

**Stockton Unified School District  
BOARD OF EDUCATION  
701 North Madison Street  
Stockton, California 95202  
(209) 933-7070**

September 12, 2017  
Public Session: **5:00 p.m. -6:00 p.m.**

**SPECIAL BOARD STUDY  
SESSION MEETING  
LOCATION: Board Room**

|           |  |
|-----------|--|
| 5:00 p.m. | Call Meeting to Order<br>A. Roll Call<br>B. Oral Suggestions and Comments from the Community |
|-----------|--|

**PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES  
TO ENSURE AN ORDERLY AND EFFICIENT BOARD MEETING  
(Board Bylaw 9325)**

## **NOTICE OF SPECIAL BOARD STUDY SESSION MEETING AGENDA**

### **1.0 Organization**

**D**

#### **1.1**

#### **Board of Education Training:**

Special Education Department Update – Dr. Jovan Jacobs, Executive Director, Special Education Department

### **2.0 Adjournment**

Dated: September 8, 2017  
Posted: 4:30 p.m.  
Stockton, California 95202

**A** Indicates Action Item  
**C/A** Indicates Consent Action Item (see reverse for details)  
**I** Indicates Information Item  
**D** Indicates Discussion Item

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## PROCEDURES TO BE USED IN THE CONDUCT OF BOARD OF EDUCATION MEETINGS

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### CONSENT ITEMS

After a motion has been made and seconded, any of the Board (or any member of the public, through a Board member) may request to withdraw any items designated as consent items prior to the consideration of the approval of the consent agenda.

### ACTION ITEMS

Any member of the audience may address action items once there has been a proper motion and second.

### INFORMATION ITEMS

Information items will be presented by those persons responsible for preparing the items.

*ALL ITEMS ON THE AGENDA MAY BE ADDRESSED BY ANY MEMBER OF THE AUDIENCE.*

### COMMENTS AND SUGGESTIONS FROM THE COMMUNITY

There is a section of each Board agenda, "Comments and Suggestions from the Community," at which time any member of the community may make suggestions, comments or express concerns about any item, whether on the agenda or not. *Time allowed for each individual is three minutes.* It is requested that persons wishing to speak will complete a card available at the door and submit to the Board secretary prior to the beginning of the meeting.

## SPECIAL ACCOMMODATION

Individuals who require special accommodation, including but not limited to an American sign language interpreter, accessible seating or documentation in accessible formats, should contact the Superintendent or designee at least two days before the meeting date.

### BOARD BYLAW 9323

The Stockton Unified School District Board of Trustees has adopted Board Bylaw 9323 which prescribes the rules governing public participation at board meetings and public hearings. The three-minute limitation prescribed by Board Bylaw 9323 is responsible because it accords members of the public an equal opportunity to present their views while insuring that the hearings are conducted in an orderly and efficient manner.

*"Individual speakers shall be allowed three minutes to address the Board on each agenda or non-agenda item. The Board shall limit the total time for public input on each item to 20 minutes. With Board consent, the president may increase or decrease the time allowed for public presentation, depending on the topic and the number of persons wishing to be heard. The president may take a poll of speakers for or against a particular issue and may ask that additional persons speak only if they have something new to add."*

### TAPING

Board of Education meetings are taped and subject to being videotaped.

*THE GOVERNING BOARD IS THE UNIT OF AUTHORITY. APART FROM THE NORMAL FUNCTION AS PART OF THE UNIT, THE BOARD MEMBERS HAVE NO INDIVIDUAL AUTHORITY.*

Board comments should be clear and concise. We want people to understand what we are saying; therefore, we should convey our ideas in a brief and simple manner. We should remember that whenever a choice is to be made between a simple solution and a complex one, the tendency is to choose the one that is less complex. Therefore, the best rule is to speak sparingly and simply during Board discussions.

**CA Education Code 32210.** Any person who willfully disturbs any public school or any public school meeting is guilty of a misdemeanor, and shall be punished by a fine of not more than five hundred dollars (\$500).

### TRUSTEES OF THE BOARD OF EDUCATION

|                                     |                |
|-------------------------------------|----------------|
| Ms. Cecilia Mendez, Clerk           | Area One       |
| Ms. Andrea L. Burrise               | Area Two       |
| Ms. Kathleen Garcia                 | Area Three     |
| Ms. Lange P. Luntao                 | Area Four      |
| Ms. Maria Mendez, President         | Area Five      |
| Ms. Angela Phillips, Vice President | Area Six       |
| Mr. Steve Smith                     | Area Seven     |
| Dr. Eliseo Dávalos                  | Superintendent |

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**STOCKTON UNIFIED SCHOOL  
BOARD OF EDUCATION  
ACTING AS THE BOARD OF DIRECTORS OF THE STOCKTON UNIFIED SCHOOL  
DISTRICT FACILITIES FINANCE CORPORATION**

701 North Madison Street  
Stockton, California 95202  
(209) 933-7070

Date: September 12, 2017

**OPEN SESSION: 7:00p.m.**  
Boardroom

# **NOTICE OF SPECIAL MEETING**

**PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES  
TO ENSURE AN ORDERLY AND EFFICIENT BOARD MEETING**  
(Board Bylaw 9325)

## **AGENDA**

**Page**

### **Organization**

1. Welcome to Members of the Community/Announcements
2. Roll Call
3. Oral Suggestions and Comments from the Community

### **Business and Finance**

- A** 9.2 Adoption of Resolution No. 17-06 Resolution of the Board of Directors of the Stockton Unified School District Facilities Finance Corporation Approving the Form of and Authorizing the Execution and Delivery of the Termination Agreement, the Ground Lease, the Facilities Lease, the Trust Agreement, and the Certificate Purchase Agreement; and Authorizing Additional Actions Relating to the 2017 Refunding Certificates of Participation

### **Adjournment**

Dated: September 8, 2017  
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| Mr. Steve Smith                     | Area Seven     |
| Dr. Eliseo Davalos                  | Superintendent |

**BOARD OF EDUCATION**  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202

September 12, 2017

**CLOSED SESSION**

Board Chambers

**PUBLIC SESSION**

Boardroom

6: 00 p.m. Call Meeting to Order  
    A. Roll Call  
    B. Announcement: Board will consider in Closed Session items listed on the Closed Session agenda.  
    C. Oral Suggestions and Comments From the Community<sup>1</sup>  
    D. Adjourn to Closed Session  
7:00 p.m. Reconvene to Public Session

PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES  
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(Board Bylaw 9325)

**AGENDA**

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|          |                           |   |            |
|----------|---------------------------|---|------------|
| <b>A</b> | <b>1.0 Closed Session</b> | <b>Public Employee Appointment - <b>Certificated</b> (§54957)</b>   | <b>785</b> |
|          | 1.1                       | <i>Leave of Absence</i> (Preschool Teacher; Teacher, Elementary)<br><i>Resignation</i> (Teacher, Elementary; Teacher, Special Education; Substitute Teacher)<br><i>Retirement</i><br><i>Rescind Employment Offer</i><br><i>Deceased</i><br><i>Ratification</i> (School Psychologist; Teacher, Secondary; Compliance Specialist; Teacher, Special Education; Preschool Teacher; Teacher, Elementary; Itinerant Teacher, Special Education; Substitute Teacher; Assistant Principal IV, Acting Assistant Superintendent, Acting Director) |            |

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|   |     |   |     |
|---|-----|---|-----|
| A | 1.2 | <b>Public Employee Appointment - Classified (§54957)</b><br><i>Leave of Absence</i> (Special Education Assistant-Severely Mentally Handicapped-One-on-One, Preschool Assistant)<br><i>Resignation</i> (Food Service Assistant I, Special Education Assistant-Severely Mentally Handicapped, Preschool Assistant, Bilingual Assistant-Spanish, CWA Truancy Outreach Specialist)<br><i>Retirement</i> (Food Service Assistant I, Special Education Assistant-Severely Mentally Handicapped)<br><i>Rescind Employment Offer</i> (Special Education Assistant-Severely Mentally Handicapped, Library Media Assistant, Instructional Assistant)<br><i>Ratification</i> (School Administrative Assistant, Administrative Assistant, Office Assistant, Network Administrator, Graphic Artist, Food Service Assistant II, Substitutes, Coaches) | 787 |
| A | 1.3 | <b>Public Employee Employment/Appointment</b><br><i>Certificated:</i> Superintendent, Acting Superintendent<br><i>Classified:</i>   | 790 |
| A | 1.4 | <b>Conference with Labor Negotiator (§54957.6)</b><br><i>Agency Negotiator:</i> D. Wright, C. Wells, L. Grant-Dawson, M. Nakamura<br><i>Employee Organization:</i> STA, CSEA 821, CSEA 318, CSEA 885, SUSU, SPPA, OE3 Police, USA, non-represented employees  | 790 |
|   | 1.5 | <b>Public Employee Discipline, Dismissal, Release, Non-re-election, Compulsory Leave, Reassignment</b><br><i>Certificated:</i><br><i>Classified:</i>  |     |
|   | 1.6 | <b>Conference with Legal Counsel-Existing Litigation (§54956.9)</b><br><i>Name of Case:</i><br><i>Name of Case Unspecified:</i>   |     |

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|          |      |   |     |
|----------|------|---|-----|
|          | 1.7  | Conference with Legal Counsel - Anticipated Litigation<br>(§54956.69)<br><i>Significant Exposure to Litigation Pursuant to Subdivision (b) of<br/>Section 54956.9:</i><br><i>Initiation of Litigation Pursuant to Subdivision (c) of Section<br/>54956.9:</i> |     |
|          | 1.8  | Liability Claims (§5495.95)<br><i>Claimant:</i><br><i>Agency Claimed Against:</i>   |     |
|          | 1.9  | In district Expulsion Cases:  |     |
|          | 1.10 | In district Expulsion Cases Held in Suspension:   |     |
| <b>D</b> | 1.11 | Out of district Expulsion Cases:<br>UU – 1, UU – 2, UU – 3  | 790 |
|          | 1.12 | Out of district Expulsion Cases Held in Suspension:   |     |
| <b>A</b> | 1.13 | Approval of Closed Session Minutes:<br>August 22, 2017 Regular Board Meeting<br>September 5, 2017 Special Closed Session Board Meeting  | 791 |

**Open Session – 7:00 p.m.****2.0 Organization**

- 2.1 Welcome to Members of the Community/Announcements
- 2.2 Roll Call
- 2.3 Pledge of Allegiance to the Flag- *led by Shawn L. Parker, 7<sup>th</sup>  
grader at Marshall*
- 2.4 Announcement of Action Taken in Closed Session
- 2.5 Recognitions/Presentations

**Presentation of the State Wide Educational Wrap Up  
(SEWUP) Safety Award to Stockton Unified School  
District and Roebbelen Consturction for the Construction  
of Edison High School Classroom Building D – Ms. Lisa  
Grant-Dawson, Chief Business Official and Ms.  
Michelle Spragg, Facility Planner**

- 2.6 Student Board Representative Report

***Stephanie Matsumoto, Stagg High School***

Introduction of Student Honoree

School: Chavez High School

Principal: Ms. Sherry Jackson

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|            |            |  |     |
|------------|------------|--|-----|
| <b>I</b>   | 2.7        | Board of Education Subcommittee Reports/AD HOC Committee Reports   |     |
| <b>A</b>   | 2.8        | Approval of Order of Agenda<br><i>Any changes in the order of the agenda must be presented at this time, including changes concerning the consent calendar.</i>  |     |
| <b>A</b>   | 2.9        | Approval of Consent Items *C/A   |     |
| <b>A</b>   | 2.10       | Approval of Public Minutes:<br>August 22, 2017 Regular Board Meeting<br>September 5, 2017 Special Board Meeting  | 826 |
|            | <b>3.0</b> | <b>Communications</b>  |     |
|            | 3.1        | Oral Suggestions and Comments From Members of the Community <i>(At the beginning of the meeting persons wishing to speak will complete a card available at the door and submit to the Board secretary)</i>   |     |
|            | <b>4.0</b> | <b>Staff Reports/Discussion</b>  |     |
|            | <b>5.0</b> | <b>Public Hearing</b>  |     |
| <b>I</b>   | 5.1        | Public Hearing of Stockton Unified School District's Intent to Adopt an Initial Study/Mitigated Negative Declaration for a Future SUSD Corporation Yard Expansion at the 2461 N. Wilson Way Property at the Conclusion of the Public Hearing on the Matter - [Action Item No. 9.6] | 855 |
|            | <b>6.0</b> | <b>Governing Board</b>   |     |
|            | 6.1        | Oral Suggestions and Comments from Members of the Governing Board  |     |
|            | <b>7.0</b> | <b>Superintendent</b>  |     |
|            | 7.1        | Superintendent's Report  |     |
| <b>C/A</b> | 7.2        | Acceptance of Donations to the Stockton Unified School District  | 856 |
| <b>A</b>   | 7.3        | Approval of the Administrator, International Baccalaureate (IB) Program Job Description, Management Salary Schedule, Range 44  | 857 |
| <b>C/A</b> | 7.4        | Approval of the Internship Memorandum of Understanding between Stockton Unified School District and Brandman University  | 860 |
| <b>A</b>   | 7.5        | Approval of Resolution No. 17-12 Waiver Request: Professional Preparation Program for an Adapted Physical Education Credential   | 872 |



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|            |            |  |     |
|------------|------------|--|-----|
| <b>C/A</b> | <b>7.6</b> | Approval of an Out-of-State Conference Attendance Request (CAR) for Two (2) Employees from Human Resources (Lead Sr. Personnel Technician, Nancy Munoz and Sr. Personnel Technician, Angelica S. Acevedo) to Attend the Annual Sungard National Users Group Conference on Education in Alexandria, Virginia, on October 9, 2017 through October 12, 2017 | 874 |
| <b>C/A</b> | <b>7.7</b> | Adoption of Resolution No. 17-14 Proclaiming October 8 through October 14, 2017 as the Week of the School Administrator  | 875 |
| <b>A</b>   | <b>7.8</b> | Ratify the Terms of Employment for the Short-Term Acting Administrative Positions  | 881 |
|            | <b>8.0</b> | <b>Education</b>   |     |
| <b>C/A</b> | <b>8.1</b> | Approval of a Memorandum of Understanding (MOU) between Educational Services and the United College Action Network, Inc. (UCAN)  | 882 |
| <b>A</b>   | <b>8.2</b> | Approval of a Master Contract between Special Education and Specialized Education of California, Inc., dba Sierra Schools of California, a Nonpublic School (NPS), for the 2017-2018 School Year   | 887 |
| <b>C/A</b> | <b>8.3</b> | Approval of an Out-of-State Conference Attendance Request (CAR) for One Employee from Marshall Elementary School and Two Employees from Educational Services to Attend the Project Lead the Way (PLTW) National Summit in Orlando, Florida, October 22-25, 2017  | 888 |
| <b>C/A</b> | <b>8.4</b> | Approval of Renewal of Memorandum of Understanding (MOU) between Educational Services and the University of the Pacific's Mathematics, Engineering, Science Achievement (MESA) Program   | 889 |
| <b>C/A</b> | <b>8.5</b> | Approval of a Field Trip for Fifty-Two (52) Seventh and Eighth Grade Students from Kohl Open School to Camp SEA Lab, Camp St. Francis, in Aptos, California, from October 30 to November 1, 2017   | 890 |
| <b>C/A</b> | <b>8.6</b> | Approval of an Out-of-State Conference Attendance Request (CAR) for One (1) Employee from Primary Years Academy to Attend the Diploma Program, Middle Years Program, Primary Years Program Categories 1, 2 & 3 Workshop in Orlando, Florida, on October 27-30, 2017  | 891 |

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- C/A 8.7** Approval of an Agreement to Furnish Consultant Services between SUSD Student Support Services and The Princeton Review of Northern California 892  
The Princeton Review of Northern California  
2505 Channing way  
Berkeley, CA 94704  
(510) 295-0002
- C/A 8.8** Approval of an Agreement to Furnish Consultant Services between Special Education and Ms. Allyson Moore, M.S., BCBA, LMFT 896  
Ms. Allyson Moore, M.S., BCBA, LMFT  
P.O. Box 189  
Mill Valley, CA 94942  
(510) 331-8490
- C/A 8.9** Approval of an Agreement to Furnish Consultant Services between Special Education and Kumars Transport 900  
Kumars Transport  
1395 Kimiyo St.  
Stockton, CA 95206  
(209) 234-0377
- C/A 8.10** Approval of an Agreement to Furnish Consultant Services between Walton Special Center and Mrs. Ann Cirimele 901  
Mrs. Ann Cirimele  
4116 Sun River Ct.  
Stockton, CA 95219
- C/A 8.11** Approval of an Agreement to Furnish Consultant Services between Educational Support Services and Victor Community Support Services 902  
Victor Community Support Services  
2495 W. March Lane, Suite #125  
Stockton, CA 95207  
Phone: (209) 465-1080
- C/A 8.12** Approval of an Agreement to Furnish Hearing Conservation Services between the SUSD Health Services Department and the Stanislaus County Office of Education Health Services Department 906  
Stanislaus County Office of Education  
Health Services Department  
100 H Street, Modesto CA 95354  
(209) 238-1780

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- C/A 8.13** Approval of an Agreement to Furnish Consultant Services between Educational Support Services and Kaiser Permanente Educational Theatre 911
- Kaiser Foundation Health Plan, Inc.  
dba Kaiser Permanente Educational Theatre  
Mr. Dean Starnes, Community Health Liaison  
1438 Webster St., Suite #205, Oakland, CA 94612  
Phone: (877) 353-2223  
Email: dean.starnes@kp.org Web: kp.org/et/ncal
- C/A 8.14** Approval of a Presentation Program on “Mosquitoes and Ticks – A Field Trip in Your Classroom” by the San Joaquin County Mosquito & Vector Control District to 5th and 6th Grade SUSD Students 915
- San Joaquin County Mosquito & Vector Control District  
c/o Aaron P. Devencenzi, Public Information Officer  
7759 S. Airport Way  
Stockton, CA, 95206  
(209) 982-4675
- C/A 8.15** Approval of an Agreement to Furnish Consultant Services between Hamilton Elementary School and YMCA of San Joaquin County 918
- YMCA of San Joaquin County  
2105 W. March Lane, Suite #1  
Stockton CA 95207  
(209) 472 9622
- C/A 8.16** Approval of an Agreement to Furnish Consultant Services between Harrison Elementary School and Coast 2 Coast Coaching 922
- Coast 2 Coast Coaching  
27324 Camino Capistrano Suite 203  
Laguna Niguel, CA 92677  
(760) 452-7509
- C/A 8.17** Approval of an Agreement to Furnish Consultant Services between Hong Kingston Elementary School and YMCA of San Joaquin County 927
- YMCA of San Joaquin County  
2105 W. March Lane, Suite #1  
Stockton, CA 95207  
(209) 472-9622

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- C/A** 8.18 Approval of an Agreement to Furnish Consultant Services 931  
between Martin Luther King, Jr. Elementary School and YMCA  
of San Joaquin County  
YMCA of San Joaquin County  
2105 W. March Lane, Suite #1,  
Stockton, CA 95207  
(209) 472-9622
- C/A** 8.19 Approval of an Agreement to Furnish Consultant Services 935  
between McKinley Elementary School and the San Joaquin  
County Court's Choices and Consequences Drug Intervention  
Program  
San Joaquin County Courts  
Choices and Consequences Drug Intervention Program  
222 E. Weber Avenue, Room 610-A  
Stockton, CA 95202  
Phone: (209) 992-5408
- C/A** 8.20 Approval of an Agreement to Furnish Consultant Services 938  
between Van Buren Elementary School and Coast 2 Coast  
Coaching  
Coast 2 Coast Coaching  
27324 Camino Capistrano, Suite #203  
Laguna Niguel, CA 92677  
(760) 452-7509
- C/A** 8.21 Approval of an Agreement to Furnish Consultant Services 944  
between Special Education and Excel Interpreting LLC  
Excel Interpreting LLC  
1804 Tribute Road, Suite #207  
Sacramento, CA 95815
- 9.0 Business and Finance**
- D** 9.0.1 **Presentation on Certificates of Participation** – *Ms. Lisa Grant-*  
*Dawson, Chief Business Official and Mr. Dale Scott of Dale Scott*  
*& Company*

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|------------|-------|--|------|
| <b>A</b>   | 9.1   | Approval of Requisition of Resolution 17-05 Authorizing the Form, Execution, and Delivery of the Termination Agreement, the Ground Lease, the Facilities Lease, the Trust Agreement, the Escrow Agreement, the Certificate Purchase Agreement and the Continuing Disclosure Certificate; Approving the Form of and Authorizing the Execution and Distribution of the Official Statement; Authorizing the Sale of the 2017 Refunding Certificates of Participation; and Authorizing Certain Additional Actions  | 945  |
|            | 9.1.1 | <b>Open Meeting Board of Directors of the Stockton Unified School District Facilities Finance Corporation</b>  |      |
|            | 9.1.2 | Roll Call  |      |
|            | 9.1.3 | Oral Suggestions and Comments from the Community   |      |
| <b>A</b>   | 9.2   | Approval of Resolution 17-06 via a Special Meeting of the Directors of the Stockton Unified School District Facilities Finance Corporation (Corporation) Authorizing the Form, Execution, and Delivery of the Termination Agreement, the Ground Lease, the Facilities Lease, the Trust Agreement, the Escrow Agreement, the Certificate Purchase Agreement and the Continuing Disclosure Certificate; Approving the Form of and Authorizing the Execution and Distribution of the Official Statement; Authorizing the Sale of the 2017 Refunding Certificates of Participation; and Authorizing Certain Additional Actions | 1232 |
|            | 9.2.1 | Adjourn Meeting Board of Directors Meeting of the Stockton Unified School District Facilities Finance Corporation  |      |
|            | 9.2.2 | <b>Reconvene to Regular Board Meeting</b>  |      |
| <b>A</b>   | 9.3   | Adoption of Resolution No. 17-11 to Adopt the 2016-17 and 2017-18 Appropriations (Gann) Limit  | 1380 |
| <b>D</b>   | 9.4   | <b>Presentation on Unaudited Actuals</b> – <i>Ms. Lisa Grant-Dawson- Chief Business Official, Ms. Susanne Montoya- Executive Director of Business Services and Mr. Willie Gutierrez- Accounting Manager</i>  |      |
| <b>C/A</b> | 9.5   | Approval of 2016 - 2017 Unaudited Actuals Report   | 1382 |
| <b>A</b>   | 9.6   | Approval of the Delay in Adoption of the Initial Study/Mitigated Negative Declaration for a future SUSD Corporation Yard Expansion Project at the 2461 N. Wilson Way Property at the Conclusion of the Public Hearing on the Matter  | 1383 |
| <b>A</b>   | 9.7   | Awarding Contracts; Approving Change Orders, Rejecting All Bids and Authorizing the Filing of Notice of Completions  | 1384 |

**10.0 Student Discipline**

10.1 In district Expulsion Cases:

10.2 In district Expulsion Cases Held in Suspension:

**C/A** 10.3 Out of district Expulsion Cases:

**UU – 1, UU – 2, UU – 3**

10.4 Out of district Expulsion Cases Held in Suspension:

**11.0 Public Employee/Open Session (§54957)**

**12.0 Recess to Closed Session** (if necessary)

**13.0 Adjournment**

Dated: September 8, 2017

Posted 4:30 p.m.  
Stockton, California

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Individuals who require special accommodation, including but not limited to an American sign language interpreter, accessible seating or documentation in accessible formats, should contact the Superintendent or designee at least two days before the meeting date.

