities so destroyed or damaged (determined by reference to the proportion that the acquisition and construction cost of such portion of the Facilities bears to the acquisition costs of the Facilities), may elect not to repair, reconstruct, or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the prepayment of Outstanding Certificates. If, however, the Board of Education has elected to acquire casualty insurance only in an amount sufficient to prepay all the Certificates Outstanding, the Board of Education shall use the proceeds of such insurance (together with amounts available in the Certificate Reserve Fund and the Certificate Fund) to prepay the principal amount represented by the Outstanding Certificates of Participation plus accrued interest to the prepayment date, unless such insurance proceeds are sufficient to fully rebuild or repair the Facilities.

4. Alternative Risk Management. As an alternative to providing a policy of fire and extended coverage insurance, the Board of Education 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 Board of Education.

(b) *Public Liability and Property Damage Insurance.* Except as described below, the Board of Education shall maintain throughout the term of the Facilities Lease a standard comprehensive general liability insurance policy or policies insuring 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 Facilities. The minimum liability limits of such insurance shall be \$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 shall be \$1,000,000 (subject to a

deductible clause of not to exceed \$10,000) 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. As an alternative to providing a policy of public liability and property damage insurance, the Board of Education 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 Board of Education.(c) **Rental Abatement Insurance.** The Board of Education shall maintain throughout the term of the Facilities Lease rental abatement insurance to cover loss, total or partial, of the Rental Payments due thereunder owing to an abatement of rental as the result of damage to, destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power) of, or defect in title to the Facilities, or delay in construction of or failure to complete that portion of the Facilities comprising the Project. Such insurance shall be maintained in an amount equal to at least the maximum amount of Rental Payments coming due and payable during any future 24-month period.(d) **Workers' Compensation Insurance.** The Board of Education shall maintain workers' compensation insurance covering all employees working at the Facilities in the amounts as required by law. Such insurance may be maintained by the Board of Education as part of or in conjunction with any other insurance maintained by the Board of Education. As an alternative to providing such insurance, the Board of Education may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the Board of Education to be legally self-insured against workers' compensation claims and may maintain that status; provided that the Board of Education shall annually employ an actuary to review the Board of Education's workers' compensation claims experience and project future claims exposure. The Board of Education covenants to budget the amounts and comply with the other actions recommended by the actuary. The Board of Education further agrees to comply with any requirements made by the Division of Self-Insurance Plans as a result of any audit performed by that office.(e) **Title Insurance.** The Board of Education shall provide a title insurance policy in an amount equal to the aggregate principal amount represented by the Certificates. Such title insurance policy shall be payable to the Trustee for the use and benefit of the Owners of the Certificates. Such policy shall be in the form of a CLTA leasehold and an owner's title policy or policies issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. All proceeds received by the Trustee under said policy shall be applied and disbursed by the Trustee in the same order and priority and for the same purposes as proceeds received in eminent domain proceedings.**Eminent Domain**

So long as any of the Certificates shall be outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof shall be applied to the prepayment of Rental Payments. Any such award made after all of the Certificates have been fully paid and retired shall be paid to the Board of Education.

If the whole of the Facilities, or so much thereof as to render the remainder unusable for the purposes for which it was used by the Board of Education, shall be taken under the power of eminent domain, the term of the Facilities Lease shall cease as of the day that possession shall be so taken. If the award on a partial or complete taking, together with other funds available therefor, is insufficient to prepay all of the Outstanding Certificates, the Board of Education shall use all reasonable efforts to appeal such award to obtain an award that will be sufficient in amount to prepay the Certificates in full for a complete taking, or, in the event of a partial taking, an amount sufficient such that remaining Rental Payments will be sufficient to pay the remaining Outstanding Certificates. If less than the whole of the Facilities shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the Board of Education at the time of such taking, then the Facilities Lease 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 rental.

Events of Default

The following events shall be Events of Default:

Payment Default. Failure of the Board of Education to pay any Rental Payments or Additional Payments payable hereunder when the same become due and payable, time being expressly declared to be of the essence of the Facilities Lease;

Breach of Covenant. Failure of the Board of Education to keep, observe, or perform any other term, covenant or condition contained in the Facilities Lease or in the Trust Agreement to be kept or performed by the Board of Education for a period of 30 days after notice of the same has been given to the Board of Education by the Corporation or the Trustee, or for such additional time as is reasonably required to correct the same not in excess of a total of ninety (90) days;

Transfer of Board of Education's Interest. Assignment or transfer of the Board of Education's interest in the Facilities Lease or any part thereof without the written consent of the Corporation, either voluntarily or by operation of law or otherwise;

Bankruptcy or Insolvency. Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the Board of Education or of all or substantially all of its assets, by or with the consent of the Board of Education, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty (60) days, or agreement by the Board of Education with the Board of Education's creditors to effect a composition or extension of time to pay the Board of Education's debts, or request by the Board of Education for a reorganization or to effect a plan of reorganization, or for a readjustment of the Board of Education's debts, or a general or any assignment by the Board of Education for the benefit of the Board of Education's creditors;

Abandonment of the Facilities. Abandonment by the Board of Education of any part of the Facilities (except any portion thereof for which a substitution, addition, deletion, or change of term of real property has been made).

Remedies on Default

Upon an Event of Default, the Corporation, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

Termination of Lease. By written notice to the Board of Education, to terminate the Facilities Lease and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place in the county in which the Board of Education is located. In the event of such termination, the Board of Education has agreed to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the Board of Education, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal or storage of such property by the Corporation or its duly authorized agents.

Continuation of Lease; Reletting. Without terminating the Facilities Lease, (a) to collect each installment of rent as it becomes due and enforce any other term or provision thereof to be kept or performed by the Board of Education, regardless of whether or not the Board of Education has abandoned the Facilities, and/or (b) to enter, retake possession of, and re-let the Facilities. If the Corporation does not elect to terminate the Facilities Lease in the manner described herein, the Board of Education agrees to keep or perform all covenants and conditions contained in the Facilities Lease. If the Facilities are not re-let, the Board of Education agrees to pay the full amount of the rent to the end of the term of the Facilities Lease; if the Facilities are re-let, the Board of Education agrees to pay any deficiency in rent that results therefrom. The Board of Education further agrees to pay said rent punctually at the same time and in the same manner as for the payment of rent under the Facilities Lease (without acceleration), notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in the Facilities Lease and notwithstanding any entry or re-entry by the Corporation or proceeding brought by the Corporation to recover possession of the Facilities.

No Acceleration. Notwithstanding anything in the Facilities Lease or in the Trust Agreement to the contrary, there shall be no right under any circumstance to accelerate the Rental Payments or otherwise declare any Rental Payments not yet due to be immediately due and payable.

TRUST AGREEMENT

General

The Trust Agreement sets forth the terms of the Certificates, the application of the proceeds of the sale of the Certificates, the nature and extent of the security for the Certificates, various rights of the Owners, and the rights, duties, and immunities of the Trustee. Certain provisions of the Trust Agreement are summarized below. Other provisions are summarized in the Official Statement under the caption "THE CERTIFICATES." This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Trust Agreement.

Assignment

Under the Trust Agreement, the Corporation assigns to the Trustee, for the benefit of the Owners, certain of its rights and interests under the Facilities Lease, including its right to receive the Rental Payments and the right to enforce the payment of Rental Payments.

Establishment of Funds and Accounts

The Trust Agreement establishes the Costs of Issuance Fund, the Certificate Fund, the Interest Fund, the Principal Fund, the Capitalized Interest Fund, the Certificate Reserve Fund, the Rebate Fund, and the Redemption Fund, which are to be held by the Trustee.