### **BOARD BYLAW 9323**

The Stockton Unified School District Board of Trustees has adopted Board Bylaw 9323 which prescribes the rules governing public participation at board meetings and public hearings. The three-minute limitation prescribed by Board Bylaw 9323 is responsible because it accords members of the public an equal opportunity to present their views while insuring that the hearings are conducted in an orderly and efficient manner.

*"Individual speakers shall be allowed three minutes to address the Board on each agenda or non-agenda item. The Board shall limit the total time for public input on each item to 20 minutes. With Board consent, the president may increase or decrease the time allowed for public presentation, depending on the topic and the number of persons wishing to be heard. The president may take a poll of speakers for or against a particular issue and may ask that additional persons speak only if they have something new to add."*

### **TAPING**

Board of Education meetings are taped and subject to being videotaped.

*THE GOVERNING BOARD IS THE UNIT OF AUTHORITY. APART FROM THE NORMAL FUNCTION AS PART OF THE UNIT, THE BOARD MEMBERS HAVE NO INDIVIDUAL AUTHORITY.*

Board comments should be clear and concise. We want people to understand what we are saying; therefore, we should convey our ideas in a brief and simple manner. We should remember that whenever a choice is to be made between a simple solution and a complex one, the tendency is to choose the one that is less complex. Therefore, the best rule is to speak sparingly and simply during Board discussions.

**CA Education Code 32210.** Any person who willfully disturbs any public school or any public school meeting is guilty of a misdemeanor, and shall be punished by a fine of not more than five hundred dollars (\$500).

### **TRUSTEES OF THE BOARD OF EDUCATION**

|                                     |                |
|-------------------------------------|----------------|
| Ms. Cecilia Mendez, Clerk           | Area One       |
| Ms. Andrea L. Burrise               | Area Two       |
| Ms. Kathleen Garcia                 | Area Three     |
| Mr. Lange P. Luntao                 | Area Four      |
| Ms. Maria Mendez, President         | Area Five      |
| Ms. Angela Phillips, Vice President | Area Six       |
| Mr. Steve Smith                     | Area Seven     |
| Eliseo Dávalos, Ph. D.              | Superintendent |

## 1.0 Closed Session



## 2.0 Organization

**BOARD OF EDUCATION**  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202

August 22, 2017

**CLOSED SESSION**  
Board Chambers

**PUBLIC SESSION**  
Boardroom

6:00 p.m. Call Meeting to Order  
**Present:** A. Roll Call: *Steve Smith, Kathleen Garcia, Maria Mendez, Angela Phillips, Cecilia Mendez, Lange P. Luntao, Andrea Burrise (arrived at 6:05 p.m.)*  
B. Announcement: Board will consider in Closed Session items listed on the Closed Session agenda.  
C. Oral Suggestions and Comments From the Community<sup>1</sup>  
*Estela Enriquez-Medina of Victory School spoke in favor of item 8.1 for Imagine Learning. She explained the instructional support and all the opportunities the program provides.*  
6:08 p.m. D. Adjourn to Closed Session  
7:26 p.m. Reconvene to Public Session

PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES  
TO ENSURE AN ORDERLY AND EFFICIENT BOARD MEETING  
(Board Bylaw 9325)

## PUBLIC MINUTES

Action Authorized by the Board

|            |  | Action Authorized by the Board   |
|------------|--|--|
| <b>1.0</b> | <b>Closed Session</b>  |  |
| <b>A</b>   | <b>1.1 Public Employee Appointment - Certificated (§54957)</b>   |  |
|            | <i>Leave of Absence</i> (Teacher, Secondary)   |  |
|            | <i>Resignation</i> (Elementary Teacher; Arts Resource Teacher; Principal II)   |  |
|            | <i>Retirement</i>  |  |
|            | <i>Deceased</i>  |  |
|            | <i>Ratification</i> (Elementary Counselor; High School Counselor; Elementary Music Teacher; Teacher, Elementary; Teacher, Secondary; Teacher, Special Education; School Psychologist; Preschool Teacher; Principal II; Assistant Principal II, Substitutes, 45-Day Consultants, Coaches) |  |
|            |  | Approved<br>Certificated Public<br>Employee<br>appointment [with<br>the exception of item<br>1.1.17-Harrison<br>Principal by a vote of<br>4/3] by a vote of 7-0<br>(attached.) |

<sup>1</sup> "Individual speakers shall be allowed three minutes to address the Board on each agenda or non-agenda item. The Board shall limit the total time for public input on each item to 20 minutes. With Board consent, the president may increase or decrease the time allowed for public presentation, depending on the topic and the number of persons wishing to be heard. The president may take a poll of speakers for or against a particular issue and may ask that additional persons speak only if they have something new to add."

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Action Authorized by the Board

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| <b>A</b> | 1.2 | <p><b>Public Employee Appointment - Classified (§54957)</b></p> <p><i>Leave of Absence</i> (Bilingual Assistant-Spanish, Food Service Assistant II)</p> <p><i>Resignation</i> (Special Education Assistant-Severely Mentally Handicapped, Preschool Assistant, Classified Substitute, Food Service Assistant I, Campus Safety Assistant, Office Assistant, CWA Truancy Outreach Specialist, School Bus Driver)</p> <p><i>Retirement</i> (School Bus Driver, Food Service Assistant I, Bilingual Assistant-Spanish)</p> <p><i>Rescind Employment Offer</i> (Landscape Specialist, Library Media Assistant)</p> <p><i>Deceased</i> (Painter)</p> <p><i>Ratification</i> (Transportation Route Planner, Food Service Assistant II, Student Services Data Analyst, Office Assistant, Library Media Assistant, After School Site Program Facilitator, Preschool Assistant, Instructional Assistant, Special Education Assistant-Severely Mentally Handicapped, Bilingual Assistant-Spanish, Facilities Planning Technician, Food Service Assistant I, Executive Assistant II, Occupational Therapist, Substitutes)</p> | <p>Approved Classified Public Employee appointment by a vote of 7-0 (attached.)</p>                     |
| <b>A</b> | 1.3 | <p>Public Employee Employment</p> <p><i>Certificated:</i> Superintendent</p> <p><i>Classified:</i></p>  | <p>Approved appointment of Acting Superintendent, Mr. Daniel R. Wright by a vote of 7-0 (attached.)</p> |
| <b>A</b> | 1.4 | <p>Conference with Labor Negotiator (§54957.6)</p> <p><i>Agency Negotiator:</i> Dr. E. Davalos, C. Wells, L. Grant-Dawson, M. Nakamura</p> <p><i>Employee Organization:</i> STA, CSEA 821, CSEA 318, CSEA 885, SUSU, SPPA, OE3 Police, USA, non-represented employees</p>   | <p>Discussion only.</p>   |
|          | 1.5 | <p>Public Employee Discipline, Dismissal, Release, Non-re-election, Compulsory Leave, Reassignment</p> <p><i>Certificated:</i></p> <p><i>Classified:</i></p>  |   |
| <b>A</b> | 1.6 | <p>Conference with Legal Counsel-Existing Litigation (§54956.9)</p> <p><i>Name of Case:</i> <b>OAH Case Number 2017061148</b></p> <p><i>Name of Case Unspecified:</i></p>   | <p>Approved and direction given by a vote of 7-0.</p>   |

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- 1.7 Conference with Legal Counsel - Anticipated Litigation (§54956.69)  
*Significant Exposure to Litigation Pursuant to Subdivision (b) of Section 54956.9:*  
*Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9:*
- 1.8 Liability Claims (§5495.95)  
*Claimant:*  
*Agency Claimed Against:*
- 1.9 In district Expulsion Cases:
- 1.10 In district Expulsion Cases Held in Suspension:
- 1.11 Out of district Expulsion Cases:
- 1.12 Out of district Expulsion Cases Held in Suspension:
- A 1.13 Approval of Closed Session Minutes:  
August 1, 2017 Regular Board Meeting  
August 9, 2017 Special Closed Session Meeting  
August 15, 2017 Special Closed Session Meeting

Approved August 1,  
2017 Regular Board  
Meeting Minutes and  
August 9, 2017,  
August 15, 2017  
Special Closed Session  
Minutes.

**Open Session – 7:00 p.m.**

**2.0 Organization**

- 2.1 Welcome to Members of the Community/Announcements
- 2.2 Roll Call: *Steve Smith, Kathleen Garcia, Maria Mendez, Angela Phillips, Cecilia Mendez, Lange P. Luntao, Andrea Burrise*
- 2.3 Pledge of Allegiance to the Flag- *led by: J. Medina Gutierrez, J. Ramirez, D. Alvarez, and M. Gomez-Sanchez of Walton Special Center- Thomas Whitesides, Walton Special Center Principal*
- 2.4 Announcement of Action Taken in Closed Session
- 2.5 Recognitions/Presentations
- 2.6 Student Board Representative Report  
Introduction of Student Honoree  
School:  
Principal:

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| <b>I</b> | 2.7        | <p>Board of Education Subcommittee Reports/AD HOC Committee Reports</p> <p><i>Lange P. Luntao, Trustee</i> – Trustee Luntao had no report.</p> <p><i>Cecilia Mendez, Trustee</i> – Trustee Mendez had no report.</p> <p><i>Andrea Burrise, Trustee</i> – Trustee Burrise indicated that the policies submitted for approval on tonight’s agenda have been recommended by the Board Policy Committee.</p> <p><i>Angela Phillips, Vice President</i> – Vice President Phillips had no report.</p> <p><i>Steve Smith, Trust Smith</i> – Trustee Smith had no report.</p> <p><i>Maria Mendez, Board President</i> – President Mendez had no report.</p> | Information only.  |
| <b>A</b> | 2.8        | <p>Approval of Order of Agenda</p> <p><i>Any changes in the order of the agenda must be presented at this time, including changes concerning the consent calendar.</i></p> <p><b>M/S</b><br/><b>Ayes</b></p> <p><i>Kathleen Garcia/Steve Smith</i><br/><i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br/><b>MOTION CARRIED.</b></p>   | Approved Order of Agenda [with the exception that item 7.4 be moved to Action] by a vote of 7-0. |
| <b>A</b> | 2.9        | <p>Approval of Consent Items *C/A</p> <p><b>M/S</b><br/><b>Ayes</b></p> <p><i>Kathleen Garcia/Steve Smith</i><br/><i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br/><b>MOTION CARRIED.</b></p>  | Approved Consent Items by a vote of 7-0.   |
| <b>A</b> | 2.10       | <p>Approval of Public Minutes:<br/>August 1, 2017 Regular Board Meeting<br/>August 9, 2017 Special Closed Session Meeting<br/>August 15, 2017 Special Closed Session Meeting</p> <p><b>M/S</b><br/><b>Ayes</b></p> <p><i>Kathleen Garcia/Angela Phillips</i><br/><i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br/><b>MOTION CARRIED.</b></p>   | Approved Public Minutes by a vote of 7-0.  |
|          | <b>3.0</b> | <b>Communications</b>   |  |
|          | 3.1        | <p>Oral Suggestions and Comments From Members of the Community <i>(At the beginning of the meeting persons wishing to speak will complete a card available at the door and submit to the Board secretary)</i></p> <p>Teacher, Rosslyn Halekakis, spoke regarding a professional development schedule survey that the Superintendent indicated</p>   |  |

would occur and never did. She gave special thanks to those listening to teachers.

Teacher, Silvia Cantu spoke of concerns relating to Mary Hopewell of L & M Consultants such as who will supervise her, the services she is contracted to provide, and the cost associated with those services.

Teachers, Robyn Cappalla, Linda Spenser, and Principal, Lori Risso all spoke in favor of item 8.1 for Imagine Learning conveying all the benefits the Program offers to students.

Teacher, Silvia Cantu spoke in support of item 8.1 for Imagine Learning, however, recommended that the District look into an intervention program in the future.

Child Nutrition/Food Services Director, Yvonne Migliori provided the Board hand-outs. Food Services Employee, Maria Garcia spoke in support of Ms. Yvonne Migliori.

Randy San Nicolas, Francoise Gibson, Dotie McGuire, Rose Parker, Melissa Powers, Edward Orozco, Siena Marie Chin, spoke in support of negotiating a fair contract with CSEA Chapter 821 that includes a health insurance soft cap, equality, and obtaining a steady superintendent.

STA President, Erich Myers expressed concerns regarding the Units of Study and the lack of resources the teachers have in order to meet standards. He indicated that the Units of Study could be effective if the teachers had access to all their materials – pointing out that not everyone has access to resources online. He concluded by saying that he supports the District negotiating a fair contract with CSEA Chapter 821.

Rebecca Ray, Community Business Development Manager for Stockton Barnes and Noble shared partnering events with staff of the District and appreciates the District's support. She proclaimed that all SUSD employees will receive a 25% off discount on *Educator Appreciation Day* and looks forward to working with teachers and support staff this school year.

Food Services employee, Maria Garcia indicated that she did not get paid and therefore, obtained late fees from her banking institution. She asked the Board who is reimbursing her for those late fees. She also voiced to settle a fair contract with CSEA Chapter 821.

**I 4.0 Staff Reports/Discussion**

***Bond Project Presentation by:***

Lisa Grant-Dawson, Chief Business Official,  
Dale Scott & Company,  
Steve Breakfield, Director of Facilities and Planning

Information only.  
*Ms. Grant-Dawson,  
Mr. Dale Scott, and  
Mr. Steve Breakfield  
presented a bond  
overview.*

**5.0 Public Hearing**

**6.0 Governing Board**

**6.1 Oral Suggestions and Comments from Members of the Governing Board**

*Steve Smith, Trustee* – Trustee Smith expressed how pleasing it was to have students from Walton Special Center lead us in the Pledge of Allegiance. He announced that Walton Special Center sells all natural dog biscuits and proceeds go to Walton's Booster Club. You could purchase the dog biscuits by visiting Walton's website or calling the school. He asked to keep Dr. Dávalos and his family in your prayers during this time (for those that choose too.)

*Kathleen Garcia, Trustee* – Trustee Garcia thanked those in attendance and shared that she attended a job fair at Stribley Park and it was excellent! On September 15, 2017 *IBEW* is having an Open House for students at 1531 El Pinal Dr. Stkn., CA 95205 and is expecting 700+ students. Back to School Nights have been great and everyone was engaged at King School. She announced the Franklin pool is officially closed for the summer and thanked food service and custodial staff for their services. The majority of students that enjoyed the pool were from Fillmore and Montezuma and a number of students from Tyler School also attended.

*Angela Phillips, Vice President* – Vice President Phillips wished everyone a happy start of the school year. She gave thanks to Ms. Traci Miller, Director of Student Support Services/ Child and Welfare Attendance for providing her a book titled, *The Power of Positive Leadership*. She requested that Mr. Wright acquire more information on the Units of Study concerns. In closing, she thanked those in attendance.

*Andrea Burrise, Trustee* – Trustee Burrise thanked and congratulated everyone for getting off to a great start of the school year. She appreciates the professionalism of the staff during Dr. Dávalos's absence and asks that it continues in order to

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demonstrate stability in the District. She is very pleased with the *Back to School Packets* that went home to parents this year and complimented the staff that worked on them.

*Cecilia Mendez, Trustee* – Trustee C. Mendez shared that she had a good time at schools and passed out personal flyers. She thanked and congratulated Mr. Dan Wright, Acting Superintendent. She wished a happy birthday to birthday folks in attendance. She announced the passing of former Montezuma Teacher, Manuel Gonzalez and extended her condolences to the family.

*Lange P. Luntao, Trustee* – Trustee Luntao echoed Trustee Burrise's comments and commended the entire staff for their delivered professionalism and demonstrating that we are all here for the kids. He spoke of college *Fly In Programs* where colleges fly high school students to tour their campuses for free. These programs are available to juniors and seniors in high school. More information will be posted on the District website.

*Maria Mendez, Board President* – Board President Mendez is excited that the schools are up and running and thanked the Directors for directly working hands-on with the schools. She attended several schools in her area on the first day of school and several teachers shared that they are eager to implement what they learned from the summer PLC Trainings. She looks forward to attending Back to School Night at her area schools, however, scheduling conflicts will make it challenging. She thanked Central United Methodist Church for their *Beyond our Building* initiative in providing lunch to Cleveland School staff on the first day of school, along with sponsoring Cleveland's – Back to School Night BBQ, and Rotary Read-In. In addition, they are also sponsoring a weekend meal program for 10 families twice a month. Special offerings are being accepted by Central United Methodist Church to continue supporting their sponsorships. Lastly, she provided information and flyers about *Family Day at the Park* and *First Responders Appreciation Day* and reiterated the *San Joaquin Area Apprenticeship Coordinators Association Trades Day* held on Friday, September 15, 2017.

A 6.2 Adoption of Board Policy (BP) 3470

M/S Kathleen Garcia/Andrea Burrise

Ayes Cecilia Mendez, Kathleen Garcia, Lange P. Luntao,  
Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise  
**MOTION CARRIED.**

Approved.



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- A**     6.3     Revisions of Board Policy (BP) 1312.3, Community Relations, Uniform Complaint Procedures; BP 4030, Personnel, Nondiscrimination in Employment; Administrative Regulation (AR) 1312.3, Community Relations, Uniform Complaint Procedures; AR 4119.11/4219.11/4319.11, Personnel, Sexual Harassment; and AR 5145.7, Students, Sexual Harassment

**M/S**  
**Ayes**

*Kathleen Garcia/Andrea Burrise*  
*Cecilia Mendez, Kathleen Garcia, Lange P. Luntao,*  
*Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise*  
**MOTION CARRIED.**

Approved.

- A**     6.4     Nomination of Directors-at-Large, African American, American Indian, and County for the California School Boards Association (CSBA) for a Two Year Term from December 2017 to December 2019

No action taken due to no nominations.

**7.0     Superintendent**

**7.1     Superintendent's Report**

*Daniel R. Wright, Acting Superintendent*, Mr. Wright thanked the Board for their confidence and will try to make this transition as easy as possible. He thanked staff for their support, especially Dr. Sylvia Ulmer, Director of Educational Services and Dr. Reyes Gauna, Asst. Superintendent of Educational Support Services for balancing classes in a short period. He attended a meeting with various city and county agencies from the City of Stockton regarding Careers Technical Education and Training. The topic was "what are we doing in the service and industry sectors in San Joaquin County?" He commended Dr. Ward Andrus, Director of Educational Services, Career and Technical for attending the meeting and taking a leadership role with this topic and thanked Trustee Smith for attending the meeting as well. He also thanked the H/R Dept. for filling teacher vacancies. In addition, he voiced that he will do investigative work on the Units of Study concerns and will provide data to the Board.

*Save the Date* for the Special Education Olympics scheduled to take place on November 8, 2017 at Edison High. More information will follow.

Lastly, he shared a tremendous community announcement! Employer, Amazon is coming to Stockton and will create 1000+ jobs with benefits and high-paying. It was advocated to the City Manager to provide adult training opportunities to candidates interested in applying for Amazon before they get to the interview

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|             |     | <p>process. He hopes to work with School for Adults to afford the employment opportunities to SUSD parents.</p>   |   |
| <b>A</b>    | 7.2 | Approval of the Addendum to the Existing University Internship Memorandum of Understanding between Stockton Unified School District and Loyola Marymount University | Approved.   |
| <b>M/S</b>  |     | <i>Kathleen Garcia/Steve Smith</i>  |   |
| <b>Ayes</b> |     | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br><b>MOTION CARRIED.</b>                       |   |
| <b>A</b>    | 7.3 | Approval of the Internship Memorandum of Understanding between Stockton Unified School District and University of Phoenix   | Approved.   |
| <b>M/S</b>  |     | <i>Kathleen Garcia/Steve Smith</i>  |   |
| <b>Ayes</b> |     | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br><b>MOTION CARRIED.</b>                       |   |
| <b>A</b>    | 7.4 | Approval of the Professional Services Agreement between Stockton Unified School District (SUSD) and The Ritz-Carlton Leadership Center                              | Approved Agreement<br>not to exceed:<br>\$14,000.00 |
|             |     | The Ritz-Carlton Leadership Center<br>4445 Willard Avenue, Suite 800<br>Chevy Chase, MD 20815<br>Attn: Kendra Brown<br>Direct: 301-633-5918                         |   |
| <b>M/S</b>  |     | <i>Steve Smith/Kathleen Garcia</i>  |   |
| <b>Ayes</b> |     | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br><b>MOTION CARRIED.</b>                       |   |
| <b>C/A</b>  | 7.5 | Approval of an Agreement to Furnish Consultant Services between Stockton Unified School District and Eaton Interpreting Services, Inc.                              | Approved Agreement<br>not to exceed:<br>\$50,000.00 |
|             |     | Eaton Interpreting Services, Inc.<br>8213 Villa Oak Drive<br>Citrus Heights, CA 95610<br>(916) 721-3636   |   |
| <b>C/A</b>  | 7.6 | Acceptance of Donations to the Stockton Unified School District   | Approved donations.                                 |

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| <b>A</b>    | <b>8.1</b> | <p><b>8.0 Education</b></p> <p>Approval of an Agreement to Furnish Consultant Services between Educational Services and Imagine Learning for the 2017 2018 School Year</p> <p style="padding-left: 40px;">Imagine Learning<br/>191 River Park Drive<br/>Provo, Utah 84604<br/>(801) 377-5071</p> | <p>Approved Agreement not to exceed:<br/>\$1,200,000 annually</p> |
| <br>        |            |  |   |
| <b>M/S</b>  |            | <i>Kathleen Garcia/Angela Phillips</i>   |   |
| <b>Ayes</b> |            | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i>  |   |
|             |            | <b>MOTION CARRIED.</b>   |   |
| <br>        |            |  |   |
| <b>A</b>    | <b>8.2</b> | <p>Adoption of Resolution No. 17-03 Authorizing Application for Continuation of Funding for the Consolidated Application Reporting System (CARS)</p>   | <p>Approved Resolution No. 17-03.</p>                             |
| <br>        |            |  |   |
| <b>M/S</b>  |            | <i>Kathleen Garcia/Steve Smith</i>   |   |
| <b>Ayes</b> |            | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i>  |   |
|             |            | <b>MOTION CARRIED.</b>   |   |
| <br>        |            |  |   |
| <b>C/A</b>  | <b>8.3</b> | <p>Approval of an Out-of-State Conference Attendance Request (CAR) for Four (4) Employees from Early Childhood Education to Attend the National Head Start Association (NHSA) Fall Leadership Institute in Washington, D.C., from September 24 to September 28, 2017</p>                         | <p>Approved.</p>  |
| <br>        |            |  |   |
| <b>C/A</b>  | <b>8.4</b> | <p>Approval of a Contract between Stockton Unified School District (SUSD) and San Joaquin Delta College (SJDC) for Instructional Services for College Level Courses</p>  | <p>Approved.</p>  |
| <br>        |            |  |   |
| <b>C/A</b>  | <b>8.5</b> | <p>Approval of a Licensing Agreement between Stockton Unified School District and Document Tracking Services</p> <p style="padding-left: 40px;">Document Tracking Services<br/>10225 Barnes Canyon Road, Suite A200<br/>San Diego, CA 92121</p>  | <p>Approved Agreement not to exceed:<br/>\$23,000.00</p>          |
| <br>        |            |  |   |
| <b>C/A</b>  | <b>8.6</b> | <p>Approval of an Agreement to Furnish Consultant Services Between McKinley Elementary School and the YMCA of San Joaquin County</p>   | <p>Approved Agreement not to exceed:<br/>\$6,782.00</p>           |
| <br>        |            |  |   |
| <b>C/A</b>  | <b>8.7</b> | <p>Approval of an Out-of-State Conference Attendance Request (CAR) for Two (2) Employees from Jane Frederick High School (JFHS) to Attend the National PBIS Conference in Chicago, Illinois, on September 28-29, 2017</p>  | <p>Approved.</p>  |

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| C/A                             | 8.8  | Approval of an Out-of-State Conference Attendance Request (CAR) for Two Employees from the Special Education Department to Attend the Positive Behavior Intervention and Support (PBIS) Starting, Scaling & Sustaining Conference in Chicago, Illinois, on September 28-29, 2017   | Approved.  |
| C/A                             | 8.9  | Approval of an Out-of-State Conference Attendance Request (CAR) for One Employee from Franklin High School and One Employee and Two State Officers Students from Weber Institute to Attend the SkillsUSA Washington Leadership Training Institute (WLTI) in Washington, D.C., on September 23-27, 2017   | Approved.  |
| C/A                             | 8.10 | Approval of an Agreement to Furnish Consultant Services between Pacific Law Academy (PLA) Charter High School and University of the Pacific's Harold S. Jacoby Center for Public Service and Civic Leadership<br><br>University of the Pacific<br>Harold S. Jacoby Center for Public Service and Civic Leadership<br>3601 Pacific Avenue, Stockton, CA 95211<br>(209) 946-2285 | Approved Agreement not to exceed:<br>\$15,000.00 |
| C/A                             | 8.11 | Approval of an Agreement to Furnish Consultant Services between the SUSD Language Development Office and the San Joaquin County Office of Education (SJCOE) Language and Literacy Department<br><br>San Joaquin County Office of Education (SJCOE)<br>Language and Literacy Department<br>P.O. Box 213030, Stockton, CA 95213<br>Phone: (209) 468-4978                         | Approved Agreement not to exceed:<br>\$97,500.00 |
| C/A                             | 8.12 | Approval of a Field Trip for Eighty (80) Students from A. A. Stagg High School to Attend the Annual Coastal Cleanup Day in Stockton, California, on Saturday, September 16, 2017   | Approved.  |
| I                               | 8.13 | Information Regarding the Business Education Alliance (BEA) 2016-2017 Activities   | Information only.                                |
| <b>9.0 Business and Finance</b> |      |  |  |
| A                               | 9.1  | Adoption of Resolution No. 17-08 to Update the Delegation of Power for Signing Contracts Effective August 23, 2017   | Approved Resolution No. 17-08.                   |
| M/S<br>Ayes                     |      | <i>Kathleen Garcia/Steve Smith<br/>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao,<br/>Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i><br><b>MOTION CARRIED.</b>  |  |

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|             |             |   |  |
|-------------|-------------|---|--|
| <b>A</b>    | <b>9.2</b>  | Public Disclosure of the Agreement between Stockton Unified School District (SUSD) and Stockton Pupil Personnel Association (SPPA), CSEA Transportation Unit (CSEA 885), Stockton Teachers Association (STA-Substitutes) and Stockton Unified Supervisors Unit (SUSU) | Approved.  |
| <b>M/S</b>  |             | <i>Kathleen Garcia/Steve Smith</i>  |  |
| <b>Ayes</b> |             | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i>   |  |
|             |             | <b>MOTION CARRIED.</b>  |  |
| <b>A</b>    | <b>9.3</b>  | Awarding Contracts; Approving Change Orders and Authorizing the Filing of Notice of Completions   | Approved.  |
| <b>M/S</b>  |             | <i>Kathleen Garcia/Steve Smith</i>  |  |
| <b>Ayes</b> |             | <i>Cecilia Mendez, Kathleen Garcia, Lange P. Luntao, Maria Mendez, Angela Phillips, Steve Smith, Andrea Burrise</i>   |  |
|             |             | <b>MOTION CARRIED.</b>  |  |
| <b>C/A</b>  | <b>9.4</b>  | Awarding Contracts  | Approved.  |
| <b>C/A</b>  | <b>9.5</b>  | Approval of Agreement for Professional Services Contract for E-Rate Programs  | Approved Agreement not to exceed:<br>\$51,500.00   |
| <b>C/A</b>  | <b>9.6</b>  | Approval of an Agreement to Furnish Consultant Services between Facilities Planning and School Facility Consultants (SFC)<br><br>School Facility Consultants<br>1303 J Street, Suite 500<br>Sacramento, CA 95814  | Approved Agreement not to exceed:<br>\$95,000.00<br>\$32,500 (Annual Developer Fee Report) |
| <b>I</b>    | <b>9.7</b>  | District Warrants Issued for the Month of July 2017   | Information only.  |
| <b>I</b>    | <b>9.8</b>  | Purchase Order Board Report for the Month of July 2017  | Information only.  |
|             | <b>10.0</b> | <b>Student Discipline</b>   |  |
|             | <b>10.1</b> | In district Expulsion Cases:  |  |
|             | <b>10.2</b> | In district Expulsion Cases Held in Suspension:   |  |
|             | <b>10.3</b> | Out of district Expulsion Cases:  |  |
|             | <b>10.4</b> | Out of district Expulsion Cases Held in Suspension:   |  |
|             | <b>11.0</b> | <b>Public Employee/Open Session (§54957)</b>  |  |
|             | <b>12.0</b> | <b>Recess to Closed Session</b> (if necessary)  |  |

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### 13.0 Adjournment

The Board Meeting adjourned at 9:33 p.m.

Ms. Cecilia Mendez, Clerk of the Governing Board of Education  
Stockton Unified School District

- A** Indicates Action Item  
**C/A** Indicates Consent Action Item (see reverse for details)  
**I** Indicates Information Item  
**D** Indicates Discussion Item

The Governing Board accepted the following donations and directed the superintendent to write letters of acknowledgement.

| Donor  | School/Program      | Donation    | Designation                |
|--|---------------------|-------------|----------------------------|
| McDaniel Family Foundation<br>214 5 <sup>th</sup> Street, Suite 201<br>Huntington Beach, CA 92648      | Adams Elementary    | \$1,000.00  | Science Camp               |
| Dollar General<br>Dolgencorp, LLC<br>100 Mission Ridge<br>Goodlettsville, TN 37071-2171                | Edison High         | \$50,000.00 | Literacy Program           |
| The Kula Foundation<br>6600 Peachtree Dunwoody Road<br>600 Embassy Row, Suite 255<br>Atlanta, GA 30328 | Edison High         | \$25.71     | Literacy Program           |
| Stockton Rotary Endowment<br>Po Box 7457<br>Stockton, CA 95267   | Elmwood Elementary  | \$3,060.00  | Students                   |
| Sarbjit Kaur<br>5422 Rayanna Dr.<br>Stockton, CA 95212   | Franklin High       | \$250.00    | Students                   |
| University of the Pacific<br>3601 Pacific Ave<br>Stockton, CA 95211                                    | Harrison Elementary | \$500.00    | General School<br>Donation |
| Kohl Education Foundation<br>3601 Pacific Ave<br>Stockton, CA 95211                                    | Kohl Elementary     | \$5,000.00  | Instructional Supplies     |

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| <b>Donor</b>  | <b>School/Program</b>  | <b>Donation</b> | <b>Designation</b>                          |
|---|------------------------|-----------------|---|
| San Joaquin Audubon Society<br>Po Box 7755<br>Stockton, CA 95267  | Kohl Elementary        | \$1,600.00      | Instructional Supplies                      |
| California Health Care Facility<br>7707 Austin Road<br>Stockton, CA 95215                               | Families in Transition | \$1,225.95      | Benefit Student &<br>Families in Transition |
| Stockton Sunrise Rotary<br>Po Box 7501<br>Stockton, CA 95267-0501                                       | Pittman Elementary     | \$4,000.00      | Science Camp                                |
| Bank of Stockton<br>301 E. Miner Ave<br>Stockton, CA 95202  | Stagg High             | \$100.00        | Every 15 Minutes                            |
| Stagg Athletic Boosters<br>1621 Brookside Rd<br>Stockton, CA 95207                                      | Stagg High             | \$500.00        | Every 15 Minutes                            |
| Mercedes-Benz of Stockton<br>10777 Trinity Parkway<br>Stockton, CA 95219                                | Spanos Elementary      | \$500.00        | Music Enrichment                            |
| Donna Curusis<br>240 Sebastian Dr.<br>Millbrae, CA 94030-2954   | Spanos Elementary      | \$250.00        | Music Enrichment                            |
| The Alex & Faye Spanos Family Trust<br>10100 Trinity Parkway, 5 <sup>th</sup> Fl.<br>Stockton, CA 95219 | Spanos Elementary      | \$15,000.00     | Music Enrichment                            |
| San Joaquin Electric, Inc.<br>Po Box 30068<br>Stockton, CA 95213  | Spanos Elementary      | \$500.00        | Music Enrichment                            |
| Mark Antonini<br>Po Box 7442<br>Stockton, CA 95267  | Spanos Elementary      | \$100.00        | Music Enrichment                            |
| John D. De Luca, CPA<br>3031 W. March Ln., Suite 123 S.<br>Stockton, CA 95219                           | Spanos Elementary      | \$100.00        | Music Enrichment                            |
| Zeiter Eye Medical Group, Inc.<br>Stockton Office<br>255 E. Weber Ave<br>Stockton, CA 95202             | Spanos Elementary      | \$250.00        | Music Enrichment                            |
| Chase Chevrolet<br>6441 Holman Rd.<br>Stockton, CA 95208  | Spanos Elementary      | \$500.00        | Music/Arts<br>Enrichment                    |
| Florsheim Brothers Foundation<br>1701 W. March Ln, Suite D<br>Stockton, CA 95207                        | Spanos Elementary      | \$500.00        | Music Enrichment                            |

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|--|-------------------|-------------|----------------------|
| National Education Association<br>1201 16 <sup>th</sup> St.<br>Washington, D. C. 20036   | Spanos Elementary | \$1,000.00  | Books                |
| Frontiers<br>10100 Trinity Parkway, Suite 420<br>Stockton, CA 95219  | Spanos Elementary | \$500.00    | Music Enrichment     |
| Ross Dress for Less<br>Ross Stores, Inc.<br>Dublin, CA 94568   | Spanos Elementary | \$300.00    | Books                |
| The Alex & Faye Spanos Family Trust<br>10100 Trinity Parkway, 5 <sup>th</sup> Fl.<br>Stockton, CA 95219  | Spanos Elementary | \$10,000.00 | YMCA Noontime Sports |
| Pacific Gas & Electricity Co.<br>Your Cause, LLC Trustee for PG & E<br>Company/Employee Giving<br>2508 Highlander Way, Suite 210<br>Carrollton, TX 75006 | Skills Elementary | \$191.10    | Students             |
| Patricia Dobales<br>75 W. Noble Street<br>Stockton, CA 95204   | Skills Elementary | \$191.10    | Students             |
| Pacific Gas & Electricity Co.<br>Your Cause, LLC Trustee for PG & E<br>Company/Employee Giving<br>2508 Highlander Way, Suite 210<br>Carrollton, TX 75006 | Skills Elementary | \$347.22    | Students             |
| Patricia Dobales<br>75 E. Noble Street<br>Stockton, CA 95204   | Skills Elementary | \$222.95    | Students             |
| Megan Castillo<br>10559 Dnieper Ln.<br>Stockton, CA 95219  | Skills Elementary | \$269.50    | Students             |
| Pacific Gas & Electricity Co.<br>Your Cause, LLC Trustee for PG & E<br>Company/Employee Giving<br>2508 Highlander Way, Suite 210<br>Carrollton, TX 75006 | Skills Elementary | \$489.16    | Students             |
| Megan Castillo<br>10559 Dnieper Ln.<br>Stockton, CA 95219  | Skills Elementary | \$269.50    | Students             |
| Patricia Dobales<br>75 W. Noble Street<br>Stockton, CA 95204   | Skills Elementary | \$219.66    | Students             |
| Megan Castillo<br>10559 Dnieper Ln.<br>Stockton, CA 95219  | Skills Elementary | \$231.00    | Students             |



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|   |                        |                                 |   |
|---|------------------------|---------------------------------|---|
| Pacific Gas & Electricity Co.<br>Your Cause, LLC Trustee for PG &E<br>Company/Employee Giving<br>2508 Highlander Way, Suite 210<br>Carrollton, TX 75006 | Skills Elementary      | \$403.62                        | Students  |
| Patricia Dobales<br>75 W. Noble Street<br>Stockton, CA 95204  | Skills Elementary      | \$172.62                        | Students  |
| Officer Lauren Dewing<br>Stockton Police Officers<br>Association<br>22 E. Market St<br>Stockton, CA 95202   | McKinley Elementary    | \$7,200.00                      | Classroom supplies,<br>furniture, chairs, PE<br>equipment, & other<br>miscellaneous<br>materials. |
| SUSD Police Department<br>640 N. San Joaquin St.<br>Stockton, CA 95202  | Students in Transition | Various school supply<br>items. | Students in Transition  |
| SUSD Police Department<br>640 N. San Joaquin St<br>Stockton, CA 95202   | Students in Transition | 10 \$20.00 gift cards           | Student in Transition   |
| Douglas C. Peterson, M.D.<br>1920 Sheffield Dr.<br>El Dorado Hills, CA 95762  | HCA                    | \$100.00                        | Students  |

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**1.0**

**Closed Session**

**A 1.1 Public Employee Appointments – **Certificated** (§54957)**

**1.1.1 Leave of Absence**

|  |                   |
|--|-------------------|
| Julia Khade  | 08-08-17/05-31-18 |
| Teacher, Secondary (Biology) – Stagg High School – Personal Unpaid Leave |                   |

**1.1.2 Resignation – Regular Employees**

|  |          |
|--|----------|
| Carol Anne Sanderson                           | 08-31-17 |
| Principal II – Pacific Law Academy             |          |
| David Tennant                                  | 06-02-17 |
| Teacher, Elementary (Grade 2) – Grunsky School |          |
| Jennifer Tuss                                  | 06-02-17 |
| Arts Resource Teacher (Dance) – Madison School |          |

**1.1.3 Resignation – Temporary Employees**

**1.1.4 Retirement**

**1.1.5 Job Abandonment/Breach of Contract**

**1.1.6 Special Assignment**

**1.1.7 Rescind Employment Offer**

**1.1.8 Deceased**

**1.1.9 Ratification, Regular Employees**

|   |          |
|---|----------|
| Abdul-Kareem Ali  | 08-02-17 |
| Teacher, Secondary (Social Science) – Pacific Law Academy |          |
| Karen Abney-Xuereb  | 08-03-17 |
| Teacher, Elementary (Grade 2) – Monroe School             |          |
| Aida Amador   | 08-14-17 |
| Preschool Teacher – Early Childhood Education Department  |          |
| Adriana Araisa Herrera                                    | 08-03-17 |
| Elementary Counselor – Henry School                       |          |
| Christina Agustin   | 08-02-17 |
| Teacher, Special Education – Special Education            |          |
| Veronica Baltazar   | 08-02-17 |
| Teacher, Elementary (Kindergarten) – Fremont School       |          |
| Genesis Barrow  | 08-02-17 |
| Teacher, Secondary (English) – Edison High School         |          |
| Sandi Brophy  | 08-02-17 |
| Teacher, Elementary (Grade 4) – King School               |          |
| Darcel Brothers   | 08-02-17 |
| Teacher, Elementary (Grade 6) – Hamilton School           |          |
| Patricia Carter   | 08-02-17 |
| Arts Resource Teacher (Dance) – Elmwood School            |          |
| Caly Chhin  | 08-02-17 |
| Teacher, Elementary (Grade 5) – Pittman School            |          |

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|  |          |
|--|----------|
| Nadya Clark<br>Teacher, Elementary (Kindergarten) – Stockton Skills School   | 08-02-17 |
| Christina Cortez<br>Preschool Teacher – St. Bernadette’s                     | 08-02-17 |
| Mary Cunningham<br>Teacher, Elementary (Grade 2) – McKinley School           | 08-02-17 |
| Megan Davis<br>Teacher, Elementary (Grade 6) – Kennedy School                | 08-02-17 |
| James Donnel<br>Teacher, Elementary (Grade 7) – Marshall School              | 08-02-17 |
| Sharqueya Drake<br>Teacher, Elementary (Grade 8) – Hamilton School           | 08-02-17 |
| Karina Engstrom<br>Teacher, Secondary (Science) – Health Careers Academy     | 08-02-17 |
| Gustavo Experanza<br>Teacher, Elementary (Grade 7) – Hoover School           | 08-02-17 |
| Brandon Figaro<br>Teacher, Secondary (French) – Edison High School           | 08-02-17 |
| Anna Furtado<br>Teacher, Elementary (Grade 5) – Huerta School                | 08-02-17 |
| Isela Galvan<br>Teacher, Elementary (Kindergarten) – Fillmore School         | 08-02-17 |
| Rubi Garcia<br>Teacher, Elementary (Grade 2) – Taft School                   | 08-02-17 |
| Oscar Garibay<br>Teacher, Secondary (Social Science) – Chavez High School    | 08-02-17 |
| Craig Guadagnolo<br>Teacher, Elementary (Grade 3) – Taylor School            | 08-02-17 |
| Danelle Hagen<br>K-8 PE Teacher – El Dorado School                           | 08-02-17 |
| Benjamin Harrison<br>Teacher, Special Education – Stagg High School          | 08-02-17 |
| Christopher Harrold-Walters<br>Teacher, Elementary (Grade 8) – Huerta School | 08-04-17 |
| Colby Holden<br>Teacher, Elementary (Grade 2) – Harrison School              | 08-02-17 |
| Kipp Hummel<br>Teacher, Special Education – Taft School                      | 08-02-17 |
| Jay Jordan<br>Teacher, Secondary (Social Science) – Chavez High School       | 08-02-17 |
| Jane Juarez<br>Teacher, Special Education – Huerta School                    | 08-02-17 |

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|  |          |
|--|----------|
| Jaspreet Kaler<br>Teacher, Elementary (Grade 4) – Hong Kingston School               | 08-02-17 |
| Rajinderjit Kaur<br>Teacher, Elementary (Transitional Kinder) – Hong Kingston School | 08-02-17 |
| Daena Leffler<br>Teacher, Elementary (Grade 6) – Henry School                        | 08-02-17 |
| Christopher Manning<br>Teacher, Secondary (Social Science) – Edison High School      | 08-02-17 |
| Anthony Matthews<br>Teacher, Elementary (Grade 7) – Hazelton School                  | 08-07-17 |
| Ralph McChesney<br>Teacher, Elementary (Grade 3) – Hazelton School                   | 08-02-17 |
| Lizette McCormack-Alums<br>Teacher, Elementary (Grade 8) – Van Buren School          | 08-02-17 |
| Alvaro Medeiros<br>Teacher, Elementary (Grade 1) – Harrison School                   | 08-02-17 |
| Amalia Medina<br>Elementary Music Teacher – San Joaquin/Marshall Schools             | 08-02-17 |
| Cristina Mendez<br>Teacher, Elementary (Grade 3) – Fremont School                    | 08-04-17 |
| Elizabeth Mendoza<br>Teacher, Elementary (Grade 1) – Fremont School                  | 08-02-17 |
| Sandra Milavong<br>Preschool Teacher – Madison School                                | 08-02-17 |
| Paul Mills<br>Elementary Music Teacher – Madison School                              | 08-02-17 |
| Sybl Moore<br>Preschool Teacher – Early Childhood Education Department               | 08-02-17 |
| Savannah Navarrete<br>Preschool Teacher – Franklin High School                       | 08-02-17 |
| Gabriel Nesser<br>Teacher, Elementary (Grade 8) – Hamilton School                    | 08-02-17 |
| Laura Nieves<br>Preschool Teacher – Elmwood School                                   | 08-02-17 |
| Teresa Nguyen<br>Teacher, Elementary (Grade 6) – Tyler School                        | 08-02-17 |
| Joan Norris<br>Teacher, Elementary (Grade 7) – Hamilton School                       | 08-02-17 |
| Lorena Ochoa Torres<br>Teacher, Elementary (Grade 3) – Hamilton School               | 08-02-17 |
| David Olson<br>Elementary Music Teacher – Elmwood School                             | 08-02-17 |