(a) ***Costs of Issuance Fund.*** The Trustee shall establish a special fund designated as the "Costs of Issuance Fund." The amounts in the Costs of Issuance Fund shall be held by the Trustee and applied to the payment of the costs of issuance of the Certificates, upon a Requisition filed with the Trustee. Any amounts remaining in the Costs of Issuance Fund three months following the Closing Date shall be transferred to the Project Fund.(b) ***Certificate Fund.***All Rental Payments will be deposited by the Trustee upon receipt in the Certificate Fund, which fund the Trustee will maintain and apply in accordance with the Trust Agreement.(c)

Allocation of Rental Payments.The Trustee will transfer from the Certificate Fund and deposit in the following respective funds the following amounts, the requirements of each such fund at the time of deposit to be satisfied before any deposit is made to any fund subsequent in priority:1. **Interest Fund.** On or before each Interest Payment Date, commencing October 1, 2024, the Trustee shall set aside in the Interest Fund an amount equal to the aggregate amount of interest becoming due and payable with respect to the Outstanding Certificates on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest due and payable on such Interest Payment Date upon all of the Outstanding Certificates (but excluding any moneys on deposit in the Interest Fund from the proceeds of the Certificates or other source and reserved as capitalized interest to pay interest on any future Interest Payment Dates following such Interest Payment Date).

2. Principal Fund. On or before each Principal Payment Date, commencing October 1, 2026, the Trustee shall deposit in the Principal Fund an amount equal to the aggregate amount of principal becoming due and payable with respect to the Outstanding Certificates, including Mandatory Sinking Account Payments for Term Certificates.

3. Redemption Fund. The Trustee, on the date specified in a written Request of the Board of Education filed with the Trustee, at the time that any prepaid Rental Payment is paid to the Trustee, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Rental Payments designated as prepaid Rental Payments.

Any moneys remaining in the Certificate Fund after the foregoing transfers shall be transferred in order of priority, (1) into the Certificate Reserve Fund to the extent that the amount therein is less than the Certificate Reserve Requirement, (ii) into the Rebate Fund if so directed by the Board of Education, and (iii) to the Board of Education. The Board of Education may use and apply any moneys when received by it for any lawful purpose of the Board of Education, including the redemption of Certificates upon the terms and conditions set forth in the Trust Agreement and the purchase of Certificates as and when and at such prices as it may determine.

(d) ***Interest Fund.*** All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest represented by the Certificates as they shall become due and payable (including accrued interest represented by any Certificates purchased or prepaid prior to maturity pursuant to the Trust Agreement).(e) ***Principal Fund.*** All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying the principal represented by the Certificates when due and payable.(f) ***Capitalized Interest Fund.*** The Trustee shall establish a special fund designated as the "Capitalized Interest Fund." The Trustee shall transfer the amount on deposit in the Capitalized Interest Fund to the Certificate Fund for purposes of the payment of capitalized interest through April 1, 2026. All earnings from the investment of moneys in the Capitalized Interest Fund shall be deposited therein. Any amounts remaining in the Capitalized Interest Fund after the April 1, 2026 payment shall be transferred for deposit into the Project Fund.(g) ***Certificate Reserve Fund.*** If on any Interest Payment Date or Principal Payment Date the amount on deposit in the Interest Fund or the Principal Fund is insufficient to pay the interest or principal, respectively, evidenced by the Certificates payable on such Interest Payment Date or Principal Payment Date, the Trustee shall transfer from the Certificate Reserve Fund and deposit in the Interest Fund or the Principal Fund, as appropriate, an amount sufficient to make up such deficiency. If the amount on deposit in the Certificate Reserve Fund is not sufficient to make such transfer, the Trustee shall make a claim under any available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required. (h) ***Rebate Fund.*** The Trustee shall deposit moneys into and disburse moneys from the Rebate Fund pursuant to written directions from the Board of Education. (i) ***Redemption Fund.*** All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of prepaying Certificates in the manner, at the times and upon the terms and conditions specified in the Trust Agreement.(j) ***Investment of Moneys in Funds and***

Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to the Trust Agreement shall be invested solely as directed by the Board of Education, solely in Investment Securities. Moneys in the Certificate Reserve Fund shall be invested in Investment Securities maturing or available on demand within five years of the date of such investment, but in no event later than the final maturity of the Certificates. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Except as otherwise provided in the Trust Agreement, all interest, profits, and other income received from the investment of moneys in any fund or account held by the Trustee shall be deposited in or charged to the respective fund or account from which such investments were made.

Redemption; Selection of Certificates for Redemption

The Certificates are subject to redemption in accordance with the terms of the Trust Agreement.

Events of Default; Remedies of Owners

(a) *Events of Default.* The following events shall be Events of Default: *Payment Default.* Default in the due and punctual payment of any Rental Payment or Additional Payment when and as the same shall become due and payable;

Breach of Covenant. Default by the Board of Education in the observance or performance of any covenant, condition, agreement, or provision in the Trust Agreement on its part to be observed or performed, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Board of Education by the Trustee; and

Facilities Lease Default. An event of default as defined under the Facilities Lease.

(b) *Remedies.* If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates at the time Outstanding may, upon notice in writing to the Board of Education, exercise the remedies provided to the Corporation in the Facilities Lease; provided that nothing shall affect or impair the right of action of any Owner to institute suit directly against the Board of Education to enforce payment of the obligation evidenced and represented by such Owner's Certificate. If an Event of Default shall occur, the Trustee shall have the right:

Mandamus; Specific Performance. By mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the Board of Education or

any director, member, officer or employee thereof, and to compel the Corporation or the Board of Education or any such director, member, officer or employee to perform or carry out its or his or her duties under law and the agreements required to be performed by it or him or her contained in the Trust Agreement;

Injunction. By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or any Owner; or

Accounting. By suit in equity upon the happening of any event hereunder to require the Corporation and the Board of Education and any directors, members, officers and employees thereof to account as the trustee of an express trust.

(c) ***Application of Money Collected.*** If an Event of Default shall occur and be continuing, the Trustee shall apply all funds then held or thereafter received by the Trustee under any of the provisions of the Trust Agreement (except as otherwise provided in the Trust Agreement) as follows and in the following order: 1. To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Certificates, including the costs and expenses of the Trustee and the Owners in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Trust Agreement;

2. To the payment of the whole amount of principal then due with respect to the Certificates (upon presentation of the Certificates to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Trust Agreement, with interest on such principal, at the rate or rates of interest with respect to the respective Certificates as follows:

(a) Unless the principal represented by all of the Certificates shall have become due and payable, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal represented by or Redemption Price of any Certificates that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the interest rate with respect to the respective Certificates, and, if the amount available shall not be sufficient to pay in full all the Certificates due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest due on such date to the persons entitled thereto, without any discrimination or preference.

(b) If the principal represented by all of the Certificates shall have become due and payable, to the payment of the principal and interest then due and unpaid with respect to the Certificates, with interest on the overdue principal and installments of interest represented by Certificates at the interest rate or rates with respect to the respective Certificates, and, if the amount available shall not be sufficient to pay in full the whole amount so due and

unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(d) ***Trustee to Represent Owners.*** Upon the occurrence and continuance of an Event of Default, the Trustee in its discretion, and upon the written request of the Owners of not less than 25% in aggregate amount of principal represented by the Certificates then Outstanding (provided that, if more than one such request is received by the Trustee from Owners, the Trustee shall follow the written request executed by the Owners of the greatest percentage of principal represented by the Certificates then Outstanding in excess of 25%), and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus, or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power granted in the Trust Agreement, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Trust Agreement or any applicable law. **Amendment of Trust Agreement**

Supplemental Trust Agreements without Consent of Owners. The Trust Agreement and the rights and obligations of the Board of Education, of the Trustee, and of the Owners of the Certificates may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Board of Education, the Corporation, and the Trustee may enter into without the consent of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

1. to add to the covenants and agreements of the Board of Education contained in the Trust Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Board of Education in the Trust Agreement;

2. to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision, contained in the Trust Agreement, or in regard to matters or questions arising under the Trust Agreement, or to make any other revisions or additions to the Trust Agreement as the Board of Education may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Certificates;

3. to modify, amend, or supplement the Trust Agreement in such manner as to permit the qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may

be permitted by said act or similar federal statute, and that shall not materially and adversely affect the interests of the Owners of the Certificates;

4. to modify or supplement the procedures for giving notice of prepayment of Certificates in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

5. to make modifications or adjustments necessary, appropriate, or desirable to accommodate credit enhancements including letters of credit, insurance policies, and surety bonds delivered with respect to the Certificate Reserve Fund;

6. to amend, modify, or eliminate the book-entry registration system for the Certificates;

7. to make such provisions as are necessary or appropriate to ensure the exclusion of interest represented by the Certificates from gross income for purposes of federal income taxation; and

8. for any other purpose that does not materially and adversely affect the interests of the Owners of the Certificates.

Supplemental Trust Agreements with Consent of Owners or Credit Enhancers. The Trust Agreement and the rights and obligations of the Board of Education, the Owners of the Certificates, and the Trustee may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Board of Education, the Corporation, and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of principal represented by the Certificates then Outstanding shall have been filed with the Trustee; provided that, if such modification or amendment will, by its terms, not take effect so long as any Certificates of any particular maturity remain Outstanding, the consent of the Owners of such Certificates shall not be required and such Certificates shall not be deemed to be Outstanding for the purpose of any calculation of Certificates Outstanding.

The Trust Agreement and the rights and obligations of the Board of Education and of the Owners of the Certificates and of the Trustee may also be modified or amended at any time by a Supplemental Trust Agreement entered into by the Board of Education, the Corporation, and the Trustee, which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Certificates shall have been filed with the Trustee, provided that at such time the payment of all the principal and interest represented by all Outstanding Certificates shall be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which shall be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance policy or letters of credit, at the time of issuance of such insurance

policy or policies or letter of credit, in one of the two highest Rating Categories of Moody's and Standard and Poor's.

No such modification or amendment shall (1) extend the fixed maturity of any Certificate, or reduce the amount of principal represented thereby, reduce the amount of any Mandatory Sinking Account Payment provided for the payment of any Certificate, or extend the time of payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest represented thereby, or reduce any premium payable upon the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Rental Payments and other assets pledged under the Trust Agreement prior to or on a parity with the lien created by the Trust Agreement, or deprive the Owners of the Certificates of the lien created by the Trust Agreement on such assets (in each case, except as expressly provided in the Trust Agreement), without the consent of the Owners of all of the Certificates then Outstanding.

Discharge of Trust Agreement

Discharge of Trust Agreement. Any Certificate may be paid by the Board of Education in any of the following ways:

1. by paying or causing to be paid the principal and interest represented by the Certificate, as and when the same become due and payable;
2. by depositing with the Trustee in trust, an escrow agent or other fiduciary, at or before maturity, money or securities in the necessary amount to pay or redeem the Certificate; or
3. by delivering to the Trustee, for cancellation by it, the Certificate.

If the Board of Education shall pay all Certificates that are Outstanding and also pay or cause to be paid all other sums payable by the Board of Education under the Trust Agreement, then and in that case, at the election of the Board of Education, evidenced by a Statement of the Board of Education filed with the Trustee signifying the intention of the Board of Education to discharge all such indebtedness and the Trust Agreement, and notwithstanding that any Certificates shall not have been surrendered for payment, the Trust Agreement, the pledge of assets made thereunder, all covenants and agreements and other obligations of the Board of Education under the Trust Agreement, and the rights and interests created thereby (except as to any surviving rights of transfer or exchange of Certificates and rights to payment from moneys deposited with the Trustee) shall cease, terminate, become void, and be completely discharged and satisfied.

In such event, upon Request of the Board of Education, the Trustee shall cause an accounting for such period or periods as may be requested by the Board of Education to be prepared and filed with the Board of Education and shall execute and deliver to the Board of Education all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the Board of Education all moneys or securities or other property held by it pursuant to the Trust Agreement that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from a firm of certified public accountants, are not required for the payment or redemption of Certificates not theretofore surrendered for such payment or redemption.

Discharge of Liability on Certificates. Upon the deposit with the Trustee in trust, escrow agent, or other fiduciary, at or before maturity, of money or Defeasance Securities in the necessary amount to pay or redeem any Outstanding Certificate (whether upon or prior to its maturity or the redemption date of such Certificate), then all liability of the Board of Education in respect of such Certificate shall cease, terminate, and be completely discharged, except that thereafter (i) the Owner thereof shall be entitled to payment of the principal, premium, if any, and interest represented by such Certificate by the Board of Education and the Board of Education shall remain liable for such payment, but only out of such money or Defeasance Securities deposited with the Trustee as aforesaid for their payment, and (ii) the Owner thereof shall retain its rights of transfer or exchange of Certificates.

The Board of Education may at any time surrender to the Trustee for cancellation by it any Certificates previously executed and delivered, which the Board of Education may have acquired in any manner whatsoever, and such Certificates, upon such surrender and cancellation, shall be deemed to be paid and retired.

APPENDIX B

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

[CLOSING DATE]

Sutter County Board of Education
970 Klamath Lane
Yuba City, CA 95993

Re: \$[PAR AMOUNT]
 Sutter County Board of Education
 2023 Certificates of Participation
 Final Approving Opinion of Special Counsel

Members of the Board of Education:

We have acted as special counsel in connection with the execution and delivery of \$[PAR AMOUNT] aggregate principal amount of Sutter County Board of Education, 2023 Certificates of Participation (the "Certificates") evidencing and representing proportionate interests of the registered owners thereof in rental payments to be made by the Sutter County Board of Education (the "Board of Education") pursuant to a facilities lease dated as of October 1, 2023 (the "Facilities Lease"), by and between the Board of Education and Public Property Financing Corporation of California (the "Corporation"). The Certificates have been executed and delivered pursuant to a trust agreement dated as of October 1, 2023 (the "Trust Agreement"), by and among [TRUSTEE], as trustee (the "Trustee"), the Board of Education, and the Corporation. In connection therewith, the Board of Education and the Corporation have also executed and entered into a ground lease dated as of October 1, 2023 (the "Ground Lease"). Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Trust Agreement.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Board of Education contained in the Facilities Lease, the Trust Agreement, and the certified proceedings and other certifications of public officials furnished to us. In the course of our representation, nothing has come to our attention that caused us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Board of Education is duly created and validly existing as a county board of education under and by virtue of the laws of the State of California with the power to enter into the Ground Lease, the Facilities Lease and the Trust Agreement, and to perform the agreements on its part contained therein.

2. The Ground Lease, the Facilities Lease, and the Trust Agreement have been duly authorized, executed, and delivered by the Board of Education and assuming due authorization, execution, and delivery by and enforceability against the other parties thereto, constitute valid and binding obligations of the Board of Education enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting the enforceability of creditors' rights generally, by the application of equitable principles, by the possible unavailability of specific performance or injunctive relief, and by the limitations on legal remedies against public agencies in the State of California.