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|   |          |
|---|----------|
| Lily Pace<br>Teacher, Special Education – Chavez High School  | 08-02-17 |
| Moenique Padilla<br>Teacher, Elementary (Grade 1) Nightingale School  | 08-02-17 |
| Susan Petrie<br>Teacher, Secondary (Science) – Franklin High School   | 08-02-17 |
| Marisol Puga<br>Teacher, Secondary (English) – Health Careers Academy                                       | 08-02-17 |
| David Qualls<br>Teacher, Secondary (CTE) – Chavez High School   | 08-02-17 |
| Merced Romero<br>Teacher, Elementary (Grade 6) – Marshall School  | 08-02-17 |
| Marco Rojas<br>Teacher, Secondary (Social Science) Health Careers Academy                                   | 08-02-17 |
| Alejandra Rodriguez<br>Teacher, Special Education – Nightingale School                                      | 08-02-17 |
| Christopher Rothrock<br>Teacher, Secondary (Social Science) – Stagg High School                             | 08-02-17 |
| Daisy Rubio<br>Teacher, Elementary (Transitional Kinder) – Montezuma School                                 | 08-02-17 |
| Victoria Schneider<br>Teacher, Elementary (Grade 1) – Taft School   | 08-02-17 |
| Daniel Schoenberg<br>Teacher, Special Education – Nightingale School  | 08-03-17 |
| Chanry Sok<br>Teacher, Elementary (Grade 2) – Roosevelt School  | 08-02-17 |
| Kendra Swinney<br>School Psychologist – Special Education   | 08-07-17 |
| Cynthia Torres<br>Teacher, Secondary (English) – Chavez High School   | 08-02-17 |
| Devin Tribble-Cary<br>Teacher, Secondary (Science) – Franklin High School<br>(changing teaching assignment) | 08-02-17 |
| Tanya Waldon<br>Teacher, Elementary (Grade 4) – Spanos School   | 08-02-17 |
| Khadijah Warren<br>Preschool Teacher – Victory School   | 08-07-14 |
| Kirsten Weems<br>Teacher, Special Education – Marshall School   | 08-02-17 |
| Morgan White<br>Teacher, Special Education – Tyler School   | 08-02-17 |
| Cory Williams<br>Teacher, Elementary (Grade 7) – McKinley School  | 08-02-17 |

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|        |   |          |
|--------|---|----------|
|        | Marque Willis   | 07-27-17 |
|        | High School Counselor – Chavez High School  |          |
| 1.1.10 | Ratification, Temporary Employees   |          |
|        | Frank Case  | 08-02-17 |
|        | Teacher, Elementary (Grade 5) – Hong Kingston School                              |          |
|        | Angie Fregoso   | 07-28-17 |
|        | High School Counselor – Franklin High School                                      |          |
|        | Delton Lowery   | 08-02-17 |
|        | Teacher, Special Education – Stagg High School                                    |          |
|        | Janet Palacios  | 08-02-17 |
|        | Teacher, Elementary (Grade 3) – Hamilton School                                   |          |
| 1.1.11 | Ratification, Regular Employees, Change from Temporary to Probationary, Effective |          |
| 1.1.12 | Ratification, 45-day Consultant   |          |
|        | <b>See Attachment A</b>   |          |
| 1.1.13 | Ratification, Substitute Teachers   |          |
|        | <b>See Attachment B</b>   |          |
| 1.1.14 | Ratification, Teacher, Adult Education  |          |
| 1.1.15 | Ratification, Home Instruction  |          |
|        | Lindsay Kent  | 08-23-17 |
| 1.1.16 | Ratification, Summer School Employment  |          |
| 1.1.17 | Ratification, Administrative  |          |
|        | Ambria Alston   | 08-23-17 |
|        | Assistant Principal II – Grunsky  |          |
|        | <b>***Vote for Harrison Principal Only***</b>                                     |          |
|        | Christina Katen   | 08-23-17 |
|        | Principal II – Harrison School  |          |

**M/S** Kathleen Garcia/Angela Phillips  
**Ayes** Lange P. Luntao, Angela Phillips, Kathleen Garcia, Steve Smith  
**Noes** Maria Mendez, Cecilia Mendez, Andrea Burrise

**MOTION CARRIED.**

|   |          |
|---|----------|
| Dara Dalmou                                       | 08-23-17 |
| Principal II – Henry School                       |          |
| Jennifer O'Neill                                  | 08-23-17 |
| Assistant Principal II – Henry School             |          |
| Rocio Villasenor                                  | 08-23-17 |
| Assistant Principal II – Hoover/Van Buren Schools |          |
| Felicia Bailey-Carr                               | 08-23-17 |
| Principal II – Madison School                     |          |
| Richard Capello                                   | 08-23-17 |
| Principal II – Pacific Law Academy                |          |
| Kraig Jorgensen                                   | 08-23-17 |
| Principal II – Roosevelt School                   |          |

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1.1.18 Ratification, Coaches

**See Attachment C**

**M/S** *Kathleen Garcia/Angela Phillips*  
**Ayes** *Maria Mendez, Angela Phillips, Kathleen Garcia, Cecilia Mendez, Steve Smith, Lange. Luntao, Andrea Burrise*

**MOTION CARRIED.**

**A 1.2** Public Employee Appointments – **Classified** (§54957)

1.2.1 Leave of Absence

|  |                      |
|--|----------------------|
| Monica Casique                               | 08-08-17 to 01-08-18 |
| Bilingual Assistant-Spanish-Pittman School   |                      |
| Christina Farias                             | 07-01-17 to 10-01-17 |
| Food Service Assistant II-San Joaquin School |                      |

1.2.2 Resignation

|   |          |
|---|----------|
| Anthony Alcaraz   | 07-20-17 |
| Special Education Assistant-Severely Mentally Handicapped-Montezuma School  |          |
| Ashley Atad   | 08-22-17 |
| Preschool Assistant-Taft School   |          |
| Christina Cortez  | 07-21-17 |
| Classified Substitute   |          |
| Marina Cueva  | 08-04-17 |
| Food Service Assistant I – Grunsky School   |          |
| Kenneth Freeman   | 08-04-17 |
| Campus Safety Assistant- Marshall School  |          |
| Caroline Junco  | 06-09-17 |
| Office Assistant-Victory School   |          |
| Christian Lopez   | 08-01-17 |
| Campus Safety Assistant- August School  |          |
| Sandra Milavong   | 08-01-17 |
| Preschool Assistant-School for Adults   |          |
| Savannah Navarrete  | 07-24-17 |
| Classified Substitute   |          |
| Erolinda Perez  | 08-01-17 |
| CWA Truancy Outreach Specialist-Child Welfare & Attendance Department   |          |
| Maria Ramirez   | 06-02-17 |
| Food Service Assistant I –Stockton Skills School  |          |
| Elanda Shelton  | 07-24-17 |
| Campus Safety Assistant-Adams School  |          |
| Marisela Vazquez  | 07-06-17 |
| Special Education Assistant-Severely Mentally Handicapped-August School-Employee resigned from ESY not regular position; reinstate employment |          |

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|       |  |          |
|-------|--|----------|
|       | Susan Xiong  | 07-31-17 |
|       | Preschool Assistant-Kennedy School                         |          |
|       | Diego Zambrano   | 07-20-17 |
|       | School Bus Driver-Transportation Department                |          |
| 1.2.3 | Retirement   |          |
|       | Lisa Amaral  | 08-08-17 |
|       | School Bus Driver-Transportation Department                |          |
|       | Maria DeLatta  | 08-01-16 |
|       | Food Service Assistant I -Monroe School                    |          |
|       | Anita Diaz   | 12-29-17 |
|       | Bilingual Assistant-Spanish-Cleveland School               |          |
| 1.2.4 | Job Abandonment  |          |
| 1.2.5 | Rescind Employment Offer                                   |          |
|       | Diego De Alba  | 06-26-17 |
|       | Landscape Specialist – Maintenance & Operations            |          |
|       | Raquel Patterson   | 07-12-17 |
|       | Library Media Assistant – Rio Calaveras School             |          |
| 1.2.6 | Deceased   |          |
|       | John Songcayauon   | 06-14-17 |
|       | Painter – Maintenance & Operations                         |          |
| 1.2.7 | Ratification, Regular Employees                            |          |
|       | Annette Galindo  | 08-23-17 |
|       | Transportation Route Planner-Transportation Department     |          |
|       | Annette Gomez  | 08-23-17 |
|       | Food Service Assistant II – Nightingale School             |          |
|       | Gustavo Juarez   | 08-23-17 |
|       | Student Services Data Analyst – Child Welfare & Attendance |          |
|       | Jo McDonald  | 08-23-17 |
|       | Office Assistant – Hoover School                           |          |
|       | Alondra Sanchez  | 08-23-17 |
|       | Library Media Assistant – Rio Calaveras School             |          |
|       | Erendida Serratos  | 08-23-17 |
|       | Office Assistant – Taylor School                           |          |
|       | Israela Valenzuela   | 08-23-17 |
|       | After School Site Program Facilitator-Van Buren School     |          |
|       | Diana Martinez-Navarrete                                   | 08-23-17 |
|       | After School Site Program Facilitator-Washington School    |          |
|       | Andria Martinez  | 08-23-17 |
|       | Preschool Assistant-Madison School                         |          |
|       | Kassandra Hernandez  | 08-23-17 |
|       | Preschool Assistant-McKinley School                        |          |



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|  |          |
|--|----------|
| Paola Franco<br>Preschool Assistant-Pittman School   | 08-23-17 |
| Angela Carillo<br>Preschool Assistant-Taylor School  | 08-23-17 |
| Kang Her<br>Preschool Assistant-Van Buren School   | 08-23-17 |
| Andrea Ivy<br>Preschool Assistant-Victory School   | 08-23-17 |
| Renee Guel<br>Preschool Assistant-Weber School   | 08-23-17 |
| Heng Chan<br>Instructional Assistant-Fillmore School   | 08-23-17 |
| Juana Zepeda<br>Instructional Assistant-Fillmore School  | 08-23-17 |
| Gina Menguito<br>Special Education Assistant-Severely Mentally Handicapped-Henry School        | 08-23-17 |
| Alexis Burrola<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School    | 08-23-17 |
| Dolores Castillo<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School  | 08-23-17 |
| Stephanie Giminez<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School | 08-23-17 |
| Raquel Jimenez<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School    | 08-23-17 |
| Karina Lopez<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School      | 08-23-17 |
| Michelle Paulsen<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School  | 08-23-17 |
| Ingrid Spragg<br>Special Education Assistant-Severely Mentally Handicapped-Marshall School     | 08-23-17 |
| Gloria Romero<br>Bilingual Assistant-Spanish-Chavez High                                       | 08-23-17 |
| Camilo Montesinos<br>Bilingual Assistant-Spanish-Hazelton School                               | 08-23-17 |
| Stephanie Green<br>Bilingual Assistant-Spanish-Washington School                               | 08-23-17 |

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|  |          |
|--|----------|
| Lilian Garcia-Sanchez<br>Bilingual Assistant-Spanish-Weber Tech          | 08-23-17 |
| Kristi Juelch<br>Facilities Planning Technician – Facilities Planning    | 08-23-17 |
| Jerry Garcia<br>Food Service Assistant I – Chavez High School            | 08-23-17 |
| Danielle Harris<br>Food Service Assistant I – Franklin High School       | 08-23-17 |
| Nancy Irvine<br>Food Service Assistant I – Edison High School            | 08-23-17 |
| Maria Serrano<br>Food Service Assistant I – Edison High School           | 08-23-17 |
| Christopher Toro<br>Food Service Assistant I – Stagg High School         | 08-23-17 |
| Lillian Ohnmacht<br>Executive Assistant II- Business Services Department | 08-23-17 |
| Maria Rivera Medina<br>Occupational Therapist- P A A C                   | 08-23-17 |

1.2.8

Ratification, Administrative

1.2.9

Ratification, Substitutes

|   |          |
|---|----------|
| Rebecca Abellana<br>Attendance Technician, Office Assistant,<br>Senior Office Assistant | 08-23-17 |
| Adriana Aguilar<br>Preschool Assistant  | 08-23-17 |
| Jermaine Brown<br>Campus Safety Assistant, Campus Security Monitor                      | 08-23-17 |
| Hannah Bukko<br>AVID Tutor  | 08-23-17 |
| Consuelo Campuzano<br>Noon Duty Supervisor  | 08-23-17 |
| Briana Cocola<br>Noon Duty Supervisor   | 08-23-17 |
| Lamark Day Jr.<br>AVID Tutor  | 08-23-17 |
| Angelene Dougherty<br>Special Education Assistant-Severely Mentally Handicapped         | 08-23-17 |
| Caroline Englent<br>Preschool Assistant   | 08-23-17 |
| Philip Fontenot<br>Custodian, Food Service Assistant                                    | 08-23-17 |
| Stacy Harris<br>Noon Duty Supervisor  | 08-23-17 |

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|   |          |
|---|----------|
| Julia Hernandez   | 08-23-17 |
| Assistant Principal Secretary, Student Data Technician, Attendance Technician, Administrative Assistant, Personnel Technician   |          |
| Andrea Ivy  | 08-23-17 |
| After School Site Program Facilitator, Office Assistant, Preschool Assistant, Senior Office Assistant   |          |
| Delphina Jones  | 08-23-17 |
| Special Education Assistant-Severely Mentally Handicapped   |          |
| Sweety Kaushal  | 08-23-17 |
| Preschool Assistant   |          |
| Asia Masinas Jr.  | 08-23-17 |
| Custodian   |          |
| Irma Mikels   | 08-23-17 |
| Noon Duty Supervisor  |          |
| Nicole Montes   | 08-23-17 |
| Custodian   |          |
| Souha Nasri   | 08-23-17 |
| Noon Duty Supervisor  |          |
| Anna Nguyen   | 08-23-17 |
| AVID Tutor  |          |
| Andrew Nichols  | 08-23-17 |
| Food Service Assistant  |          |
| Manuel Tigno  | 08-23-17 |
| Custodian   |          |
| Myra Vigil  | 08-23-17 |
| Administrative Assistant, Research Technician, School Support Technician, Senior Administrative Assistant, Senior Office Assistant, Student Data Technician, Testing Technician |          |
| Kaela Williford   | 08-23-17 |
| Noon Duty Supervisor  |          |

1.2.10

Ratification, Walk on Coaches

**M/S**

*Kathleen Garcia/Steve Smith*

**Ayes**

*Maria Mendez, Angela Phillips, Kathleen Garcia, Cecilia Mendez, Steve Smith, Lange P. Luntao, Andrea Burrise*

**MOTION CARRIED.**

**A 1.3**

Public Employee Employment

*Certificated: Superintendent*

*Classified:*

*Appointed Acting Superintendent, Daniel R. Wright*

**M/S**

*Kathleen Garcia/Steve Smith*

**Ayes**

*Maria Mendez, Angela Phillips, Kathleen Garcia, Cecilia Mendez, Steve Smith, Lange. Luntao, Andrea Burrise*

**MOTION CARRIED.**

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A 1.4

Conference with Labor Negotiator (§54957.6)  
*Agency Negotiator:* Dr. E. Davalos, C. Wells, L. Grant-Dawson, M. Nakamura,  
*Employee Organization:* STA, CSEA 821, CSEA 318, SUSU, SPPA, OE3 Police,  
CSEA 885, USA, non-represented employees

*Discussion only.*

**BOARD AGENDA – August 22, 2017  
45 DAY CONSULTANTS**

**ATTACHMENT A**

**STA 1<sup>ST</sup> YEAR**

Alicia Ramirez  
Suzanne Casity

**Closed Session Agenda  
August 22, 2017 Board Meeting**

**ATTACHMENT B**

**Substitute Teachers**

| NAME              | EFFECTIVE DATE |
|-------------------|----------------|
| Ashley Atad       | 8/23/2017      |
| Babette Adkins    | 8/23/2017      |
| Richard Alvarez   | 8/23/2017      |
| Hayley Dabell     | 8/23/2017      |
| Stephani DelToro  | 8/23/2017      |
| Salbador Espinoza | 8/23/2017      |
| Orlando Evans     | 8/23/2017      |
| Sobia Khan        | 8/23/2017      |
| John Kurl         | 8/23/2017      |
| Christian Lopez   | 8/23/2017      |
| Lori Oliveira     | 8/23/2017      |
| Lindsey Owens     | 8/23/2017      |
| Sara Orzal        | 8/23/2017      |
| Lavette Richards  | 8/23/2017      |
| Treiste Patton    | 8/23/2017      |
| Josephina Zapata  | 8/23/2017      |

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**COACHING – CERTIFICATED**  
**August 22, 2017 Board Meeting**

**ATTACHMENT C**

**CHAVEZ HIGH SCHOOL**

| <b><u>NAME</u></b> | <b><u>SPORT</u></b>     | <b><u>SEASON</u></b> |
|--------------------|-------------------------|----------------------|
| Daniel Smith       | Football-Varsity Assist | 07-31-17/11-04-17    |
| Sandra Monroe      | Cross Country           | 08-01-17/10-28-17    |
| Dennis Jiang       | Tennis- Girls           | 08-01-17/10-28-17    |
| Michelle Shelton   | Volleyball-Frosh        | 08-01-17/10-26-17    |
| Hayley Dabell      | Cheer- Varsity          | 07-31-17/02-14-18    |
| Guy Goedhart       | PE-Intramurals          |                      |
| Tim Apilado        | Soccer-Soph Girls       | 11-06-17/02-15-18    |
| James Lee          | Baseball- Varsity       | 02-05-18/05-09-18    |
| Terri Kirwan       | Softball-Sophomore      | 02-05-18/05-09-18    |
| Sandra Monroe      | Track Assistant         | 02-05-18/05-12-18    |
| Eric Stockman      | Tennis-Boys             | 02-05-17/04-28/18    |

**EDISON HIGH SCHOOL**

| <b><u>NAME</u></b>  | <b><u>SPORT</u></b>     | <b><u>SEASON</u></b> |
|---------------------|-------------------------|----------------------|
| Vu Tran             | Cross Country           | 08-01-17/10-28-17    |
| Orlando Evans       | Football-Varsity Assist | 07-31-17/11-04-17    |
| James Elliott Burke | Football-Varsity Assist | 07-31-17/11-04-17    |
| Dino Wilson         | Football-Sophomore Head | 07-31-17/11-04-17    |
| Tom Hoang           | Golf-Varsity Girls      | 08-07-17/10-18-17    |
| James Elliott Burke | Baseball- Varsity       | 02-05-18/05-09-18    |
| Michael Mandujan    | Baseball- Sophomore     | 02-05-18/05-09-18    |
| Tom Hoang           | Golf-Varsity Boys       | 02-05-18/05-02-18    |
| Ruben Martinez      | Soccer-Varsity Girls    | 11-06-17/02-15-18    |
| Dino Wilson         | Softball-Varsity        | 02-05-18/05-09-18    |

**BOARD OF EDUCATION**  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202

September 5, 2017

**CLOSED SESSION**

**6:30 p.m.** - Conference Room #1

**PUBLIC SESSION**

Board Room

6:30 p.m. Call Meeting to Order

**Present:** A. Roll Call – C. Mendez, K. Garcia, M. Mendez, A. Phillips, L. Luntao

**Arrived Late:** A. Burrise (arrived at 6:40 p.m.)

**Absent:** S. Smith

B. Announcement: Board will consider in Closed Session items listed on the Closed Session agenda.

C. Oral Suggestions and Comments From the Community – Ms. Silvia Cantu, Teacher, Washington Elementary School, asked the Board of Education to consider Dr. Sylvia Ulmer to be appointed as the Acting Assistant Superintendent. Ms. Cantu shared with the Board that Dr. Ulmer has a clear understanding of curriculum and she has many years of experience in Stockton Unified.

6:32 p.m. D. Adjourn to Closed Session

7:41 p.m. Reconvene to Public Session

## NOTICE OF SPECIAL MEETING (CLOSED SESSION)

PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES  
TO ENSURE AN ORDERLY AND EFFICIENT BOARD MEETING  
(Board Bylaw 9325)

## MINUTES

Action Authorized by the Board

|   |  | Action Authorized by the Board |
|---|--|--------------------------------|
|   | <b>1.0 Closed Session</b>  |                                |
| A   | 1.1 Public Employee Employment<br><i>Certificated: Acting Superintendent, Acting Assistant Superintendent, Acting Director</i><br><i>Classified:</i> | Direction given.               |
|   | <b>2.0 Open Session</b>  |                                |
|   | 2.1 Announcement of Action Taken in Closed Session   |                                |
|   | <b>3.0 Adjournment</b>   |                                |
|   | Meeting adjourned at 7:42 p.m.   |                                |
| Ms. Cecilia Mendez, Clerk of the Governing Board of Education<br>Stockton Unified School District |  |                                |
| A   | Indicates Action Item  |                                |
| C/A   | Indicates Consent Action Item (see reverse for details)  |                                |
| I   | Indicates Information Item   |                                |
| D   | Indicates Discussion Item  |                                |

### 3.0 Communications

## 4.0 Reports/Discussion



## 5.0 Public Hearing

**BOARD OF EDUCATION**  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202  
(209) 933-7070

Date: September 12, 2017

Public Session 7:00 p.m.  
701 N. Madison Street,  
Board Room  
Stockton, CA 95202

# **PUBLIC NOTICE**

**GOVERNING BOARD OF EDUCATION PUBLIC HEARING  
PURSUANT TO CALIFORNIA EDUCATION CODE SECTIONS 45127;  
45128; and 45132**

**NOTICE OF PUBLIC HEARING  
OF STOCKTON UNIFIED SCHOOL DISTRICT'S INTENT TO ADOPT  
AN INITIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR A  
FUTURE SUSD CORPORATION YARD EXPANSION AT THE  
2461 N. WILSON WAY PROPERTY**

PLEASE TAKE NOTICE that a public hearing will be held on September 12, 2017 at 7:00 p.m. on the matter of the Stockton Unified School District's proposed adoption of an Initial Study/Mitigated Negative Declaration for a future SUSD Corporation Yard Expansion Project at the 2461 N. Wilson Way Property.

Throughout the Public Comment period, beginning August 1, 2017 and ending August 31, 2017, copies of the Initial Study/Mitigated Negative Declaration have been made available for public review at the SUSD Offices, 701 North Madison Street, Stockton, CA 95202; the Cesar Chavez Central Library at 605 N. El Dorado Street, Stockton, CA 95202; and the Troke Library, 502 West Benjamin Holt Drive, Stockton, CA 95207. The Initial Study/Mitigated Negative Declaration is also available for review at the SUSD website under Facilities and Planning Public Notice – CEQA Documents; <https://www.stocktonusd.net/Page/2951> . All public distribution and notification has been completed according to the California Environmental Quality Act guidelines.

Immediately following the public hearing, the Governing Board of the Stockton Unified School District will consider an agenda item that proposes to delay the adoption of the Initial Study/Mitigated Negative Declaration for a future SUSD Corporation Yard Expansion Project at the 2461 N. Wilson Way Property until a future date.

Dated: September 8, 2017  
Posted: 4:30 p.m.  
Stockton, California



## 7.0 Superintendent

SUBJECT: Acceptance of Donations to the Stockton Unified School District

INTRODUCTIONS:

The Stockton Unified School District received the following donations:

ANALYSIS:

| <b>Donor</b>  | <b>School/Program</b>  | <b>Donation</b> | <b>Designation</b>     |
|---|------------------------|-----------------|------------------------|
| Cost Plus World Market<br>3610 Airport Way<br>Stockton, CA. 95206             | Nightingale Elementary | \$250.00        | Nightingale            |
| Bart Manufacturing<br>1300 E. Victor Rd.<br>Lodi, CA. 95240                   | Taft Montessori        | \$400.00        | Taft Montessori        |
| Douglas W. Gants<br>P.O. Box 581121<br>Elk Grove, CA. 95758                   | Families in Transition | \$800.00        | Families in Transition |
| St. Josephe's Spirit Club<br>1800 N. California Street<br>Stockton, CA. 95204 | Families in Transition | \$500.00        | Families in Transition |
| California Health Care Facility<br>7707 Austin Road<br>Stockton, CA. 95215    | Families in Transition | \$2,000.00      | Families in Transition |
| Miyuki Bray<br>143 W. Stadium Drive<br>Stockton, CA. 95204                    | King Elementary School | \$305.00        | King Elementary School |

RECOMMENDATION:

It is recommended that the Governing Board accept these donations and direct the superintendent to write letters of acknowledgement.

Prepared by: Dan Wright, Acting Superintendent

SUBJECT: Approval of the Administrator, International Baccalaureate (IB) Program Job Description, Management Salary Schedule, Range 44

### INTRODUCTION

On September 6, 2017, the District presented the attached job description to the Personnel Sub Committee for consideration.

### ANALYSIS

Under the direction of the Assistant Superintendent of Educational Services or designee which may include the School Site Principal, the Administrator, International Baccalaureate (IB) Program will be responsible for the overall supervision of the program, supervising and evaluating staff and coordinating the IB education program and services to students at the secondary level.

The responsibilities of this position will be to plan, organize, and implement the Middle Years and Diploma program. One of the major functions of this position is to coordinate the IB curricular and instructional activities for IB students, develop and monitor IB diagnostic instruments, conduct periodic needs assessments throughout the year and take appropriate actions to meet student needs. The Administrator will also ensure that policies and procedures, guideline and regulations for the program are followed with fidelity and in accordance to district goals, vision and mission.

The primary function of the Administrator is to be a liaison between the Secondary and Primary IB programs. Some of the functions for the Administrator is to work closely with the principal of the school in coordinating and implementing the goals and objectives for the IB program. The Administrator will also oversee the budget and expenditures for the program and will be responsible for the overall program evaluation and for disseminating pertinent information to the staff, students and parents.

### FUNDING SOURCE

General Fund

### RECOMMENDATION

It is recommended that the Governing Board approve the Administrator, International Baccalaureate (IB) Program Job Description, Management Salary Schedule, Range 44.

Prepared by: Craig R. Wells, Assistant Superintendent, Human Resources

Reviewed by: Dan Wright, Acting Superintendent

**ADMINISTRATOR, INTERNATIONAL BACCALAUREATE (IB) PROGRAM**

**DEFINITION**

Develop, plan, direct, coordinate and administer the District's International Baccalaureate (IB) program at the secondary level; to train, supervise and evaluate assigned staff; and to perform other related duties as assigned.

**SUPERVISION RECEIVED AND EXERCISED**

Receives direction from the Assistant Superintendent of Educational Services or designee which may include School Site Principal, and exercises supervision over the IB staff, instructional and clerical staff as assigned.

**REPRESENTATIVE DUTIES– (Incumbents may perform any combination of the essential functions shown below ((E)). This position description is not intended to be an exhaustive list of all duties, knowledge, or abilities associated with this classification, but, is intended to accurately reflect the principal job elements.)**

Coordinate the implementation of the Middle Years and Diploma Programs, several program components on a 6-12 level; develop and coordinate IB curricular and instructional activities utilized for program implementation. Including school site administration duties as assigned by the principal. (E)

Plan, organize and direct the IB program according to school needs, IB policies, IB procedures and guidelines, and regulations. (E)

Plan, develop and coordinate an IB Staff Development Program (E)

Develop and monitor IB diagnostic instruments and their implementation techniques and conduct periodic needs assessments throughout the year in light of individual and school needs as well as district approved curriculum programs. (E)

Appraise student performance including testing for IB. (E)

Identify areas for improvements in the IB program and make appropriate changes, with principal review and approval.

Maintain library of pertinent literature and data; disseminate information to staff and parents. (E)

Work closely with the principal of the school in coordinating and implementing goals and objectives for the IB program.

Prepare program reports for IB evaluation, funding and ongoing status assessments. (E)

Serve as the primary liaison between the Secondary and Primary IB programs. (E)

Maintain comprehensive records, including financial records, for IB and special funded projects (E)

Monitor the expenditure of funds in accordance with district, state and federal guidelines (IB Testing). (E)

Train, direct, supervises and evaluates assigned staff.

Perform other duties as assigned.

## **QUALIFICATIONS**

### **Knowledge of:**

- IB mandates, rules and regulations pertaining to the IB program.
- Public information principles and techniques
- Principles and practices of education administration
- Employer/employee relations and collective bargaining agreements
- Oral and written communication skills

### **Ability to:**

- Plan, organize, develop and coordinate the activities of a broad range of curricular support programs and special services
- Analyze program activities and implement procedures which will improve the provision of services
- Ensure that educational support programs and activities are carried out in compliance with IB mandates
- Prepare oral and written reports
- Make effective public presentations of program information

### **Education and Experience:**

- Master of Arts or advanced degree from an accredited college or university
- Four (4) years of teaching experience, in an IB setting
- Preferred site level administrative experience

### **License or Certificate:**

- Appropriate teaching credential
- Appropriate administrative and/or supervisory credential
- Possession of a valid California driver's license
- Valid First Aid and CPR certificates must be obtained within sixty (60) days from date of hire

## **WORKING CONDITIONS:**

### **Physical Demands:**

Employees in this position must have/be able to:

- Enter data into a computer and operate standard office equipment
- See and read a computer screen and printed matter with or without visual aids
- See, hear and speak with/without assistive devices sufficient to communicate effectively with others
- Sit for extended periods of time
- Bend at the waist; reach overhead, above the shoulders and horizontally, grasp, push/ pull
- Lift and/or carry up to 25 lbs. at the waist for short distances

### **Salary Placement:**

Management

Range 44 (\$99,480 - \$120,924)

12-month work year

Personnel Sub:

Board Approval:



SUBJECT: Approval of the Internship Memorandum of Understanding between Stockton Unified School District and Brandman University

### INTRODUCTION

Brandman University will engage in a partnership with the Stockton Unified School District for the purpose of providing contractual services to intern teachers in a K-12 educational setting for 2 years commencing July 28, 2017 and continuing until July 27, 2019 (2 year maximum). The Brandman University Internship Program is a California Commission on Teacher Credentialing (CCTC) approved program for the Multiple, Single Subject and Education Specialist Credentials. The Internship Credential has the same legal status as the CCTC Preliminary Credential, except that it is only valid in one school district or consortium. For this reason, interns must have a contract before a credential can be issued.

### ANALYSIS

In the 2017-18 and 2018-19 school years, the District will continue their partnership with the Brandman University Intern program. Brandman University agrees to provide continuing supervision for each participating candidate and the District agrees to provide the intern candidates with a School Site Mentor and appropriate support.

Intern programs are the result in a partnership between the institution who prepares teachers and the employer. The District agrees that there is a need for teachers and that certificated employees will not be displaced when hiring interns. Further, intern candidates will not be admitted to the Brandman University Intern Credential Program without a current Internship Memorandum of Understanding from the sponsoring educational agency on file.

### RECOMMENDATION

It is recommended that the Governing Board approve the attached Internship Memorandum of Understanding effective July 28, 2017.

Prepared by: Craig R. Wells, Assistant Superintendent, Human Resources

Reviewed by: Dan Wright, Acting Superintendent



---

## **INTERNSHIP CONTRACT AGREEMENT**

**by and between**

**BRANDMAN UNIVERSITY**

**and**

**Stockton Unified School District**

- **Multiple Subject Internship Credential**
- **Single Subject Internship Credential**
- **Education Specialist Internship Credential**

An Internship Credential authorizes the same service at the same level as the Preliminary Credential with some exceptions. The Internship Credential is only valid in one school district or consortium under the preconditions established by State law (see Appendix A).

For this reason, interns must have a contract before a credential can be issued. Each intern candidate is to work under the direct and continuing supervision of a Brandman University Supervisor, from the Modesto Campus, and District Mentor who provides general support at the classroom level of the cooperating school. Also, the Internship Credential shall be issued initially for a two-year period and may be renewed by the Commission. (Education Code Section 44455). For renewals, please see Education Code Section 44456.

### **I. General Provisions**

#### **a. The UNIVERSITY agrees and verifies that:**

- i. Each Intern Teacher shall have met the requirements for enrollment in its Credential Programs
- ii. Each Intern Teacher must have completed the minimum number of preservice hours of University Credential Program course work, as required by the CCTC for issuance of the Intern Credential.
- iii. Each Intern Teacher shall apply for the Internship Credential through the Teacher Accreditation Department at Brandman University, upon verification of employment from the School District.

#### **b. The DISTRICT agrees and verifies that:**

- i. The intern assumes full teaching and legal responsibility for their classroom from the first day of the teaching assignment as a paid employee of the

District for at least **one academic year**, subject to the District's personnel policies and State law(s).

- ii. The intern will attend department and faculty meetings and parent-teacher conferences when appropriate. No intern may coach extracurricular activities nor be required to attend meetings that present a conflict with his/her internship responsibilities at Brandman University.
- iii. The intern is expected to attend all school and district in-service training sessions whenever possible. The intern will also attend assigned District and School orientations that occur prior to the start of the school. If there is a conflict between University and District training, University meetings shall take priority during the Internship period.

## **II. Support and Supervision Requirements**

Pursuant to California Education Code §44321, the supervision and support of interns is the responsibility of both the Commission-approved teacher preparation program and the employer. The Commission requires that each approved intern program must have a signed Memorandum of Understanding (MOU) outlining the respective responsibilities of the program and of the employer.

### **a. General Support and Supervision Provided to All Interns**

The UNIVERSITY and DISTRICT together shall provide a minimum of 144 hours of support/mentoring and supervision to each intern teacher per school year including coaching, modeling, and demonstrating within the classroom, assistance with course planning and problem-solving regarding students, curriculum, and development of effective teaching methodologies. The minimum support, mentoring and supervision provided to an intern teacher who assumes daily teaching responsibilities after the beginning of a school year shall be equal to four hours times the number of instructional weeks remaining in the school year. A minimum of two hours of support/mentoring and supervision must be provided to an intern teacher every five instructional days.

- i. The UNIVERSITY shall select supervisors that have current knowledge in their subject matter area; understand the context of public schooling; ability to model best professional practices in teaching and learning, scholarship and service; knowledge about diverse abilities, cultural, language, ethnic and gender diversity; and understanding of academic standards, frameworks, and accountability systems that drive the curriculum of public schools.
- ii. The UNIVERSITY shall provide supervision and ongoing support for a minimum of 72 hours per school year. University supervisors will conduct classroom observations a minimum of four times each term that include pre

and post observation discussions. Supervisors will maintain weekly contact with the intern to provide support related to planning, curriculum, and instruction in addition to problem solving regarding students.

- iii. The DISTRICT shall select mentor teachers who meet the following qualifications:
  - (1) valid corresponding Clear or Life credential,
  - (2) three years successful teaching experience, and
  - (3) the English Learner (EL) Authorization (if responsible for providing specified EL support).

If the mentor does not hold an EL Authorization, the district must identify an individual who does have a valid EL authorization and who is immediately available to assist the intern with planning lessons that are appropriately designed and differentiated for English learners, for assessing language needs and progress, and to support language accessible instruction, through in-classroom modeling and coaching as needed.

- iv. The DISTRICT shall provide supervision and ongoing support for a minimum of 72 hours per school year with a minimum of two hours of support/mentoring and supervision per week. The mentor(s) role is to provide support specifically addressing issues in the intern's classroom (See Appendix B for examples of support/supervision activities). Interns without an English Language Authorization must also receive focused English Language instruction support.
- v. The UNIVERSITY shall provide orientation and training for the district mentors and university supervisors.
- vi. The University Supervisor and District Mentor shall meet together regularly with the intern to ensure the intern is following the California Teaching Performance Expectations.
- vii. The UNIVERSITY shall monitor the completion of university and employer-provided support/mentoring to ensure that interns teachers are receiving the minimum 144 hours of mentoring via forms submitted by the interns in LiveText.
- viii. The District Mentor and site administrator shall participate in surveys that provide feedback to the university regarding the internship experience.

**b. Support and Supervision Specific to Teaching English Learners**

The following additional support/mentoring and supervision shall be provided to an intern teacher who enters the program without a valid English learner authorization listed on a previously issued multiple subject, single subject, or

education specialist instruction teaching credential; a valid English learner or Cross-cultural, Language and Academic Development (CLAD) authorization:

- i. The UNIVERSITY shall provide 45 hours of support/mentoring and supervision per school year, including in-classroom coaching, specific to the needs of English learners. The minimum support/mentoring and supervision provided to an intern teacher who assumes daily teaching responsibilities after the beginning of a school year shall be equal to five hours times the number of months remaining in the school year. The support/mentoring and supervision should be distributed in a manner that sufficiently supports the intern teacher's development of knowledge and skills in the instruction of English learners.
- ii. The DISTRICT shall identify an individual who will be immediately available to assist the intern teacher with planning lessons that are appropriately designed and differentiated for English learners, for assessing language needs and progress, and for support of language accessible instruction through in-classroom modeling and coaching as needed. The identified individual may be the same mentor assigned pursuant to section I above provided the individual possesses an English learner authorization and will be immediately available to assist the intern teacher. (See Appendix B for examples of support/supervision activities).
- iii. An individual who passes the California Teaching of English Learner (CTEL) examinations prior or subsequent to the issuance of the intern credential may be exempted from the additional 45 hours of support/mentoring and supervision specific to the needs of English learners.
- iv. The UNIVERSITY shall monitor the completion of university and employer-provided support/mentoring to ensure that interns teachers are receiving the minimum 45 hours of support/mentoring specific to the needs of English learners via forms submitted by the interns in LiveText.

### **III. THE PARTIES MUTUALLY AGREE**

- A. The parties mutually agree each shall provide and maintain commercial general liability insurance or self-insurance acceptable to both parties in the minimum amounts of \$1,000,000 per occurrence, \$3,000,000 general aggregate and upon request shall furnish proof thereof in the form of a certificate of insurance within 30 days of the effective date of this Agreement. Each Certificate of Insurance shall specify that should any above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.
- B. The UNIVERSITY agrees to indemnify, hold harmless, and defend the DISTRICT, its agents and employees from and against all loss or expense (including costs and attorney fees) resulting from liability imposed by law upon the DISTRICT because of bodily injury

to or death of any person or on account of damages to property, including loss of use thereof, arising out of or in connection with this Agreement and due or claimed to be due to the negligence of the UNIVERSITY, its agents or employees.

The DISTRICT agrees to indemnify, hold harmless, and at the University's request, defend the UNIVERSITY, its agents and employees from and against all loss or expenses (including costs and attorney fees) resulting from liability imposed by law upon the University because of bodily injury to or death of any person or on account of damages to property, including loss of use thereof, arising out of or in connection with the Agreement, and due or claimed to be due to the negligence of the DISTRICT, its agents or employees.

- C. Both parties acknowledge they are independent contractors, and nothing contained in this Agreement shall be deemed to create an agency, joint venture, franchise or partnership relation between the parties and neither party shall so hold itself out. Neither party shall have the right to obligate or bind the other party in any manner whatsoever, and nothing contained in this Agreement shall give or is intended to give any right of any kind to third persons.
- D. Any failure of a party to enforce that party's right under any provision of this Agreement shall not be construed or act as a waiver of said party's subsequent right to enforce any provisions contained herein.
- E. Notices required or permitted to be provided under this Agreement shall be in writing and shall be deemed to have been duly given if mailed first class to the parties that signed this agreement and to the addresses below.

| FIELDWORK<br>INFORMATION:  | SITE | CONTACT | UNIVERSITY<br>INFORMATION:  | CONTACT |
|--|------|---------|---|---------|
| Stockton Unified School District<br>701 North Madison Street<br>Stockton, CA 95202<br>Attn: Diana Tavares, Director<br>Tel: (209) 933-7065 Ext. 2124 |      |         | Brandman University<br>16355 Laguna Canyon Road<br>Irvine, CA 92618<br>Attn: School of Education, Dean<br>Fax: (800) 775-0128 |         |

- F. If any term or provision of this Agreement is for any reason held to be invalid, such invalidity shall not affect any other term or provision, and this Agreement shall be interpreted as if such term or provision had never been contained in this Agreement.
- G. In the event of any material default under this Agreement, which default remains uncured for a period of twenty-one (21) days after receipt of written notice of such default, or in the event of the loss of WASC accreditation by the UNIVERSITY, this Agreement may be immediately terminated by the non-defaulting party.

- H. This Agreement fully supersedes any and all prior agreements or understandings between the parties or any of their respective affiliates with respect to the subject matter hereof. No change, modification, addition, amendment, or supplement to this Agreement shall be valid unless set forth in writing and signed and dated by both parties hereto subsequent to the execution of this Agreement.
- I. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Should either party institute legal action to enforce any obligation contained herein, it is agreed that the proper venue of such suit or action shall be Orange County, California.

#### **IV. TERM AND TERMINATION OF AGREEMENT**

Brandman University and the Stockton Unified School District, agree to all the conditions of this Internship Contract Agreement as outlined above, to be effective on July 28, 2017, and continuing until July 27, 2019 (2-year maximum). This agreement may be terminated and the provisions of this agreement may be altered, changed or amended by mutual consent of both parties upon sixty (60) days written notice.

**SIGNATURES:**

DISTRICT

REPRESENTATIVES:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Superintendent

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Human Resources

Date: \_\_\_\_\_


UNIVERSITY:

Signature: \_\_\_\_\_

Name: Phillip L. Doolittle

Title: Executive Vice Chancellor of Finance and  
Administration and Chief Financial Officer

Date: \_\_\_\_\_

Signature: 

Name: Dr. Christine Zeppos

Title: Dean, School of Education

Date: \_\_\_\_\_



## APPENDIX A

### Preconditions Established for Internship Programs

For initial program accreditation and continuing accreditation by the Committee on Accreditation, participating districts and universities must adhere to the following requirements of state law or Commission policy.

- (1) **Bachelor's Degree Requirement.** Candidates admitted to internship programs must hold baccalaureate degrees or higher from a regionally accredited institution of higher education. Reference: Education Code §§44325, 44326, 44453.
- (2) **Subject Matter Requirement.** Each Multiple Subject intern admitted into the program has passed the Commission-approved subject matter examinations(s) for the subject area(s) in which the Intern is authorized to teach, and each Single Subject intern admitted into the program has passed the Commission-approved subject matter examination(s) or completed the subject matter program for the subject areas(s) in which the Intern is authorized to teach. Reference: Education Code § 44325(c) (3).
- (3) **Pre-Service Requirement.**
  - (a) Each Multiple and Single Subject Internship program must include a minimum of 120 clock hour (or the semester or quarter unit equivalent) pre-service component which includes foundational preparation in general pedagogy including classroom management and planning, reading/language arts, subject specific pedagogy, human development, and teaching English Learners.
  - (b) Each Education Specialist Internship program includes a minimum of 120 clock hour (or the semester or quarter unit equivalent) pre-service component which includes foundational preparation in pedagogy including classroom management and planning, reading/language arts, specialty specific pedagogy, human development, and teaching English Learners.
- (4) **Professional Development Plan.** The employing district has developed and implemented a Professional Development Plan for interns in consultation with a Commission-approved program of teacher preparation. The plan shall include all of the following:
  - (a) Provisions for an annual evaluation of the intern.
  - (b) A description of the courses to be completed by the intern, if any, and a plan for the completion of preservice or other clinical training, if any, including student teaching.
  - (c) Additional instruction during the first semester of service, for interns teaching in kindergarten or grades 1 to 6 inclusive, in child development and teaching methods, and special education programs for pupils with mild and moderate disabilities.
  - (d) Instruction, during the first year of service, for interns teaching children in bilingual classes in the culture and methods of teaching bilingual children, and instruction in the etiology and methods of teaching children with mild and moderate disabilities.