3. Subject to the terms and provisions of the Facilities Lease, the Rental Payments are payable solely from the sources provided therefor in the Facilities Lease and the Trust Agreement. The obligation of the Board of Education to make Rental Payments pursuant to the Facilities Lease does not constitute a debt of the Board of Education or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the Board of Education is obligated to levy or pledge any form of taxation or for which the Board of Education has levied or pledged any form of taxation.

4. Assuming due authorization, execution, and delivery of the Trust Agreement by the Trustee and its enforceability against the Trustee, the owners of the Certificates are entitled to receive their proportionate share of the Rental Payments in accordance with the terms and provisions of the Trust Agreement. The Board of Education is duly authorized to pledge such Rental Payments, and no further action on the part of the Board of Education or any other party is required to perfect the same or the interest of the owners of the Certificates therein.

5. The portion of the Rental Payments designated as and constituting interest paid by the Board of Education under the Facilities Lease and received by the owners of the Certificates is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, with respect to certain corporations, such interest is included in determining adjusted financial statement income in order to compute alternative minimum tax for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the Board of Education comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the delivery of the Certificates in order that such interest be, and continue to be, excludable from gross income for federal income tax purposes. The Board of Education has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest with respect to the Certificates to be included in gross income for federal income tax purposes retroactively to the date of delivery of

the Certificates. We express no opinion regarding other federal tax consequences arising with respect to the accrual or receipt of such interest or the ownership or disposition of the Certificates.

6. The portion of the Rental Payments designated as and constituting interest paid by the Board of Education under the Facilities Lease and received by the owners of the Certificates is exempt from State of California personal income taxes.

The opinions set forth above are further qualified as follows:

a. Our opinions are limited to the matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly so stated;

b. We are licensed to practice law in the State of California; accordingly, the foregoing opinions only apply insofar as the laws of the State of California and the United States may be concerned, and we express no opinion with respect to the laws of any other jurisdiction;

c. We express no opinion as to the state or quality of title to any of the real or personal property described in the Ground Lease or the Facilities Lease, nor do we express any opinion as to the accuracy or sufficiency of the description of any such property contained therein;

d. We express no opinion as to the enforceability under certain circumstances of contractual provisions respecting various summary remedies without notice or opportunity for hearing or correction, especially if their operation would work a substantial forfeiture or impose a substantial penalty upon the burdened party;

e. We express no opinion as to the effect or availability of any specific remedy provided for in any agreement under particular circumstances, except that we believe such remedies are, in general, sufficient for the practical realization of the rights intended thereby;

f. We express no opinion as to the enforceability of any remedies under the Facilities Lease with respect to environmental matters to the extent that the exercise or application of such remedies is inconsistent with or in violation of California Code of Civil Procedure Section 726.5 or 736 or of California Civil Code Section 2929.5;

g. We express no opinion as to the enforceability of any indemnification, contribution, choice of law, choice of forum, or waiver provisions contained in the Ground Lease, the Facilities Lease, or the Trust Agreement;

h. Certain requirements contained in the Tax Certificate, the Trust Agreement, and the Facilities Lease may be amended and certain actions (including defeasance of the Facilities Lease) may be taken in accordance with the terms of such documents that may affect the exclusion from gross income for federal income tax purposes of the interest component of the Rental Payments; we express no opinion as to such interest if any such amendment is made or action is taken upon the advice of counsel other than ourselves;

i. We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement or any other offering materials relating to the Certificates and express no opinion herein with respect thereto; and

j. We disclaim any obligation to update this opinion for events occurring after the date hereof.

Very truly yours,

PARKER & COVERT LLP

APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____

**SUTTER COUNTY BOARD OF EDUCATION
(Sutter County, California)
2023 Certificates of Participation**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Sutter County Board of Education (the “Board of Education”) in connection with the execution and delivery of \$[PAR AMOUNT] aggregate principal amount of the Sutter County Board of Education, 2023 Certificates of Participation (the “Certificates”), pursuant to a trust agreement dated as of October 1, 2023 (the “Trust Agreement”), by and among [TRUSTEE], as trustee (the “Trustee”), the Board of Education, and Public Property Financing Corporation of California (the “Corporation”). In connection therewith, the Board of Education covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board of Education for the benefit of the Certificateholders, and in order to assist the Participating Underwriter, as defined below, in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. 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 provided by the Board of Education pursuant to, and as described in, Sections 3 (Provision of Annual Reports) and 4 (Content of Annual Reports) of this Disclosure Certificate.

Beneficial Owner means any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

Certificateholders means either the registered owners of the Certificates, or, if the Certificates are registered in the name of The Depository Trust Company or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

Dissemination Agent means the Board of Education, or any successor Dissemination Agent designated in writing by the Board of Education and that has filed with the Board of Education a written acceptance of such designation. The initial Dissemination Agent will be Government Financial Services Joint Powers Authority.

EMMA or Electronic Municipal Market Access means the centralized online repository for documents filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Listed Events means any of the events listed in Section 5(a) (Reporting of Significant Events – Listed Events) of this Disclosure Certificate.

MSRB means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information, which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Official Statement means the final Official Statement relating to the Certificates dated _____, 2023.

Opinion of Special Counsel means a written opinion of a law firm or attorney experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes.

Participating Underwriter means any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

Repository means MSRB or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

Rule 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.

State means the State of California.

Section 3. Provision of Annual Reports. Delivery of Annual Report to Repositories. The Board of Education shall, or shall cause the Dissemination Agent to, not later than nine and one-half (9 ½) months after the end of the Board of Education’s fiscal year (which currently ends

on June 30), which date would be April 15, commencing with the report for the 2022-2023 Fiscal Year due April 15, 2024, provide to the Repository an Annual Report that is consistent with the requirements of Section 4 (Content of Annual Reports) of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 (Content of Annual Reports) of this Disclosure Certificate; provided that the audited financial statements of the Board of Education may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the Board of Education's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Board of Education shall provide the Annual Report to the Dissemination Agent (if other than the Board of Education). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Board of Education.

d. Report of Non-Compliance. If the Board of Education is unable to provide an Annual Report by the date required in Subsection (a), the Dissemination Agent shall provide to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall, if the Dissemination Agent is other than the Board of Education, file a report with the Board of Education certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports.The Board of Education's Annual Report shall contain or include by reference the following:

a. Financial Statements. The audited financial statements of the Board of Education for the prior fiscal year, prepared in accordance with the generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Board of Education's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) (Delivery of Annual Report to Repositories), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

b. Annual Budget. The Board of Education's approved annual budget for the then-current fiscal year.

c. Interim Financial Report. The most recent Interim Financial Report submitted to the Board of Education's governing board in accordance with Education Code section 42130 (or its successor statutory provision).

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 Board of Education or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Board of Education shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. Pursuant to the provisions of this Section, the Board of Education shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other material events affecting the tax-exempt status of the Certificates;
- (7) modifications to rights of Certificateholders, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) rating changes;

- (12) bankruptcy, insolvency, receivership or similar event of the Board of Education;
- (13) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Board of Education, or entry into or termination of a definitive agreement relating to the foregoing, if material;
- (14) appointment of a successor or additional trustee or paying agent, or the change of name of the trustee or paying agent, if material;
- (15) incurrence of a Financial Obligation of the Board of Education, if material, or agreement to covenant, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board of Education, any of which affect Certificateholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board of Education, any of which reflect financial difficulties.

b. Determination of Materiality of Listed Events. Whenever the Board of Education obtains knowledge of one of the foregoing events, notice of which must be given only if material, the Board of Education shall immediately determine if such event would be material under applicable federal securities laws.

c. Notice to Dissemination Agent. If the Board of Education has determined an occurrence of a Listed Event under applicable federal securities laws, the Board of Education shall promptly notify the Dissemination Agent (if other than the Board of Education) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Subsection (d) (Notice of Listed Events).

d. Notice of Listed Events. The Board of Education shall file, or cause the Dissemination Agent to file, with the MSRB, in an electronic format prescribed by the MSRB, a notice of the occurrence of a Listed Event to provide notice of specified events in a timely manner not in excess of ten (10) business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(8) (Certificate calls and tender offers) and (a)(9) (defeasances) need not be given under this subsection any earlier than the notice (if any) given to Certificateholders of affected Certificates, pursuant to the Trust Agreement.