- (5) **Supervision of Interns.**
- (a) In all internship programs, the participating institutions shall provide supervision of all interns.
- (b) University Intern Programs only: No intern's salary may be reduced by more than 1/8 of its total to pay for supervision, and the salary of the intern shall not be less than the minimum base salary paid to a regularly certificated person. If the intern salary is reduced, no more than eight interns may be advised by one district support person. Reference: Education Code § 44462. Institutions will describe the procedures used in assigning supervisors and, where applicable, the system used to pay for supervision.
- (6) **Assignment and Authorization.** To receive program approval, the participating institution authorizes the candidates in an internship program to assume the functions that are authorized by the regular standard credential. Reference: Education Code § 44454. The institution stipulates that the interns' services meet the instructional or service needs of the participating district(s). Reference: Education Code § 44458.
- (7) **Participating Districts.** Participating districts are public school districts or county offices of education. Submissions for approval must identify the specific districts involved and the specific credential(s) involved. Reference: Education Code §§ 44321 and 44452.
- (8) **Early Program Completion Option.** Each intern program must make available to candidates who qualify for the option the opportunity to choose an early program completion option, culminating in a five year preliminary teaching credential. This option must be made available to interns who meet the following requirements:
- (a) Pass a written assessment adopted by the commission that assesses knowledge of teaching foundations as well as all of the following:
- Human development as it relates to teaching and learning aligned with the state content and performance standards for K-12 students
  - Techniques to address learning differences, including working with students with special needs
  - Techniques to address working with English learners to provide access to the curriculum
  - Reading instruction in accordance with state standards
  - Assessment of student progress based on the state content and performance standards
  - Classroom management techniques
  - Methods of teaching the subject fields
- (b) Pass the teaching performance assessment. This assessment may be taken only one time by an intern participating in the early completion option.
- (c) Pass the Reading Instruction Competence Assessment (RICA) (Multiple Subject Credential only).

- (d) Meet the requirements for teacher fitness.

An intern who chooses the early completion option but is not successful in passing the assessment may complete his or her full internship program. (Reference: Education Code § 44468).

- (9) **Length of Validity of the Intern Certificate.** Each intern certificate will be valid for a period of two years. However, a certificate may be valid for three years if the intern is participating in a program leading to the attainment of a specialist credential to teach students, or for four years if the intern is participating in a district intern program leading to the attainment of both a multiple subject or a single subject teaching credential and a specialist credential to teach students with mild/moderate disabilities. Reference: Education Code § 44325 (b).
- (10) **Non-Displacement of Certificated Employees.** The institution and participating districts must certify that interns do not displace certificated employees in participating districts.
- (11) **Justification of Internship Program.** When an institution submits a program for initial or continuing accreditation, the institution must explain why the internship is being implemented. Programs that are developed to meet employment shortages must include a statement from the participating district(s) about the availability of qualified certificated persons holding the credential. The exclusive representative of certificated employees in the credential area (when applicable) is encouraged to submit a written statement to the Committee on Accreditation agreeing or disagreeing with the justification that is submitted.
- (12) **Bilingual Language Proficiency.** Each intern who is authorized to teach in bilingual classrooms has passed the language proficiency subtest of the Commission-approved assessment program leading to the Bilingual Crosscultural Language and Academic Development Certificate. Reference: Education Code Section 44325 (c).

## APPENDIX B

### Support and Supervision Activities

| <b>Potential Support &amp; Supervision Activities to be Provided by the District</b>   |
|--|
| Demonstration Lessons and/or Co-teaching activities with mentor  |
| Classroom Observations and Coaching*   |
| Content Specific Coaching (for example: math coaches, reading coaches, EL coaches*)  |
| Grade Level or Department Meetings related to curriculum, planning, and/or instruction   |
| New Teacher Orientation  |
| Coaching (not evaluation) from Administrator   |
| Co-planning with Special Educator or EL expert to address included special needs students and/or English learners*                     |
| Logistical help before and during school year (bulletin boards, seating arrangements, materials acquisition, parent conferences, etc.) |
| Review/discuss test results with colleagues (CELDT and standardized tests)*  |
| Activities/workshops specifically addressing issues in the intern's classroom—co-attended by intern and mentor(s)                      |
| Intern Observations of other teachers and classrooms including observations of SDAIE/ELD lessons*                                      |
| <b>Support &amp; Supervision Activities Provided through the University</b>  |
| Classroom Observations and Coaching*   |
| Weekly Online Seminars (problem solving issues with students, curriculum, instruction, TPEs, etc.) including EL support*               |
| Weekly Contact with Supervisors via email, phone (voice, text), and/or video conferencing  |
| Intern Observations of other teachers and classrooms including observations of SDAIE/ELD lessons*                                      |

*\*May also be used towards the 45-hour EL Support & Supervision Requirement.*

SUBJECT: Approval of Resolution No. 17-12 Waiver Request: Professional Preparation Program for an Adapted Physical Education Credential

### INTRODUCTION

The Variable Term Waiver is a document issued for employers who meet the waiver criteria when a fully credentialed employee is not available for the assignment. It allows the employer to fill the assignment and gives the waiver holder additional time to complete requirements in credential programs to obtain the required credential authorization for the position. EC§44830(a) states, "The governing board of a district shall employ for positions requiring certification qualifications, only persons who possess the qualifications therefore prescribed by law...." As of November 1, 1995, the Commission on Teacher Credentialing requires public notice and Board action for all certificated staff waivers. Waiver applications receive the greatest scrutiny at the Commission and, once approved, are issued only for one school year at a time.

### ANALYSIS

Adapted Physical Education is considered a "Statewide high incidence area" and Christina Agustin is currently in a program to fulfill the Adapted Physical Education credential requirements. She currently holds a Clear Multiple Subject credential and a Clear Education Specialist, Mild/Moderate and Moderate/ Severe teaching credentials. She will be completing the education requirements to obtain the Adapted Physical Education credential.

Therefore, we need to apply for an Adapted Physical Education waiver to give Ms. Agustin additional time to take and complete the Adapted Physical Education coursework. She is currently in a program at CSU, Chico and has completed 12 units towards the authorization. It is anticipated she will have this program completed in one year. Waiver requests should be submitted to the Commission on Teacher Credentialing prior to the applicant's first day of service. However, the Commission will honor the requested issue date on the waiver as long as the request is received by the Commission within ninety (90) days from the issuance date. It is required for employing agencies to present waiver requests to governing boards for approval. As such, a public notice must be posted in a place where all interested parties are notified and must list the name of the applicant, the specific assignment, including subject and grade level, and the fact that the applicant will be employed on a waiver.

### FUNDING SOURCE

General and/or Categorical Fund

### RECOMMENDATION

It is recommended that the Board of Education approve Resolution No. 17-12 for the Credential Waiver Request.

Prepared by: Craig R. Wells, Assistant Superintendent, Human Resources

Reviewed by: Dan Wright, Acting Superintendent

**STOCKTON UNIFIED SCHOOL DISTRICT**  
**RESOLUTION NO 17-12**

**RESOLUTION WAIVER REQUEST: PREPERATION PROGRAM FOR AN ADAPTED PHYSICAL  
EDUCATION CREDENTIAL**

WHEREAS, Adapted Physical Education is considered a “high incidence area”, whereby Title 5 80046.1 needs to be waived for an Adapted Physical Education Credential,

WHEREAS, in order to teach Adapted Physical Education, an Adapted Physical Education credential is required;

WHEREAS, while on the waiver, the teacher has agreed to complete the credential requirements for the California Adapted Physical Education Credential, and

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Education of the Stockton Unified School District hereby determines the Adapted Physical Education waiver necessary so to have a fully-credentialed Adapted Physical Education teacher in the classroom for the 2017-2018 school year,

AND BE IT FURTHER RESOLVED THAT the Superintendent is directed to have a designee apply for the variable-term waiver for Ms. Christina Agustin with the Commission on Teacher Credentialing for the 2017-2018 school year

ADOPTED by the Board of Education of the Stockton Unified School District on September 12, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Dan Wright, Acting Superintendent  
Governing Board, Stockton Unified School District,  
San Joaquin County, State of California

SUBJECT: Approval of an Out-of-State Conference Attendance Request (CAR) for Two (2) Employees from Human Resources (Lead Sr. Personnel Technician, Nancy Munoz and Sr. Personnel Technician, Angelica S. Acevedo) to Attend the Annual Sungard National Users Group Conference on Education in Alexandria, Virginia, on October 9, 2017 through October 12, 2017

### INTRODUCTION

The purpose of staff attendance at the Sungard National Users Group (SNUG) Conference is to gain knowledge on the robust products offered by PowerSchool SNUG K-12. The conference was established in 1985 to promote the sharing of information among school districts using PowerSchool software and enable members to achieve optimum use of its flexible software products. Attending the national conference is an energizing, enriching experience that consists of three days of learning and over two hundred educational sessions that will be led by PowerSchool Education trainers, product developers and executives.

### ANALYSIS

Attending the conference will provide District staff with the opportunity to gain knowledge of pertinent software products and collaborate with other SNUG members, PowerSchool staff and district professionals. Through the use of Slack Channels, attendees can also familiarize themselves with how other organizations use the Finance and Student system products to evaluate approaches that may be useful to implement within their school districts.

Funding Source: General Fund - Approximately \$5,000

### RECOMMENDATION

It is recommended that the Governing Board approve the Out-of-State Conference Attendance Request (CAR) for two (2) employees from Human Resources Department (Lead Sr. Personnel Technician, Nancy Munoz and Sr. Personnel Technician, Angelica S. Acevedo) to Attend the Annual Sungard National Users Group Conference on Education in Alexandria, Virginia, on October 9, 2017 through October 12, 2017, the cost is approximately \$10,000.

Prepared by: Craig R. Wells, Assistant Superintendent, Human Resources

Reviewed by: Dan Wright, Acting Superintendent

SUBJECT: Adoption of Resolution No. 17-14 Proclaiming October 8 through October 14, 2017  
as the Week of the School Administrator

### INTRODUCTION

The State of California has declared the first full week of October as the “Week of the School Administrator” in Education Code section 44015.1. In observance of the importance of educational leadership at the school, school district, and county levels, schools, school districts, and county superintendents of schools are encouraged to observe the week with public recognition of the contribution that school administrators make to successful pupil achievement.

### ANALYSIS

The title “school administrator” is a broad term used to define many education leadership posts. Most school administrators began their careers as teachers. The average administrator has served in public education for more than a decade. Public schools operate with lean management systems, employing fewer managers and supervisors than most public and private sector industries.

School leaders depend on a network of support from school communities – fellow administrators, teachers, parents, students, businesses, community members, board trustees, colleges and universities, community and faith-based organizations, elected officials and district and county staff and resources – to promote ongoing student achievement and school success.

### RECOMMENDATION

It is recommended that the Governing Board adopt Resolution No. 17-14 Proclaiming October 8 through October 14, 2017 as the Week of the School Administrator

Prepared by: Dan Wright, Acting Superintendent



STOCKTON UNIFIED SCHOOL DISTRICT

**Resolution No. 17-14**

Proclaiming the Week of October 8 through October 14, 2017  
as the Week of the School Administrator

WHEREAS, Leadership Matters for California's public education system and the more than six million students it serves; and

WHEREAS, school administrators are passionate, lifelong learners who believe in the value of quality public education, and

WHEREAS, the title "school administrator" is a broad term used to define many education leadership posts. Superintendents, assistant superintendents, principals, assistant principals, special education and adult education leaders, curriculum and assessment leaders, school business officials, classified educational leaders, and other school district employees are considered administrators; and

WHEREAS, providing quality service for student success is paramount for the profession; and

WHEREAS, most school administrators began their careers as teachers. The average administrator has served in public education for more than a decade. Most of California's superintendents have served in education for more than 20 years. Such experience is beneficial in their work to effectively and efficiently lead public education and improve student achievement; and

WHEREAS, public schools operate with lean management systems. Across the nation, public schools employ fewer managers and supervisors than most public and private sector industries including transportation, food service, manufacturing, utilities, construction, publishing and public administration; and

WHEREAS, school leaders depend on a network of support from school communities – fellow administrators, teachers, parents, students, businesses, community members, board trustees, colleges and universities, community and faith-based organizations, elected officials and district and county staff and resources – to promote ongoing student achievement and school success; and

WHEREAS, research shows great schools are led by great principals, and great districts are led by great superintendents. These site leaders are supported by extensive administrative networks throughout the state; and

WHEREAS, the State of California has declared the first full week of October as the "Week of the School Administrator" in Education Code section 44015.1; and

WHEREAS, the future of California's public education system depends upon the quality of its leadership;

NOW THEREFORE BE IT RESOLVED, by the Governing Board of the Stockton Unified School District that the week of October 8 through October 14, 2017, is hereby proclaimed the Week of the School Administrator, in honor of the many outstanding contributions and services provided by the administrative team in the Stockton Unified School District's public schools; and

BE IT FURTHER RESOLVED, that the administrators of Stockton Unified School District be commended for their support of, and contributions to, quality education in the district; and

BE IT FURTHER RESOLVED, that the Stockton Unified School District Governing Board directs that suitably prepared copies of this resolution be distributed to all schools in the Stockton Unified School District.

PASSED AND ADOPTED by the following vote of the members of the Governing Board of the Stockton Unified School District, San Joaquin County, State of California, this 12<sup>th</sup> day of September 2017.

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Dan Wright, Acting Superintendent/Secretary,  
Governing Board, Stockton Unified School District,  
San Joaquin County, State of California

SUBJECT: Adoption of Resolution No. 17-14 Proclaiming October 8 through October 14, 2017  
as the Week of the School Administrator

### INTRODUCTION

The State of California has declared the first full week of October as the “Week of the School Administrator” in Education Code section 44015.1. In observance of the importance of educational leadership at the school, school district, and county levels, schools, school districts, and county superintendents of schools are encouraged to observe the week with public recognition of the contribution that school administrators make to successful pupil achievement.

### ANALYSIS

The title “school administrator” is a broad term used to define many education leadership posts. Most school administrators began their careers as teachers. The average administrator has served in public education for more than a decade. Public schools operate with lean management systems, employing fewer managers and supervisors than most public and private sector industries.

School leaders depend on a network of support from school communities – fellow administrators, teachers, parents, students, businesses, community members, board trustees, colleges and universities, community and faith-based organizations, elected officials and district and county staff and resources – to promote ongoing student achievement and school success.

### RECOMMENDATION

It is recommended that the Governing Board adopt Resolution No. 17-14 Proclaiming October 8 through October 14, 2017 as the Week of the School Administrator

Prepared by: Dan Wright, Acting Superintendent

STOCKTON UNIFIED SCHOOL DISTRICT

**Resolution No. 17-14**

Proclaiming the Week of October 8 through October 14, 2017  
as the Week of the School Administrator

WHEREAS, Leadership Matters for California's public education system and the more than six million students it serves; and

WHEREAS, school administrators are passionate, lifelong learners who believe in the value of quality public education, and

WHEREAS, the title "school administrator" is a broad term used to define many education leadership posts. Superintendents, assistant superintendents, principals, assistant principals, special education and adult education leaders, curriculum and assessment leaders, school business officials, classified educational leaders, and other school district employees are considered administrators; and

WHEREAS, providing quality service for student success is paramount for the profession; and

WHEREAS, most school administrators began their careers as teachers. The average administrator has served in public education for more than a decade. Most of California's superintendents have served in education for more than 20 years. Such experience is beneficial in their work to effectively and efficiently lead public education and improve student achievement; and

WHEREAS, public schools operate with lean management systems. Across the nation, public schools employ fewer managers and supervisors than most public and private sector industries including transportation, food service, manufacturing, utilities, construction, publishing and public administration; and

WHEREAS, school leaders depend on a network of support from school communities – fellow administrators, teachers, parents, students, businesses, community members, board trustees, colleges and universities, community and faith-based organizations, elected officials and district and county staff and resources – to promote ongoing student achievement and school success; and

WHEREAS, research shows great schools are led by great principals, and great districts are led by great superintendents. These site leaders are supported by extensive administrative networks throughout the state; and

WHEREAS, the State of California has declared the first full week of October as the "Week of the School Administrator" in Education Code section 44015.1; and

WHEREAS, the future of California's public education system depends upon the quality of its leadership;

NOW THEREFORE BE IT RESOLVED, by the Governing Board of the Stockton Unified School District that the week of October 8 through October 14, 2017, is hereby proclaimed the Week of the School Administrator, in honor of the many outstanding contributions and services provided by the administrative team in the Stockton Unified School District's public schools; and

BE IT FURTHER RESOLVED, that the administrators of Stockton Unified School District be commended for their support of, and contributions to, quality education in the district; and

BE IT FURTHER RESOLVED, that the Stockton Unified School District Governing Board directs that suitably prepared copies of this resolution be distributed to all schools in the Stockton Unified School District.

PASSED AND ADOPTED by the following vote of the members of the Governing Board of the Stockton Unified School District, San Joaquin County, State of California, this 12<sup>th</sup> day of September 2017.

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Dan Wright, Acting Superintendent/Secretary,  
Governing Board, Stockton Unified School District,  
San Joaquin County, State of California

SUBJECT: Ratify the Terms of Employment for the Short-Term Acting Administrative Positions

### INTRODUCTION

On August 22, 2017, the Board of Education appointed Dan Wright as Acting Superintendent. As a result of this acting promotion, the Board must backfill Mr. Wright's Interim Assistant Superintendent position, and may need to backfill the position of the person temporarily promoted as an Acting Assistant Superintendent.

### ANALYSIS

The certificated administrators placed in short-term acting administrative positions, including but not limited to Acting Superintendent, Acting Assistant Superintendent and Acting Director positions, shall serve temporarily in these acting promotions, and shall be expected to perform the duties contained in the respective job descriptions. The Board anticipates that these acting positions may be unnecessary beyond this calendar year.

Each acting administrator may be returned at any time to his/her previously held position upon written direction from the Board of Education or its designee. At such time, the acting administrator's salary shall revert his/her previous salary. Each shall be paid the base salary amount on a daily rate as contained in the administrative management salary schedule, with the exception of the Acting Superintendent who shall be paid a salary amount on a daily rate as determined by the Board of Education. Each short-term acting administrator will be placed on the step that is at least five percent (5%\$) above their current salary and the District will contribute the amount to benefits that is contributed for district managers and confidential. These administrators shall have no property rights to these short-term acting positions.

### Funding Source:

### RECOMMENDATION

It is recommended that the Governing Board ratify the terms of employment for the Acting Administrative positions.

Prepared by: Craig R. Wells, Assistant Superintendent, Human Resources

Approved by: Dan Wright, Acting Superintendent

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## 8.0 Education

SUBJECT: Approval of a Memorandum of Understanding (MOU) between Educational Services and the United College Action Network, Inc. (UCAN)

### INTRODUCTION

The purpose of U-CAN's college recruitment fair is to expose SUSd students, parents and educators to the rich history, culture and excellent educational opportunities offered by U-CAN's Historically Black Colleges and Universities (HBCU) partners by bringing to the District admissions officers and recruiters from 30 to 40 HBCUs for the expressed purpose of recruiting SUSd students to attend four-year colleges and universities.

The HBCU admission officials will discuss the culture, cost, financial aid and key degrees and programs offered by their institutions and the reasons HBCUs are excellent choices for all students, including top achieving students, as well as economically and culturally disadvantaged students, especially those who may be at risk of dropping out of high school and others who may not pursue enrollment at a four-year college or university at all because of the high cost of attending college in California.

### ANALYSIS

Dates of Service: September 13, 2017

Recipient of Service: High School Juniors and Seniors

Location of Service: Specified School Site

### Brief Description of Services to Be Provided:

To ensure the success of the first U-CAN HBCU recruitment fair in SUSd, U-CAN will conduct the following activities:

1. Recruit 30 to 35 HBCU's to attend U-CAN's College Fair at (School Name) HS.
2. Coordinate the activities of the recruiters at the fair.
3. Develop and disseminate posters and flyers to local businesses, churches, and community organizations.
4. Provide online student registration and counselor monitoring services for fair attendees at [www.gotocollegefairs.com/California](http://www.gotocollegefairs.com/California)
5. Advertise the event on U-CAN's web page, in social media, local media in participating districts, including radio stations that appeal to U-CAN's targeted student population and community.
6. Provide posters/flyers to SUSd school administrators, counselors and students.
7. Perform administrative oversight, including support staff during the duration of the fair.
8. Provide District with follow-up information regarding the number of students in attendance, the number admitted to HBCUs, the number and amount of scholarships offered, and the number of fee waivers.

Term of Contract: September 13, 2017

Amount of Contract: \$15,000

Funding Source: LCFF



RECOMMENDATION

It is recommended that the Governing Board approve a Memorandum of Understanding (MOU) between Educational Services and the United College Action Network, Inc. (UCAN), not exceed \$15,000.

Prepared by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services



United College Action Network, Inc.

**Memorandum of Understanding  
Between the United College Action Network, Inc. (U-CAN)  
and the Stockton Unified School District (SUSD)  
August 23, 2017**

This Memorandum of Understanding is between The United College Action Network, Inc. (U-CAN), located in Sacramento, California, and the Stockton Unified School District (SUSD), located in Stockton, California, and states the planning, management, and production services U-CAN will provide to bring the 18th Annual Historically Black Colleges and Universities Recruitment Fair to the families of the SUSD community.

**Purpose:**

The purpose of U-CAN's college recruitment fair is to expose Stockton USD students, parents and educators to the rich history, culture and excellent educational opportunities offered by U-CAN's Historically Black Colleges and Universities (HBCU) partners by bringing to the district admissions officers and recruiters from 30 to 40 HBCUs for the expressed purpose of recruiting SUSD students to attend four-year colleges and universities. The HBCU admission officials will discuss the culture, cost, financial aid and key degrees and programs offered by their institutions and the reasons HBCUs are excellent choices for all students, including top achieving students, as well as economically and culturally disadvantaged students, especially those who may be at risk of dropping out of high school and others who may not pursue enrollment at a four-year college or university at all because of the high cost of attending college in California. U-CAN's college recruitment fair will allow SUSD students opportunities to receive on-the-spot college admissions and scholarship commitments, fee waivers, and other incentives upon meeting certain admissions requirements.

**Logistics:**

The U-CAN college recruitment fair will be held at (School Name) High School, (School Address), Stockton, CA 94531 from 9:00 am-12 noon on Wednesday, September 13, 2017. U-CAN will organize the transport of the recruiters to and from the fair, oversee the set-up and clean-up of the venue; and ensure that staff is available to assist students and parents with last minute copies and completion of applications and required forms. U-CAN's goal is to serve up to 1200 students during the fair (which may include invitations to students/families from neighboring school districts).

**U-CAN's Scope of Work:** To ensure the success of the first U-CAN HBCU recruitment fair in Stockton USD, U-CAN will conduct the following activities:

1. Recruit 30 to 35 HBCU's to attend U-CAN's College Fair at (School Name) HS.
2. Coordinate the activities of the recruiters at the fair.
3. Develop and disseminate posters and flyers to local businesses, churches, and community organizations.



United College Action Network, Inc.

**U-CAN's Scope of Work: Continued**

4. Provide online student registration and counselor monitoring services for fair attendees at [www.gotocollegefairs.com/California](http://www.gotocollegefairs.com/California)
5. Advertise the event on U-CAN's web page, in social media, local media in participating districts, including radio stations that appeal to U-CAN's targeted student population and community.
6. Provide posters/flyers to SUSD school administrators, counselors and students.
7. Perform administrative oversight, including support staff during the duration of the fair.
8. Provide District with follow-up information regarding the number of students in attendance, the number admitted to HBCUs, the number and amount of scholarships offered, and the number of fee waivers.

**SUSD Support:** To ensure the success of the event, the SUSD will perform the following:

1. Encourage all juniors and seniors, especially economically and culturally disadvantaged students and their parents to attend the fair.
2. Name a person at each school to coordinate the recruitment of students to attend the fair.
3. Collaborate and communicate with other districts, community partners, and educational associations in support of the event.
4. Provide buses for students to attend the college fair, if applicable.
5. Provide lunch for recruiters at the close of the event.
6. Use the SUSD newsletter, website, social networks and other communications tools to inform students about the event, including disseminating U-CAN flyers about the event to all district high schools.
7. Remind students, especially seniors, of the importance of bringing transcripts and test scores, in order to qualify for on-the-spot admission, fee waivers, scholarships and other incentives.

**Cost and Payment for Services:**

In consideration for the professional planning, management and production of the Annual Historically Black Colleges and Universities Recruitment Fair in the Stockton Unified School District by the United College Action Network, Inc. on September 13, 2017, the SUSD agrees to pay U-CAN the amount of Fifteen thousand dollars (\$15,000.00) no later than October 15, 2017.

A handwritten signature in cursive script that reads "Alan H. Rowe".

August 24, 2017

Alan H. Rowe, Founder and CEO United College Action Network, Inc. (U-CAN) Date

---

(Authorized Signature), - Stockton Unified School District (SUSD)

Date



United College Action Network, Inc.

## District/Host Site Event Support List for Annual Historically Black College and University Recruitment Fair

### ***Host Site Support/Responsibilities:***

- Assign staff member to coordinate College Fair event for school;
- Encourage student to register online to attend the College Fair at [www.gotocollegefairs.com/California](http://www.gotocollegefairs.com/California) and to print or download registration BAR CODE for entry to college fair;
- Provide student sign-up sheets at counseling office or other designated location;
- Announce event in daily school bulletin;
- Provide a place for information flyers/posters;
- Send out parent letters and permission slips for registered students;
- Arrange to transport District students to and from fair, if held during the regular school day, if applicable;
- Assign a certificated staff member to each bus;
- Arrange for parent or other adult chaperones;
- Adhere to each school's assigned College Fair schedule;
- Have students show college fair registration Bar Code or completed Student Information Cards prior to loading the buses to attend the College Fair;
- Give the completed Student Information Cards to an assigned U-CAN staff member upon arrival at the event;
- Provide a final count of the number of students scheduled to attend and the number of buses used to transport students to and from the Fair to an assigned U-CAN staff member;
- Make sure students are encouraged to bring copies of unofficial transcripts; SAT/ACT test scores for Colleges/Universities to review; and completed college admissions applications, if possible;
- Double check college admissions requirements to see if college essays are required. If so, include this document in your admissions packet;
- Provide a copier at the College Fair location site to provide extra copies of student admission documents;
- Provide refreshments and lunch for recruiters; and
- Provide a 6 ft./8ft. table and two (2) chairs for each college/university admission officers/recruiter in attendance and ample space/tables for students to complete admissions applications.

SUBJECT: Approval of a Master Contract between Special Education and Specialized Education of California, Inc., dba Sierra Schools of California, a Nonpublic School (NPS), for the 2017-2018 School Year

### INTRODUCTION

Specialized Education of California, Inc., operates various NPS' throughout California. This master contract is specifically for services at Sierra School at Easter (Upper School), located at 1150 Eastern Avenue, Sacramento, CA 95864. This NPS has been in operation since 1968. Their mission is to build the confidence and competence of their students through personalized academic interventions through integrated mental health and support services with special education classes.

### ANALYSIS

SUSD recently received a new student who was attending the above NPS through their former school district. The student's current SUSD Individualized Education Program (IEP) team members agreed that the student should remain in the same placement with the above noted NPS to maintain the continued improvements the student is making. Additional placements may be needed due to future enrollment and service needs for the special education population of SUSD. Thus, it is necessary to enter into this contract. (The complete contract is available for inspection at the District's Special Education/SELPA Office.)

Amount of Contract: \$100,000

Funding Source: Special Education General Fund

### RECOMMENDATION

It is recommended that the Governing Board approve the master contract between Special Education and Specialized Education of California, Inc., dba Sierra Schools of California, a Nonpublic School (NPS), for the 2017-2018 school year, not to exceed \$100,000.

Prepared by: Dr. Jovan Jacobs, Executive Director  
Special Education/SELPA

Reviewed by: Dr. Reyes Gauna, Assistant Superintendent  
Educational Support Services

SUBJECT: Approval of an Out-of-State Conference Attendance Request (CAR) for One Employee from Marshall Elementary School and Two Employees from Educational Services to Attend the Project Lead the Way (PLTW) National Summit in Orlando, Florida, October 22-25, 2017

### INTRODUCTION

Project Lead the Way (PLTW) is a nonprofit organization that provides a transformative learning experience for K-12 students and teachers across the U.S. nationwide partnership of students, teachers, and industry representatives working together to ensure America has a skilled workforce in the Science Technology Engineering and Mathematics (STEM) areas.

PLTW empowers students to develop and apply in-demand, transportable skills by exploring real-world challenges. Through our pathways in computer science, engineering, and biomedical science, students not only learn technical skills, but also learn to solve problems, think critically and creatively, communicate, and collaborate. PLTW Curriculum is a K-12 system of aligned hands-on experiences that support academic learning, but provides application to bring learning to life. PLTW also provides teachers with the training, resources, and support they need to engage students in real-world learning.

### ANALYSIS

The employees who will participate in the PLTW Summit 2017 will experience renowned professional development through more than 250 interactive workshops, hands-on learning opportunities designed to model the PLTW classroom experience, and a variety of networking opportunities. This National Summit will provide attendees with insight, connections and learning to improve the implementation and success in Stockton.

Cost: \$8,000

Funding Source: LCAP Funds (SA11.9)

### RECOMMENDATION

It is recommended that the Governing Board approve an Out-of-State Conference Attendance Request (CAR) for one employee from Marshall Elementary School and two employees from Educational Services to attend the Project Lead the Way (PLTW) National Summit in Orlando, Florida, October 22-25, 2017.

Prepared by: Dr. Ward Andrus, Director, Educational Services

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services

**SUBJECT:** Approval of Renewal of Memorandum of Understanding (MOU) between Educational Services and the University of the Pacific's Mathematics, Engineering, Science Achievement (MESA) Program

### INTRODUCTION

MESA is nationally recognized for its innovative and effective academic development program. The program engages thousands of educationally disadvantaged students so they excel in math and science and graduate with math-based degrees. MESA partners with all segments of California higher education as well as K-12 institutions. For several years our MESA team from Stagg has garnered both state and national recognition. More of our schools want to offer their students the same strong program.

### ANALYSIS

Dates of Service: July 1, 2017 – June 30, 2018

Recipient of Service: Students at Pacific Law Academy, Stockton Early College Academy, Chavez, Edison, Franklin, and Stagg high schools; Cleveland, Commodore Stockton Skills, Bush, Henry, King, McKinley, Marshall, Monroe, Pittman, Rio Calaveras, Roosevelt, Taft, Tyler, and Washington elementary schools

Location of Service: Specified School Sites and University of the Pacific

### Brief Description of Services to Be Provided:

The MESA Schools Program (MSP) assists students at elementary, middle and senior high schools to excel in math and science and become competitively eligible for academically rigorous colleges and universities. The MSP partners with teachers, administrators, school district officials, schools and industry representatives to provide quality academic enrichment. Student selection and services are implemented through a collaboration involving teachers at participating schools and personnel from local MESA centers.

Amount of Contract: \$99,000

| Description                               | Cost     |
|---|----------|
| 14 Whole-Year K-8 MESA Programs @ \$4,500 | \$63,000 |
| 6 Whole-Year HS MESA Programs @ \$6,000   | \$36,000 |

Term of Contract: 2017-2018 School Year

Funding Source: Local Control Funding Formula: LCAP SA11.7

### RECOMMENDATION

It is recommended that the Governing Board approve the renewal of a Memorandum of Understanding (MOU) between Educational Services and the University of the Pacific's Mathematics, Engineering, Science Achievement (MESA) Program, not to exceed \$99,000.

Prepared by: Dr. Ward Andrus, Director, Educational Services

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services

SUBJECT: Approval of a Field Trip for Fifty-Two (52) Seventh and Eighth Grade Students from Kohl Open School to Camp SEA Lab, Camp St. Francis, in Aptos, California, from October 30 to November 1, 2017

### INTRODUCTION

This is an opportunity for seventh and eighth grade students to spend three days at the Camp SEA Lab, Camp St. Francis, learning about the ecology, biology and history of the coast area in Aptos. Classes are given in both indoor and outdoor classrooms by a trained naturalist. Included are videos, lab studies, hiking, sample and microscopes.

### ANALYSIS

The students will study three main units in the classroom and at Camp St. Francis:

- 1) Landforms: Topography, erosion, deposition, rocks and minerals, plate tectonics, earthquakes and volcanoes.
- 2) Botany: Plant growth, flowering plants, parts of flowers and plant cell, pollination, and photosynthesis.
- 3) Ecology: Food chains, food webs, symbiotic relationships among organisms, biomes, and current environmental issues.

After the field trip, students will use notes, journals, and reference books to write informative/explanatory texts to increase the student's knowledge about landforms, botany, and ecology so they can put together "Power Point" presentations to other students at Kohl as well as publishing their writing in class books.

Two certificated teachers and four parents will accompany students for a ratio of 9:1.

Cost: \$12,690 (Registration, \$10,690; Transportation, \$2,000)

Funding Source: Kohl Education Foundation

### RECOMMENDATION

It is recommended that the Governing Board approve the field trip for fifty-two (52) seventh and eighth grade students from Kohl Open School to Camp SEA Lab, Camp St. Francis, in Aptos, California, from October 30 to November 1, 2017.

Prepared by: Mr. Lee A. West, Administrator, Kohl Open School

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services



SUBJECT: Approval of an Out-of-State Conference Attendance Request (CAR) for One (1) Employee from Primary Years Academy to Attend the Diploma Program, Middle Years Program, Primary Years Program Categories 1, 2 & 3 Workshop in Orlando, Florida, on October 27-30, 2017

### INTRODUCTION

This workshop is for principals who are new to the Primary Years Program and are about to join an authorized or candidate school.

### ANALYSIS

The attendee will obtain introduction to the International Baccalaureate program standards for administrators new to the Primary Years Program.

Cost: \$2,232

Funding Source: International Baccalaureate

### RECOMMENDATION

It is recommended that the Governing Board approve the Out-of-State Conference Attendance Request (CAR) for one (1) employee from Primary Years Academy to attend the Diploma Program, Middle Years Program, Primary Years Program Categories 1, 2 & 3 Workshop in Orlando, Florida, on October 27-30, 2017, not to exceed \$2,232.

Prepared by: Dr. Shelley Spessard, Principal  
Primary Years Academy

Reviewed by: Mr. Robert Sahli, Executive Director, Instructional Technology & Curriculum  
Mr. Dan Wright, Interim Superintendent, Educational Services

SUBJECT: Approval of an Agreement to Furnish Consultant Services between SUSD Student Support Services and The Princeton Review of Northern California

### INTRODUCTION

Name: The Princeton Review of Northern California  
2505 Channing way  
Berkeley, CA 94704  
(510) 295-0002

### ANALYSIS

The Princeton Review will provide intensive and robust training that will prepare the teachers to deliver College Readiness courses for the SAT. This rigorous teacher training will provide teachers with the proven Princeton Review pedagogy and strategies so they can be tailored to what will work best for our students. This will allow our students to be more prepared to take the SAT and support our District and College Readiness Block Grant initiatives to have more students' college and career ready. The funding is to provide training for 16 teachers and counselors and provide 500 SAT student kits to use at the sites.

Dates of Service: September 29, 2017 through June 30, 2018

Recipient of Service: SUSD High School Teachers

Location of Service: Multiple SUSD Locations

#### Brief Description of Service to be Provided:

The Princeton Review will provide three days of teacher-to-teacher training to certify each trainee on the PSAT/SAT. This training will enable teachers to deliver PSAT/SAT instruction at their own campus, customized to each individual school's needs. Each trainee will receive accompanying teacher's materials and various syllabus options for effective implementation to meet the needs at each school. In addition, The Princeton Review will grade and score all practice tests for each class throughout program installation and provide student/school score reports.

Amount of Contract: \$53,500

Terms of Contract: September 29, 2017 through June 30, 2018

Funding Source: College Readiness Block Grant

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between SUSD Student Support Services and The Princeton Review, not to exceed \$53,500.

Prepared by: Ms. Nicolette Gonzaba, Student Assistance Program (SAP) Chairperson  
Student Support Services, College and Career Readiness A-G

Reviewed by: Ms. Traci Miller, Director, Student Support Services  
Dr. Reyes Gauna, Assistant Superintendent, Educational Support Services



E 3601

Approved: 6/26/07

Page 1 of 2

**Students  
Programs**

**PROGRAM UTILIZATION FORM**

The following form is to be utilized by all Programs. The form is divided into two sections. Section #1 is to be utilized by the Program, and Section #2 by the District designees.

**Section #1**

To provide additional planned, and coordinated services to the Stockton Unified School District, all potential Programs must first provide the District with the following information. The information may be provided below or attached hereto.

1. Name of Program and all individuals employed by Program?

Rob Seitelman, Director of Educational Partnerships - Pacific Northwest, customer contact

Trainers and instructors to be assigned according to availability

2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?

No

3. Describe the purpose and goal of the services to be provided.

Training Stockton Unified School District teachers to deliver SAT and/or ACT prep courses to Stockton Unified School District Students

4. Provide documentation and references of similar work.

Grants Cibola County Schools - Teacher Training Program, Jacqueline Jones GEAR Up Program Coordinator (505) 285-2691

Santa Fe Public Schools - Teacher Training Program, Sonya Gunter Principal Capital High School, (505) 467-1004

5. Describe how the quality of services to be provided are to be measured.

All teachers trained will be able to provide feedback through a post-training survey

All students who take ACT or SAT courses will have course progress and diagnostic test scores uploaded to administrative dashboard

rob.seitelman@review.com

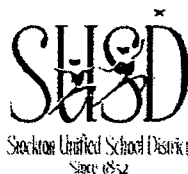
Signature of Representative of Program

8/17/2017

Date

STOCKTON UNIFIED SCHOOL DISTRICT 701 North Madison Street, Stockton, California 95202-1687  
858958.2 7714.1

3.68.2



E 3601

Approved: 6/26/07

Page 2 of 2

**Students**  
**Programs**  
**Section #2**

The following information must be provided to ensure that the potential Program's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

This will be funded by the College Readiness Block Grant.

2. Identify the term of the contract and what, if any, internal or less expensive options are available.

The term of the contract will be from September 29, 2017 to June 30, 2018.

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.

The Princeton Review will provide training to our teachers so that they can provide the SAT workshops to our students. This will allow us to continue providing this

for students every year with just the cost of materials needed. The students will be better prepared for the SAT and will be able to take multiple practice tests.

4. Identify the impact of the Program on the District.

The trained teachers will be able to provide our juniors and seniors in our district with SAT workshops to help them better prepare

for the test. This will allow the district to have a sustainable program for students with just minimal cost for materials.

5. Identify the stakeholders, if any, who provided input with regard to the Program and identify who from the District reviewed and recommended the Program.

The stakeholders are the students, parents, school staff, school administration and community members. The Student Assistance

Chairpersons and the Director of Student Services reviewed and recommended the Program.

Traci E. Mill  
Signature of District Reviewer

8/17/2017

Date

## PROGRAM OVERVIEW – ACT OR SAT PREP

| Professional Development, Teacher Materials for ACT or SAT Teacher-to-Teacher Program  |
|--|
| <ul style="list-style-type: none"> <li>• 3 Days of Professional Development</li> <li>• The Princeton Review's <i>Ultimate ACT or SAT Kit</i></li> <li>• Access to the ACT Answer Key and additional resources online</li> <li>• Access to administrator dashboard with specific class and student data</li> <li>• Syllabi for customized programs including short, semester, and year-long programs</li> </ul> <p><b>Price Quote: \$16,000 per training with a maximum of 16 teachers</b></p> <p><b>Training dates and time subject to availability</b></p>  |
| ACT or SAT PREP COURSE: Student Materials, Online Access & Support for Teachers  |
| <ul style="list-style-type: none"> <li>• <b>The Princeton Review's ACT or SAT Course Workbook</b> <ul style="list-style-type: none"> <li>○ Includes additional content-focused lessons which teachers can either assign as homework or incorporate into classroom instruction</li> </ul> </li> <li>• <b>Four paper and pencil full-length assessments with essay:</b> two released ACTs or SATs and two TPR-developed mirror tests.</li> <li>• <b>Individual score reports for each student through the online administrator dashboard,</b> for each assessment, including direction for further instruction</li> <li>• <b>Access to our Online Student Center,</b> including online score reports and additional college readiness resources <ul style="list-style-type: none"> <li>○ Financial aid information videos and take-home assignments</li> <li>○ College admissions information videos and take-home assignments</li> <li>○ Online score reports</li> <li>○ Additional drills and content support</li> </ul> </li> </ul> <p><b>Price Quote: \$75/student for 500+ students</b></p> |

Stockton Unified School District Proposal:

Training for 16 teachers: \$16,000, 500 sets of student materials at \$75/student: \$37,500

Grand total: \$53,500

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Special Education and Ms. Allyson Moore, M.S., BCBA, LMFT

### INTRODUCTION

Name: Ms. Allyson Moore, M.S., BCBA, LMFT  
P.O. Box 189  
Mill Valley, CA 94942  
(510) 331-8490

### ANALYSIS

The District currently has the need for services and the expertise from a Board Certified Behavior Analyst (BCBA) that can provide services full-time. These individuals possess a higher level of training and certification in the areas of behavior analysis and behavior support. Walton Special Center serves a high need population of students with behavioral challenges and needs. The services of a BCBA are necessary to provide behavior assessments, workshops and hands-on training, and ongoing monitoring and data collection for Walton Special Center staff and students, and other school sites as necessary. Ms. Moore has been working in this capacity for SUSD since 2010.

Dates of Service: September 13, 2017 through June 30, 2018

Recipient of Service: Walton Special Center students and students at other school sites as necessary

Location of Service: Walton Special Center and other sites as necessary

### Brief Description of Service to be Provided:

Ms. Moore will provide behavior support to students, training and workshops to staff, and ongoing monitoring and data collection.

Term of Contract: September 13, 2017 through June 30, 2018

Amount of Contract: \$17,000

Funding Source: Special Education General Fund

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Special Education and Ms. Allyson Moore, M.S., BCBA, LMFT, for the 2017-2018 school year, not to exceed \$17,000.

Prepared by: Dr. Jovan Jacobs, Executive Director  
Special Education/SELPA

Reviewed by: Dr. Reyes Gauna, Assistant Superintendent  
Educational Support Services

Business and Noninstructional Operations

Consultants

ALLYSON MOORE, B.C.B.A.

CONSULTANT UTILIZATION FORM

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

Section #1

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant?

Allyson Moore

2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?

No

3. Describe the purpose and goal of the services to be provided.

Provide behavior support services to school staff to assist with quality of intervention and reaching students' IEP goals.

4. Provide documentation and references of similar work.

Extensive knowledge and practice of ABA for 20 years with students with disabilities.

5. Describe how the quality of services to be provided are to be measured.

Measurement will include functional and descriptive analyses, direct measurement and social validity measures.



Signature of Potential Consultant

8/17/2014

Date

STOCKTON UNIFIED SCHOOL DISTRICT 701 North Madison Street, Stockton, California 95202-1687



**Business and Noninstructional Operations**

***ALLYSON MOORE, M.S., BCBA, LMFT.***

**Consultants**

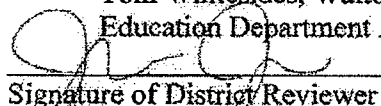
**Section #2**

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services. Funds are not to exceed \$17,000 (\$130.00 per hour of service). The funding source is Special Ed General Fund.
2. Identify the term of the contract and what, if any, internal or less expensive options are available.  
The contract is for the 2017-18 school year. Walton Special Center serves a high need population of students with behavioral challenges and needs that require the specialized expertise of a Board Certified Behavior Analyst (BCBA). BCBA's possess a higher level of training and certification in the area of behavior analysis and behavior support.

SUSD has in its employ a school psychologist who is a BCBA. However, SUSD's current needs for this specialized support greatly exceeds the manpower of the only employed individual who is a BCBA. Ms. Moore has worked in this capacity for SUSD for the last 7 years.