Section 6. Identifying Information for Filings with MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Board of Education's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior

redemption, or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the Board of Education shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) (Notice of Listed Events).

Section 8. Dissemination Agent.Appointment of Dissemination Agent. The Board of Education 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 Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Board of Education, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board of Education pursuant to this Disclosure Certificate.

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the Board of Education for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Board of Education 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 Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Board of Education, Certificateholders, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Board of Education or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Board of Education.

Section 9. Amendment; Waiver.Notwithstanding any other provision of this Disclosure Certificate, the Board of Education may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

b. the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized special counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, 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 either (i) is approved by holders of the Certificates 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 special counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto 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 Board of Education 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 filed in the same manner as for a Listed Event under Section 5(d).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board of Education 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 Board of Education 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 Board of Education shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Board of Education fails to comply with any provision of this Disclosure Certificate, any Certificateholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board of Education 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 Board of Education to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Board of Education agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information

provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Board of Education, the Certificateholders, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Board of Education or an opinion of nationally recognized special counsel. The obligations of the Board of Education under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board of Education, the Dissemination Agent, the Participating Underwriter, and Certificateholders from time to time of the Certificates, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Board of Education has caused this Continuing Disclosure Certificate to be executed by its authorized officer as of the date first written above.

SUTTER COUNTY BOARD OF EDUCATION

By: _____
Ron Sherrod, Assistant Superintendent of Business
Services

EXHIBIT A

FORM OF NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: SUTTER COUNTY BOARD OF EDUCATION

Name of Issue: SUTTER COUNTY BOARD OF EDUCATION
2023 CERTIFICATES OF PARTICIPATION

Date of Delivery: [CLOSING DATE]

NOTICE IS HEREBY GIVEN that Sutter County Board of Education (the "Board of Education") has not provided an Annual Report for the fiscal year ended June 30, 20__ with respect to the above-named Certificates as required by a Continuing Disclosure Certificate executed on [CLOSING DATE], with respect to the above-captioned issue of Certificates. The Board of Education anticipates that the Annual Report will be filed by _____.

Date: _____ **SUTTER COUNTY BOARD OF EDUCATION**

[SAMPLE ONLY]

By: _____

APPENDIX E

GENERAL INFORMATION ABOUT SUTTER COUNTY

The following information concerning Sutter County (the "County") is included only for the purpose of supplying general information regarding the area served by the Board. The Certificates are not a debt of the County.

General Information

Sutter County is part of the Yuba City Metropolitan Statistical Area, covering an area of approximately 603 square miles. Sutter County is located in the Capitol Region's Northern Corridor, approximately 38 miles northwest of Sacramento. Sutter County is one of the major agricultural counties in the north central region of the State.

Population

The following table shows population estimates for the County as of January 1 for the past five years.

COUNTY OF SUTTER	
Population Estimates	
As of January 1	
Year	Population
2019	102,681
2020	99,633
2021	98,874
2022	99,090
2023	98,952

Source: State of California, Department of Finance.

Employment and Industry

The following table shows civilian labor force and wage and salary employment data for the past five years for which data is available.

COUNTY OF SUTTER
Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
Annual Averages – March 2022 Benchmark

Labor Force:	2017	2018	2019	2020	2021
Civilian Labor Force ⁽¹⁾	45,000	44,800	45,500	45,600	45,400
Employment	41,000	41,400	42,200	40,400	41,300
Unemployment	3,900	3,400	3,400	5,200	4,100
Unemployment Rate	8.8%	7.6%	7.4%	11.4%	8.9%
Wage and Salary Employment: ⁽²⁾					
Total Farm	4,400	4,700	4,500	4,200	4,000
Mining, Logging and Construction	1,400	1,400	1,600	1,600	1,600
Manufacturing	1,500	1,500	1,500	1,400	1,500
Wholesale Trade	1,300	1,400	1,300	1,200	1,200
Retail Trade	4,500	4,500	4,500	4,300	4,600
Transportation, Warehousing & Utilities	1,000	900	1,400	1,800	2,000
Information	200	200	200	100	100
Financial Activities	1,100	1,200	1,200	1,100	1,200
Professional and Business Services	2,200	2,100	2,200	2,300	2,300
Educational and Health Services	4,700	4,900	5,100	5,100	5,200
Leisure and Hospitality	2,900	3,000	3,300	2,800	3,100
Other Services	800	800	800	700	800
Federal Government	100	100	100	100	100
State Government	100	100	100	100	100
Local Government	4,900	4,900	4,900	4,600	4,900
Total All Industries	31,100	31,700	32,700	31,400	32,700

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

Major Employers

The following table shows the major employers in the County, listed in alphabetical order, without regard to the number of employees.

COUNTY OF SUTTER Major Employers, 2023 (Listed Alphabetically)

Employer Name	Location	Industry
A & E Arborists Tree Care	Sutter	Tree Service
Applebee's Grill + Bar	Yuba City	Full-Service Restaurant
City of Yuba City	Yuba City	Government Offices – City/Village & Twp
Fountains Managed by Rideout	Yuba City	Convalescent Homes
Great Beginnings	Yuba City	Clinics
Holt of California	Pleasant Grove	Contractors-Equip/Supls-Dlrs/Svc (whls)
Home Depot	Yuba City	Home Centers
Homeward Bound Golden	Elverta	Animal Shelters
Legend Transportation	Yuba City	Transportation
Lowe's Home Improvement	Yuba City	Home Centers
River Valley High School	Yuba City	Schools
Sam'sClub	Yuba City	Wholesale Clubs
Sierra Gold Nurseries Inc.	Yuba City	Nurseries-Plants Trees & Etc-Wholesale
Siller Brothers Aviation Div	Yuba City	Helicopter-Charter & Rental Service
Sunsweet Growers Inc	Yuba City	Fruits-Dried (whls)
Sutter County Jail	Yuba City	Government Offices-County
Sutter County Sheriff	Yuba City	Sheriff
Sutter-Yuba Behavioral Health	Yuba City	Hospitals
Sysco Sacramento-Whls Rstrnt	Pleasant Grove	Food Products (whls)
Trees Inc	Yuba City	Tree Service
Valley Truck-Tractor Co-Yuba	Yuba City	Lawn Mowers
Walmart Supercenter	Yuba City	Department Stores
Winco Foods	Yuba City	Grocers-Retail
Yuba City High School	Yuba City	Schools
Yuba Community College Dist	Yuba City	School Districts

Source: State of California Employment Development Department, extracted from *The America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition*.

Median Household Income

The following table shows median household income for the County, the State, and the United States for 2017 through 2021, the latest year for which data is available. Amounts are inflation-adjusted for each year.

COUNTY OF SUTTER Median Household Income

Year	Sutter County	California	United States
2017	\$60,858	\$79,363	\$79,363
2018	63,790	81,221	66,828
2019	66,528	85,246	69,638
2020	66,480	86,534	70,877
2021	64,251	84,097	69,717

Source: U.S. Census Bureau.

Commercial Activity

The following table shows taxable retail sales for the County for the past five years for which data is available.

COUNTY OF SUTTER Taxable Retail Sales Number of Permits and Valuation of Taxable Transactions (dollars shown in thousands)

	Retail and Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2018	1,416	\$1,305,239	2,282	\$1,800,019
2019	1,467	1,316,166	2,378	1,828,765
2020	1,542	1,426,077	2,549	1,944,432
2021	1,415	1,677,538	2,396	2,302,254
2022	1,410	1,675,585	2,497	2,348,496

Source: California Department of Tax and Fee Administration, Taxable Sales in California.

Construction Trends

The following table shows building permits and valuations for the County for the past five years for which data is available.

COUNTY OF SUTTER					
Building Permit Valuations					
	2018	2019	2020	2021	2022
Building Permit Valuations					
Residential Building					
Single-family	\$28,660,565	\$34,731,137	\$21,433,269	\$27,039,137	\$50,257,467
2-4 Units	0.00	0.00	0.00	348,910	846,583
5 or more Units	0.00	2,968,500	0.00	4,127,600	0.00
Alterations/Additions	7,959,185	11,452,863	7,365,060	5,283,572	8,939,632
Total Residential	36,619,750	49,152,500	28,798,329	36,799,219	60,043,682
Private Non-Residential Building					
New Industrial	0.00	748,174	1,018,400	0.00	0.00
New Commercial	1,608,003	3,985,000	9,182,256	15,987,140	11,583,760
New Other	9,984,818	8,252,098	13,195,580	5,070,882	11,399,229
Alterations/Additions	3,422,369	7,246,731	4,598,899	14,135,018	17,564,890
Total Nonresidential	15,015,190	20,232,003	27,995,135	35,193,040	40,547,879
Total Residential and Non-Residential	\$51,634,940	\$69,384,503	\$56,793,464	\$71,992,259	\$100,591,561
New Housing Units					
Single Family	100	111	87	85	123
Multiple Family	--	24	--	34	8
TOTAL	100	135	87	119	131

Source: Construction Industry Research Board, Building Permit Summary

Agenda Item No.12

BOARD AGENDA ITEM: Open a Certificate of Participation Fund at the Auditor-Treasurer

BOARD MEETING DATE: 09/13/2023

AGENDA ITEM SUBMITTED FOR:

- Action
- Reports/Presentation
- Information
- Public Hearing
- Other (specify)

PREPARED BY:

Nicolaas Hoogeveen

SUBMITTED BY:

Nicolaas Hoogeveen

PRESENTING TO BOARD:

Nicolaas Hoogeveen

BACKGROUND AND SUMMARY INFORMATION:

To open a Sutter County Certificate of Participation Fund at the Auditor-Treasurer.

SUTTER COUNTY BOARD OF EDUCATION
SUTTER COUNTY SUPERINTENDENT OF SCHOOLS
Resolution to Establish a Certificate of Participation Fund
Resolution No. 23-24 – III

WHEREAS, it is desirable that the Sutter County Superintendent of Schools have a Certificate of Participation Fund for the purpose of segregating Sutter County financial transactions related to the Certificate of Participation.

THEREFORE, BE IT RESOLVED, that the Governing Board hereby authorizes the Sutter County Auditor and Treasurer to establish a fund to be known as the Sutter County Certificate of Participation Fund.

I hereby certify that the foregoing is a true copy of the resolution adopted by the Sutter County Board of Education, in a meeting thereof held on September 13, 2023 by the following vote:

McJunkin _____; Singh _____; Lachance _____; Pamma _____; Gill _____

Ayes: _____

Noes: _____

Absent: _____

June McJunkin, President
Sutter County Board of Education

Tom Reusser, Ex-officio Secretary
Sutter County Board of Education

BOARD AGENDA ITEM: 2023-24 Consolidated Application- Spring Release

BOARD MEETING DATE: September 13, 2023

AGENDA ITEM SUBMITTED FOR:

PREPARED BY:

Action

Nicolaas Hoogeveen

Reports/Presentation

SUBMITTED BY:

Information

Nicolaas Hoogeveen

Public Hearing

PRESENTING TO BOARD:

Other (specify)

Nicolaas Hoogeveen

BACKGROUND AND SUMMARY INFORMATION:

The Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds from various state and federal programs to county offices, school districts, and direct-funded charter schools throughout California.

Annually, each local educational agency (LEA) submits the spring release of the application to document participation in these programs and provide assurances that the LEA will comply with the legal requirements of each program. Program entitlements are determined by formulas contained in the laws that created the programs. The Sutter County Board of Education is asked to adopt the Consolidated Application: Spring Release 2023-24.

2023–24 Certification of Assurances

Submission of Certification of Assurances is required every fiscal year. A complete list of legal and program assurances for the fiscal year can be found at <https://www.cde.ca.gov/fg/aa/co/ca21assurancetoc.asp>.

CDE Program Contact:

Consolidated Application Support Desk, Education Data Office, ConAppSupport@cde.ca.gov, 916-319-0297

Consolidated Application Certification Statement

I hereby certify that all of the applicable state and federal rules and regulations will be observed by this applicant; that to the best of my knowledge the information contained in this application is correct and complete; and I agree to participate in the monitoring process regarding the use of these funds according to the standards and criteria set forth by the California Department of Education Federal Program Monitoring (FPM) Office. Legal assurances for all programs are accepted as the basic legal condition for the operation of selected projects and programs and copies of assurances are retained on site. I certify that we accept all assurances except for those for which a waiver has been obtained or requested. A copy of all waivers or requests is on file. I certify that actual ink signatures for this form are on file.

Authorized Representative's Full Name	Nicolaas Hoogeveen
Authorized Representative's Signature	
Authorized Representative's Title	Director, Business Services
Authorized Representative's Signature Date	08/29/2023

*****Warning*****

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2023–24 Protected Prayer Certification

Every Student Succeeds Act (ESSA) Section 8524 specifies federal requirements regarding constitutionally protected prayer in public elementary and secondary schools. This form meets the annual requirement and provides written certification.

CDE Program Contact:

Miguel Cordova, Title I Policy, Program, and Support Office, MCordova@cde.ca.gov, 916-319-0381

Protected Prayer Certification Statement

The local educational agency (LEA) hereby assures and certifies to the California State Board of Education that the LEA has no policy that prevents, or otherwise denies participation in, constitutionally protected prayer in public schools as set forth in the "Guidance on Constitutionally Protected Prayer in Public Elementary and Secondary Schools."

The LEA hereby assures that this page has been printed and contains an ink signature. The ink signature copy shall be made available to the California Department of Education upon request or as part of an audit, a compliance review, or a complaint investigation.

The authorized representative agrees to the above statement	Yes
Authorized Representative's Full Name	Tom Reusser
Authorized Representative's Title	Superintendent
Authorized Representative's Signature Date	08/29/2023
Comment If the LEA is not able to certify at this time, then an explanation must be provided in the comment field. (Maximum 500 characters)	

*****Warning*****

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2023–24 LCAP Federal Addendum Certification

CDE Program Contact:

Local Agency Systems Support Office, LCAPAddendum@cde.ca.gov, 916-323-5233

Initial Application

To receive initial funding under the Every Student Succeeds Act (ESSA), a local educational agency (LEA) must have a plan approved by the State Educational Agency on file with the State. Within California, LEAs that apply for ESSA funds for the first time are required to complete the Local Control and Accountability Plan (LCAP), the LCAP Federal Addendum Template (Addendum), and the Consolidated Application (ConApp). The LCAP, in conjunction with the Addendum and the ConApp, serve to meet the requirements of the ESSA LEA Plan.

In order to initially apply for funds, the LEA must certify that the current LCAP has been approved by the local governing board or governing body of the LEA. As part of this certification, the LEA agrees to submit the LCAP Federal Addendum, that has been approved by the local governing board or governing body of the LEA, to the California Department of Education (CDE) and acknowledges that the LEA agrees to work with the CDE to ensure that the Addendum addresses all required provisions of the ESSA programs for which they are applying for federal education funds.

Returning Application

If the LEA certified a prior year LCAP Federal Addendum Certification data collection form in the Consolidated Application and Reporting System, then the LEA may use in this form the same original approval or adoption date used in the prior year form.

County Office of Education (COE) or District	08/14/2023
For a COE, enter the original approval date as the day the CDE approved the current LCAP. For a district, enter the original approval date as the day the COE approved the current LCAP	
Direct Funded Charter	
Enter the adoption date of the current LCAP	
Authorized Representative's Full Name	Tom Reusser
Authorized Representative's Title	Superintendent

*****Warning*****

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2023–24 Application for Funding

CDE Program Contact:

Consolidated Application Support Desk, Education Data Office, ConAppSupport@cde.ca.gov, 916-319-0297

Local Governing Board Approval

The local educational agency (LEA) is required to review and receive approval of their Application for Funding selections with their local governing board.

By checking this box the LEA certifies that the Local Board has approved the Application for Funding for the listed fiscal year	Yes
---	-----

District English Learner Advisory Committee Review

Per Title 5 of the California Code of Regulations Section 11308, if your LEA has more than 50 English learners, then the LEA must establish a District English Learner Advisory Committee (DELAC) which shall review and advise on the development of the application for funding programs that serve English learners.

By checking this box the LEA certifies that parent input has been received from the District English Learner Committee (if applicable) regarding the spending of Title III funds for the listed fiscal year	No
---	----

Application for Categorical Programs

To receive specific categorical funds for a school year, the LEA must apply for the funds by selecting Yes below. Only the categorical funds that the LEA is eligible to receive are displayed.

Title I, Part A (Basic Grant) ESSA Sec. 1111 et seq. SACS 3010	Yes
Title II, Part A (Supporting Effective Instruction) ESEA Sec. 2104 SACS 4035	Yes
Title III English Learner ESEA Sec. 3102 SACS 4203	Yes
Title III Immigrant ESEA Sec. 3102 SACS 4201	No
Title IV, Part A (Student and School Support) ESSA Sec. 4101 SACS 4127	Yes

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2023–24 Title III English Learner Student Program Subgrant Budget

The purpose of this data collection form is to provide a proposed budget for English learner (EL) Student Program Subgrant funds only per the Title III English Learner Students Program requirements (ESSA, Sections 3114, 3115, & 3116).

CDE Program Contact:

Annie Abreu Park, Language Policy and Leadership Office, AAbreuPark@cde.ca.gov, 916-319-9620
 Geoffrey Ndirangu, Language Policy and Leadership Office, GNdirang@cde.ca.gov, 916-323-5831

Estimated Allocation Calculation

Estimated English learner per student allocation	\$125.15
Estimated English learner student count	414
Estimated English learner student program allocation	\$51,812

Note: \$10,000 minimum program eligibility criteria

If the local educational agency's estimated English learner student program allocation is less than \$10,000, then it does not meet the minimum program eligibility criteria for direct funding status and requires further action. To receive instructions regarding the consortium application process, please go to the California Department of Education Title III EL Consortium Details web page at <https://www.cde.ca.gov/sp/el/t3/elconsortium.asp>.

Budget

Professional development activities	\$50,796
Program and other authorized activities	\$0
English Proficiency and Academic Achievement	\$0
Parent, family, and community engagement	\$0
Direct administrative costs (Amount cannot exceed 2% of the estimated English learner student program allocation)	\$0
Indirect costs (LEA can apply its approved indirect rate to the portion of the subgrant that is not reserved for direct administrative costs)	\$1,016
Total budget	\$51,812

*****Warning*****

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2023–24 Substitute System for Time Accounting

This certification may be used by auditors and by California Department of Education oversight personnel when conducting audits and sub-recipient monitoring of the substitute time-and-effort system. Approval is automatically granted when the local educational agency (LEA) submits and certifies this data collection.

CDE Program Contact:

Hilary Thomson, Fiscal Oversight and Support Office, HThomson@cde.ca.gov, 916-323-0765

The LEA certifies that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate.

Detailed information on documenting salaries and wages, including both substitute systems of time accounting, are described in Procedure 905 of the California School Accounting Manual posted on the web at <https://www.cde.ca.gov/fg/ac/sa/>.

2022–23 Request for authorization	No
LEA certifies that the following is a full disclosure of any known deficiencies with the substitute system or known challenges with implementing the system (Maximum 500 characters)	

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2022–23 Title II, Part A Fiscal Year Expenditure Report, 12 Months

A report of year-to-date expenditures by activity. Activity period covered is July 1, 2022 through June 30, 2023.

CDE Program Contact:

Alice Ng (Fiscal), Division Support Office, ANg@cde.ca.gov, 916-323-4636
 Lisa Fassett (Program), Professional Learning Support & Monitoring Office, LFassett@cde.ca.gov, 916-323-4963

2022–23 Title II, Part A allocation	\$13,163
Transferred–in amount	\$0
Transferred–out amount	\$0
2022–23 Total allocation	\$13,163

Professional Development Expenditures

Professional development for teachers	\$8,387
Professional development for administrators	\$3,495
Consulting/Professional services	\$0
Induction programs	\$0
Books and other supplies	\$0
Dues and membership	\$0
Travel and conferences	\$0

Personnel and Other Authorized Activities

Certificated personnel salaries	\$0
Classified personnel salaries	\$0
Employee benefits	\$0
Developing or improving an evaluation system	\$0
Recruitment activities	\$0
Retention activities	\$0
Class size reduction	\$0

Program Expenditures

Direct administrative costs	\$0
Indirect costs	\$1,281
Equitable services for nonprofit private schools	\$0
Total expenditures	\$13,163
2022–23 Unspent funds	\$0

*****Warning*****

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2022–23 Title III English Learner YTD Expenditure Report, 12 Months

A report of year-to-date (YTD) expenditures by activity. Activity period covered is July 1, 2022 through June 30, 2023.

CDE Program Contact:

Annie Abreu Park, Language Policy and Leadership Office, AAbreuPark@cde.ca.gov, 916-319-9620
 Geoffrey Ndirangu, Language Policy and Leadership Office, GNdirang@cde.ca.gov, 916-323-5831

Required and authorized Title III English Learner (EL) student program activities

An eligible entity receiving funds under the Every Student Succeeds Act section 3115 (c)-(d) shall use the funds for the supplementary services as part of the language instruction program for EL students.

2022–23 Title III EL student program allocation	\$55,073
Transferred-in amount	\$0
2022–23 Total allocation	\$55,073
Object Code - Activity	
1000–1999 Certificated personnel salaries	\$17,479
2000–2999 Classified personnel salaries	\$0
3000–3999 Employee benefits	\$6,200
4000–4999 Books and supplies	\$128
5000–5999 Services and other operating expenditures	\$11,337
Direct administrative costs (amount cannot exceed 2% of the student program allocation plus transferred-in amount)	\$0
Indirect costs (LEA can apply its approved indirect rate to the portion of the subgrant that is not reserved for direct administrative costs)	\$703
Total year-to-date expenditures	\$35,847
2022–23 Unspent funds	\$19,226

*****Warning*****

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2022–23 Homeless Education Policy, Requirements, and Implementation

The purpose of this data collection is to meet federal requirements specified in 42 United States Code 11431 et seq. (Education for Homeless Children and Youths Act) and some federal requirements in Title I, Part A of the Elementary and Secondary Education Act (ESEA). This collection includes monitoring local educational agencies (LEAs) and their compliance with key provisions of the Education for Homeless Children and Youths Act including the collection of contact information for each required designated LEA’s homeless liaison.

CDE Program Contact:

Leanne Wheeler, Integrated Student Support and Programs Office, LWheeler@cde.ca.gov, 916-319-0383
 Karmina Barrales, Integrated Student Support and Programs Office, KBarrales@cde.ca.gov, 916-327-9692

Homeless Education Certification

The LEA hereby assures that the LEA has met the following requirements:

1. Designated a staff person as the liaison for homeless children and youths;
2. Developed a written policy that supports the enrollment and retention of homeless children and youths in schools of the LEA which:
 - a) Includes policies and practices to ensure that homeless children and youths are not stigmatized or segregated on the basis of their status as homeless;
 - b) Includes a dispute resolution process;
 - c) Ensures that transportation is provided for a homeless child or youth to and from the school of origin if requested by the parent, guardian or homeless liaison;
3. Disseminated public notice of the educational rights of homeless children and youths where such children and youths receive services under the provisions of the Education for Homeless Children and Youths Act.

Homeless Liaison Contact Information

Homeless liaison first name	Virginia
Homeless liaison last name	Burns
Homeless liaison title	Director, Student Support and Outreach
Homeless liaison email address (Format: abc@xyz.zyx)	VirginiaB@sutter.k12.ca.us
Homeless liaison telephone number (Format: 999-999-9999)	530-822-2969
Homeless liaison telephone extension	
Enter the full-time equivalent (FTE) for all personnel directly responsible for the implementation of homeless education (Format: 0.00)	0.05

Homeless Liaison Training Information

*****Warning*****

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2022–23 Homeless Education Policy, Requirements, and Implementation

The purpose of this data collection is to meet federal requirements specified in 42 United States Code 11431 et seq. (Education for Homeless Children and Youths Act) and some federal requirements in Title I, Part A of the Elementary and Secondary Education Act (ESEA). This collection includes monitoring local educational agencies (LEAs) and their compliance with key provisions of the Education for Homeless Children and Youths Act including the collection of contact information for each required designated LEA’s homeless liaison.

CDE Program Contact:

Leanne Wheeler, Integrated Student Support and Programs Office, LWheeler@cde.ca.gov, 916-319-0383
 Karmina Barrales, Integrated Student Support and Programs Office, KBarrales@cde.ca.gov, 916-327-9692

Has the homeless liaison attended and/or participated in a homeless education liaison training within the last two years	Yes
Has the homeless liaison provided training to the following personnel:	
Principals and other school leaders	Yes
Attendance officers and registrars	Yes
Teachers and instructional assistants	Yes
School counselors	Yes

Homeless Education Policy and Requirements

Does the LEA have a written homeless education policy	Yes
No policy comment	
Provide an explanation why the LEA does not have a homeless education policy. (Maximum 500 characters)	
Date LEA’s board approved the homeless education policy	09/07/2022
Does the LEA meet the above federal requirements	Yes
Compliance comment	
Provide an explanation why the LEA does not comply with federal requirements. (Maximum 500 characters)	

Housing Questionnaire Identifying Homeless Children

Does your LEA use a housing questionnaire to assist with the identification of homeless children and youth	Yes
Does the housing questionnaire include best practices, rights, and protections afforded to homeless children and youth	Yes
Is the housing questionnaire made available in paper form	Yes
Did your LEA administer the housing questionnaire to all student body during the school year	Yes

Title I, Part A Homeless Expenditures

2022–23 Title I, Part A LEA allocation	\$102,540
2022–23 Title I, Part A direct or indirect services to homeless children reservation	\$200

Warning

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2022–23 Homeless Education Policy, Requirements, and Implementation

The purpose of this data collection is to meet federal requirements specified in 42 United States Code 11431 et seq. (Education for Homeless Children and Youths Act) and some federal requirements in Title I, Part A of the Elementary and Secondary Education Act (ESEA). This collection includes monitoring local educational agencies (LEAs) and their compliance with key provisions of the Education for Homeless Children and Youths Act including the collection of contact information for each required designated LEA’s homeless liaison.

CDE Program Contact:

Leanne Wheeler, Integrated Student Support and Programs Office, LWheeler@cde.ca.gov, 916-319-0383
 Karmina Barrales, Integrated Student Support and Programs Office, KBarrales@cde.ca.gov, 916-327-9692

Amount of 2022–23 Title I, Part A funds expended or encumbered for direct or indirect services for homeless children	\$2,206
Homeless services provided (Maximum 500 characters)	Need assessments, referrals to community resources, bus passes, backpacks, school supplies and clothing
No expenditures or encumbrances comment Provide an explanation why there are no Title I, Part A expenditures or encumbrances for homeless services. (Maximum 500 characters)	

*****Warning*****

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2021–22 Title II, Part A Fiscal Year Expenditure Report, 24 Months

A report of year-to-date expenditures by activity. Activity period covered is July 1, 2021 through June 30, 2023.

CDE Program Contact:

Alice Ng (Fiscal), Division Support Office, ANg@cde.ca.gov, 916-323-4636

Lisa Fassett (Program), Professional Learning Support & Monitoring Office, LFassett@cde.ca.gov, 916-323-4963

2021–22 Title II, Part A allocation	\$13,581
Transferred–in amount	\$0
Transferred–out amount	\$0
2021–22 Total allocation	\$13,581

Professional Development Expenditures

Professional development for teachers	\$8,480
Professional development for administrators	\$3,765
Consulting/Professional services	\$0
Induction programs	\$0
Books and other supplies	\$0
Dues and membership	\$0
Travel and conferences	\$0

Personnel and Other Authorized Activities

Certificated personnel salaries	\$0
Classified personnel salaries	\$0
Employee benefits	\$0
Developing or improving an evaluation system	\$0
Recruitment activities	\$0
Retention activities	\$0
Class size reduction	\$0

Program Expenditures

Direct administrative costs	\$0
Indirect costs	\$1,336
Equitable services for nonprofit private schools	\$0
Total expenditures	\$13,581
2021–22 Unspent funds	\$0

*****Warning*****

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2021–22 Title III English Learner YTD Expenditure Report, 24 Months

A report of year-to-date (YTD) expenditures by activity. Activity period covered is July 1, 2021 through June 30, 2023.

CDE Program Contact:

Annie Abreu Park, Language Policy and Leadership Office, AAbreuPark@cde.ca.gov, 916-319-9620
 Geoffrey Ndirangu, Language Policy and Leadership Office, GNdirang@cde.ca.gov, 916-323-5831

Required and authorized Title III English Learner (EL) student program activities

An eligible entity receiving funds under the Every Student Succeeds Act section 3115 (c)-(d) shall use the funds for the supplementary services as part of the language instruction program for EL students.

2021–22 Title III EL student program allocation	\$42,411
Transferred-in amount	\$0
2021–22 Total allocation	\$42,411
Object Code - Activity	
1000–1999 Certificated personnel salaries	\$16,503
2000–2999 Classified personnel salaries	\$0
3000–3999 Employee benefits	\$4,923
4000–4999 Books and supplies	\$19,868
5000–5999 Services and other operating expenditures	\$285
Direct administrative costs (amount cannot exceed 2% of the student program allocation plus transferred-in amount)	\$0
Indirect costs (LEA can apply its approved indirect rate to the portion of the subgrant that is not reserved for direct administrative costs)	\$832
Total year-to-date expenditures	\$42,411
2021–22 Unspent funds	\$0

*****Warning*****

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