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.  
Students at Walton Special Center and other various sites will receive behavior support. Additionally, the consultant will conduct behavior assessments and provide ongoing monitoring and data collection, and will provide workshops and hands-on training for staff. Services will be measured by ongoing student progress reports, discussions with IEP team members, and feedback from staff on workshops and hands-on training.
4. Identify the impact of the Consultant on the District.  
The use of the consultant will ensure the District is in compliance by providing the required behavior support to students who require these services.
5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.  
Tom Whitesides, Walton Special Center Principal, and Dr. Noreen Williams, Special Education Department Administrator

  
Signature of District Reviewer

8/17/17  
Date

**SUBJECT:** Approval of an Agreement to Furnish Consultant Services between Special Education and Kumars Transport

**Name:** Kumars Transport  
1395 Kimiyo St.  
Stockton, CA 95206  
(209) 234-0377

### INTRODUCTION

Kumars Transport has been operating a transportation service for nine (9) years. Kumars Transport has the capability to transport individuals who are physically handicapped and require the use of wheelchairs.

### ANALYSIS

The District periodically has unique needs for students who require specialized transportation services. Students who require the use of different types of wheelchairs require door-to-door transportation with vehicles equipped to load and unload the wheelchairs. The demand for this specialized service may at times exceed the manpower and/or specialized vehicles the District has in place.

Currently, the District has an immediate need for assistance with specialized transportation services for students who require the use of wheelchairs. Kumars Transport has the capability and is equipped to provide this specialized transportation service at an affordable cost.

**Date of Service:** September 13, 2017 – June 30, 2018

**Recipient of Service:** Students identified and approved by Special Ed Administration

**Location of Service:** Various school sites and student homes

### **Brief Description of Service to be Provided:**

Kumars Transport will transport students approved by Special Education Administration to and from their home residence to their schools of attendance.

**Term of Contract:** September 13, 2017 – June 30, 2018

**Amount of Contract:** \$10,000

**Funding Source:** Special Education General Fund

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Special Education and Kumars Transport, for the 2017-2018 school year, not to exceed \$10,000.

**Prepared by:** Dr. Jovan Jacobs, Executive Director, Special Education/SELPA

**Reviewed by:** Dr. Reyes Gauna, Assistant Superintendent, Educational Support Services

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Walton Special Center and Mrs. Ann Cirimele

### INTRODUCTION

Name: Mrs. Ann Cirimele  
4116 Sun River Ct.  
Stockton, CA 95219

### ANALYSIS

Walton Special Center serves a population of students with complex behavioral challenges and significant medical needs. Due to the intense needs of this population, a Parent Support Coordinator is necessary to provide families with support in dealing with issues of stress, grief, and acceptance of their child's disability and to foster positive parent relationships with educational professionals. Ms. Cirimele has over 20 years of professional experience in providing support and resources to local families raising children with special needs.

Dates of Service: September 13, 2017 through June 30, 2018

Recipient of Service: Walton Special Center students

Location of Service: Walton Special Center

#### Brief Description of Service to be Provided:

Mrs. Cirimele will provide support to parents and staff of students with severe to profound disabilities through training workshops to staff and individual and small group parent support groups.

Term of Contract: September 13, 2017 through June 30, 2018

Amount of Contract: \$5,000

Funding Source: Early Start Grant and Walton Special Center General Fund

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Walton Special Center and Mrs. Ann Cirimele, for the 2017-2018 school year, not to exceed \$5,000.

Prepared by: Mr. Tom Whitesides, Principal  
Walton Special Center

Reviewed by: Dr. Jovan Jacobs, Executive Director, Special Education/SELPA  
Dr. Reyes Gauna, Assistant Superintendent, Educational Support Services

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Educational Support Services and Victor Community Support Services

### INTRODUCTION

Name: Victor Community Support Services  
2495 W. March Lane, Suite #125  
Stockton, CA 95207  
Phone: (209) 465-1080

Victor Community Support Services provides a school-based Wraparound social services program to assist high-risk youth in SUSD to increase school attendance, academic performance, and decrease the potential possibility of future out-of-home placements required by other system partners in probation, mental health, or child welfare.

### ANALYSIS

SUSD serves numerous students that often experience intensive needs and obstacles impacting their mental and physical resources on a regular basis. It is not uncommon for many of the students to have family members involved in the legal system, to reside in non-traditional family settings, and to be exposed to criminal activity. These factors frequently have an impact on student's success in school with academic achievement, attendance, and social-emotional behavior.

Victor Community Support Services' school-based Wraparound staff will collaborate with school staff to identify students/ families and develop referrals of students in need of additional supportive services. Victor Community Support Services utilizes a strength-based Wraparound process that includes Child and Family Team (CFT) meetings with measurable goals of increasing attendance and decreasing behavioral concerns which impact school achievement.

Dates of Service: September 13, 2017 - June 30, 2018

Recipient of Service: Identified K-8 Students at Pittman, Hamilton, and Spanos Elementary Schools

Location of Service: Pittman, Hamilton, and Spanos Elementary Schools

### Brief Description of Service to be Provided:

Referrals to Victor Community Support Services will be generated by administrators, teachers, counselors, and parents. Services will require parent/guardian permission. School-based Wraparound services will be conducted in individual, family and/or small group settings. Victor Community Support Services will utilize Child and Family Team (CFT) meetings both at school and in the home focusing on celebrating achievements, evaluating progress on goals, and collaborating with school staff on strategies to improve attendance, behavior, and academic achievement.

Term of Contract: September 13, 2017 - June 30, 2018

Amount of Contract: No District funds will be used. (San Joaquin County SB-163 Children's Wraparound "reserve fund" will be used.)

RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Educational Support Services and Victory Community Support Services, at no cost to the District.

Prepared by: Ms. Karen Coleman, LCSW, Administrator  
School- Based Mental Health Services  
Educational Support Services

Reviewed by: Dr. Reyes Gauna, Assistant Superintendent  
Educational Support Services



## BOARD POLICY

E 3600

Adopted: 06/12/07

Page 1 of 2

### Business and Noninstructional Operations Consultants

### CONSULTANT UTILIZATION FORM

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

#### Section #1

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's Educational Support Services Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant.

Victor Community Support Services - Stockton  
Employees: Johnathan Martinez, Lindsey Clark, Jesus Villareal,  
Narelan Moore, Jennifer Eggleston, & (2 potential vacancies to be filled)

2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?

No

3. Describe the purpose and goal of the services to be provided.

School Based wraparound services are designed to help children  
families improve academic achievement, attendance concerns  
and/or level of parent participation related to youth academic performance

4. Provide documentation and references of similar work.

References: Rolf Atherton, Program Specialist, San Joaquin County SELPA  
209 468-4901  
Irene Alvarez, San Joaquin County Office of Education

5. Describe how the quality of services to be provided are to be measured.

Quarterly outcomes are collected from Child and Adolescent  
Needs and Strengths (CANS) Tool. Areas of need measured  
include Academic Achievement, Classroom Behavior, School  
Attendance, Parent Child Relationship Problems

Wanda Jones-Alfonso  
Signature of Potential Consultant

Date

8/16/17

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**Business and Noninstructional Operations  
Consultants**

Section #2

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.  
There will be no cost to the district. Services will be funded by the San Joaquin County SB 163 Children's Wraparound "reserve fund."  

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2. Identify the term of the contract and what, if any, internal or less expensive options are available.  
Term 2017-2018 School Year. School counselors provide counseling and case management services, but have challenges providing support services to families in the home setting, outside school hours. Therefore, working in partnership with VCSS, at no cost to the district, is a valuable resource to improve student attendance, behavior, and academic achievement.  

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3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.  
Students often have unmet needs at home and in their communities which contribute to low academic achievement, attendance, and problem behavior. School-based Wraparound services helps support and empower families to build natural supports in achieving school-related goals. Services will be measured by quarterly statistical reports from VCSS to Principal and MH Admin.  

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4. Identify the impact of the Consultant on the District.  
Students and families will have access to on-campus and in-home school-based Wraparound services. The team approach of "wrapping" a family with support and services in order to assist them in achieving stability and success across multiple domains will be a valuable resource to our teachers with the Student Assistance Program (SAP) process of interventions.  

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5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.  
School Principals from partnering school sites provided input. The following Assistant Superintendent and Administrator reviewed and recommend consultant: Dr. Reyes Gauna, Assistant Superintendent, Educational Support Services and Karen Coleman, LCSW, Administrator, School-Based Mental Health Services.  

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Signature of District Reviewer

8/17/17  
Date

**SUBJECT:** Approval of an Agreement to Furnish Hearing Conservation Services between the SUSD Health Services Department and the Stanislaus County Office of Education Health Services Department

**Name:** Stanislaus County Office of Education  
Health Services Department  
100 H Street, Modesto CA 95354  
(209) 238-1780

### INTRODUCTION

Consultancy to provide mandated hearing screens for grades 1<sup>st</sup>, 2<sup>nd</sup>, 5<sup>th</sup> and 8<sup>th</sup>.

### ANALYSIS

This is an extension of an existing agreement with the Stanislaus County Office of Education Health Services Department to supply hearing evaluations for mandated grade levels. This service is being utilized because of the dramatic increase in the numbers of specialized health care procedures and the ongoing vacancies for three school nurses.

**Date of Services:** September 13, 2017 through June 30, 2018

**Recipient of Services:** Students in grade levels 1<sup>st</sup>, 2<sup>nd</sup>, 5<sup>th</sup> and 8<sup>th</sup>

**Location of Services:** All elementary school sites

### Brief Description of Services to be Provided:

Services are provided at each school site utilizing hearing vans. The vans are equipped with group screening facilities, sound proof booths, Pure Tone screening tests and provide threshold tests and impedance testing.

**Term of Contract:** September 13, 2017 to June 30, 2018

**Amount of Contract:** \$70,000

**Funding Source:** Medi-Cal Funding

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish hearing conservation services between the SUSD Health Services Department and the Stanislaus County Office of Education Health Services Department for the 2017-2018 school year, not to exceed \$70,000.

**Prepared by:** Ms. Mary Jo Cowan, Director, Health Services Department

**Reviewed by:** Dr. Reyes Gauna, Assistant Superintendent, Educational Support Services



**Business and Noninstructional Operations  
Consultants**

**CONSULTANT UTILIZATION FORM**

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

**Section #1**

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant.

Stanislaus County Office of Education Health Services

2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?

No

3. Describe the purpose and goal of the services to be provided.

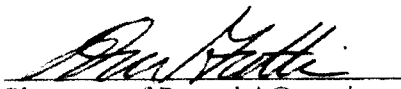
Conduct mandates hearing screen for Grade 1st, 2nd, 3rd, 5th & 8th.

4. Provide documentation and references of similar work.

This is a renewal of a past contract.

5. Describe how the quality of services to be provided are to be measured.

12,000 students will receive mandated pure tone hearing screens at school sites utilizing mobile vans between September 2017 and the end of June 2018.

  
Signature of Potential Consultant

7-24-17  
Date

**Business and Noninstructional Operations  
Consultants**

Section #2

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

Medi Cal

2. Identify the term of the contract and what, if any, internal or less expensive options are available.

September 2017 to June 2018.

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.

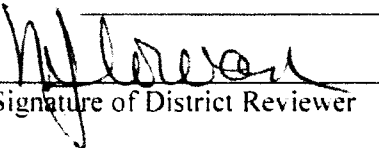
Hearing evaluations are mandated in Grades 1st, 2nd, 3rd, 5th & 8th. Evaluation of hearing offers the opportunity to identify barriers to the education process over the lifetime of the student.

4. Identify the impact of the Consultant on the District.

We have 4 unfilled School Nurse Positions. This shortage is creating a challenge meeting the increased number of specialized health care procedures (400+/wk) with existing staff. Utilization of a consultant will give our current staff additional time for case management for the students increased acuity and health plan development for those missing school due to chronic illness.

5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.

A search for Northern California Providers for Pure Tone screening was done by Health Services Administration. There is only one other provider and they did not have the capacity to serve the 12,000 SUSD students who require mandates screens.

  
Signature of District Reviewer

7/24/17  
Date

AGREEMENT  
Furnishing of Hearing Conservation Services  
By the STANISLAUS COUNTY SUPERINTENDENT OF SCHOOLS  
To other Public School Agencies

This agreement, entered into this 24<sup>th</sup> day of July, 2017, by and between the Stockton Unified School District ("Agency") and the Stanislaus County Superintendent of Schools, California ("SCOPE").

TERMS OF THE AGREEMENT

- (1) SCOPE agrees to make available to Agency hearing conservation services for the 2017-2018 school year in a schedule to be mutually agreed between the parties.

For these services Agency agrees to pay the rate of \$4.40 per student/child, or \$ 8.51 per student/child in a wheel chair or that otherwise cannot enter the van.

- (2) In addition, SCOPE will charge Agency mileage at the IRS standard mileage per diem rate at the time of service (currently 53.5 cents per mile) for travel as measured by the mileage between SCOPE offices and the site where services are provided for Agency.

- (3) It is further agreed that this Agreement will automatically be renewed for an additional year if either party fails to provide written notice to the other party by March 1<sup>st</sup> of a party's intent to cancel this Agreement effective at the end of the Agreement's term. Should this Agreement be renewed in this manner, SCOPE retains the right to adjust the costs of these services as set forth in paragraph 1 above by not more than 5% and the mileage fees as set forth in paragraph 1 to cover any actual out-of-pocket expenses to SCOPE.

Any notice of termination pursuant to this provision shall be mailed as follows:

To SCOPE:

Kristy Mabey,  
Director of Health Services  
  
Stanislaus County Office of Education  
  
1100 H Street  
  
Modesto, CA 95354-2338

To Agency:

\_\_\_\_\_  
\_\_\_\_\_  
  
Stockton Unified School District  
  
\_\_\_\_\_  
Address line 1  
  
\_\_\_\_\_  
Address line 2  
  
\_\_\_\_\_  
City, State, Zipcode

TOM CHANGNON  
SUPERINTENDENT  
STANISLAUS COUNTY  
OFFICE OF EDUCATION

\_\_\_\_\_  
Agency Authorizing Signature

\_\_\_\_\_  
Don Gatti,  
Assistant Superintendent  
Business Services

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

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Please sign and return all copies to Stanislaus County Office of Education

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Educational Support Services and Kaiser Permanente Educational Theatre

### INTRODUCTION

Name: Kaiser Foundation Health Plan, Inc.  
dba Kaiser Permanente Educational Theatre  
Mr. Dean Starnes, Community Health Liaison  
1438 Webster St., Suite #205, Oakland, CA 94612  
Phone: (877) 353-2223  
Email: [dean.starnes@kp.org](mailto:dean.starnes@kp.org) Web: [kp.org/et/ncal](http://kp.org/et/ncal)

### ANALYSIS

Kaiser Permanente Educational Theatre will present live theatre education assembly programs for students in grades K-12 on age appropriate topics such as:

- “The Best Me” (K-6), healthy eating and active living;
- “PEACE Signs” (3-6), violence prevention and conflict resolution;
- “Nightmare on Puberty St.” (6-8), puberty and emotional /sexual health, peer pressure, self-esteem, avoiding drugs/alcohol;
- “Resilience Squad” (9-12), mental and behavioral health, resiliency, stress, healthy relationships, mindfulness, and
- “Community Troupe” (all ages) providing short scenes, walk around characters, and educational outreach.

Kaiser’s employees will have limited contact with children and will be under the supervision of school personnel at all times.

Date of Services: September 13, 2017 – June 30, 2018

Receipt of Services: SUSD Students Grades 9-12

Location of Services: SUSD Schools

Brief Description of Services to be Provided:

Live theatre education assembly programs shall be provided to any eligible schools who request the program, as bookings allow. Bookings are coordinated directly with a contact person at each school.

Terms of Contract: September 13, 2017 – June 30, 2018

Amount of Contract: No cost to the District

RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Educational Support Services and Kaiser Permanente Educational Theater, for the 2017-18 school year, at no cost to the District.

Prepared by: Dr. Reyes Gauna, Assistant Superintendent  
Educational Support Services

Reviewed by: Dan Wright, Acting Superintendent



E 3600

Approved: 6/26/07

Business and Noninstructional Operations

CONSULTANTS


### CONSULTANT UTILIZATION FORM

The following form is to be utilized by all Programs. The form is divided into two sections. Section #1 is to be utilized by the Program and Section #2 by the District designees.

#### Section #1

To provide additional planned and coordinated services to the Stockton Unified School District, all potential Programs must first provide the District with the following information. The information may be provided below or attached hereto.

1. Name of Program and all individuals employed by Program?  
Kaiser Foundation Health Plan, Inc.'s Educational Theatre (KPET)
2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District: If so, when and in what capacity?  
No
3. Describe the purpose and goal of the services to be provided.  
Free of charge, live theatre health education assembly programs for students in grade K-12 on age-appropriate topics: "The Best Me" (K-6), healthy eating and active living; "Peace Signs" (3-6), violence prevention and conflict resolution; "Nightmare on Puberty St." (6-8), puberty and emotional/sexual health, peer pressure, self-esteem, avoiding drugs/alcohol; "Resilience Squad" (9-12), mental and behavioral health/coping with stress and adversity; and "Community Troupe" (all ages) providing short scenes, walkaround characters, and educational outreach at special events where requested.
4. Provide documentation and references of similar work.  
KPET has served Stockton Unified schools since 1987 including the "Bodywise", "Zip's Great Day", "Peace Signs", "The Best Me", "Secrets", "Community Troupe" and "Nightmare on Puberty St." programs. More than eleven million people have seen KPET, nearly 6 million in Northern California alone. KPET has won many awards over the years and is provided free of charge as a community benefit service of Kaiser Permanente, the long-established health care organization.
5. Describe how the quality of services to be provided is to be measured.  
The quality of services will be in accordance with District's standards. All educational messages in KPET programs are aligned with California state curriculum standards. "Nightmare on Puberty St." helps provide required curriculum minutes around sexual/family life/HIV/STI education. Follow up lessons for Educators are available.

  
Signature of Representative of Program  
Dean Starnes for KFHP, Inc.'s Educational Theatre

June 27, 2017

Date

STOCKTON UNIFIED SCHOOL DISTRICT  
858958.2 7714.1

3.68.2

701 North Madison Street, California 95202-1687

3.68.3

**Business and Noninstructional Operations  
Consultants**

**Section #2**

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

N/A – services are free of charge.

2. Identify the term of the contract and what, if any, internal or less expensive options are available.

September 13, 2017 – June 30, 2018

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.

Kaiser Permanente Educational Theatre will present live theatre education assembly programs for students in grades K-12 on age appropriate topics such as:

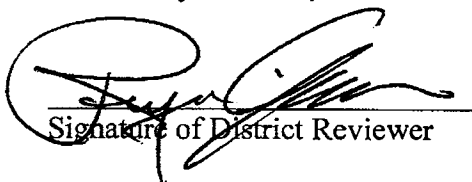
- "The Best Me" (K-6), healthy eating and active living;
- "PEACE Signs" (3-6), violence prevention and conflict resolution;
- "Nightmare on Puberty St." (6-8), puberty and emotional /sexual health, peer pressure, self-esteem, avoiding drugs/alcohol;
- "Resilience Squad" (9-12), mental and behavioral health, resiliency, stress, healthy relationships, mindfulness, and
- "Community Troupe" (all ages) providing short scenes, walk around characters, and educational outreach.

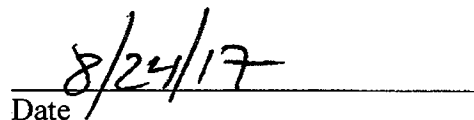
4. Identify the impact of the Consultant on the District.

All educational messages in KPET programs are aligned with California state curriculum standards.

5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.

Reyes Gauna, Ed.D. recommends the services of KPET.

  
Signature of District Reviewer

  
Date



**SUBJECT:** Approval of a Presentation Program on “Mosquitoes and Ticks – A Field Trip in Your Classroom” by the San Joaquin County Mosquito & Vector Control District to 5<sup>th</sup> and 6<sup>th</sup> Grade SUSD Students

### INTRODUCTION

**Name:** San Joaquin County Mosquito & Vector Control District  
c/o Aaron P. Devencenzi, Public Information Officer  
7759 S. Airport Way  
Stockton, CA, 95206  
(209) 982-4675

The “Mosquitoes and Ticks – A Field Trip in Your Classroom” presentation has been offered to all school districts in San Joaquin County for the last twenty-one years. This community education program is about 60 minutes long (see attached Outline).

### ANALYSIS

The display material and presentation is design for one or two classes at a time. Upon approval by SUSD, presenter will send announcements and letters inviting teachers to schedule appointments.

**Date of Service:** September 13, 2017 – June 30, 2018

**Recipient of Service:** 5<sup>th</sup> and 6<sup>th</sup> Grade SUSD Students

**Location of Service:** Various Elementary School Sites

#### **Brief Description of Services to be Provided:**

The presentation is designed for fifth and sixth grade students and incorporates subjects such as science, critical thinking, ecology, math, and health.

The objective of the presentation to inform students about mosquito and tick prevention. Presenter encourages active participation while learning preventive techniques to avoid illness (West Nile virus, Zika, malaria) related to these organisms.

**Term of Contract:** September 13, 2017 – June 30, 2018

**Amount of Contract:** No cost to the district – there is no fee for this service

### RECOMMENDATION

It is recommended that the Governing Board approve a Presentation Program on “Mosquitoes and Ticks – A Field Trip in Your Classroom” by the San Joaquin County Mosquito & Vector Control District to 5<sup>th</sup> and 6<sup>th</sup> grade SUSD students during the 2017-2018 school year, at no cost to the District.

**Prepared by:** Dr. Reyes Gauna, Assistant Superintendent, Educational Support Services

**Reviewed by:** Dan Wright, Acting Superintendent

**FIFTH & SIXTH GRADE SCHOOL PRESENTATION**  
**MOSQUITOES & TICKS**  
A COMPREHENSIVE OUTLINE

**1. INTRODUCTION**

Terminology used in the outline is simplified during the presentation to children

A. Intro. San Joaquin County Mosquito & Vector Control District. Responsible for the surveillance and control of vectors. Today you will learn what vectors are, how and where they live. At the end of the day, you will be prepared to find and remove breeding areas around your home.

**Vector** - Any organism, such as an insect, that transports and transmits a parasite or disease-causing organism. A vector is also any organism that causes direct harm, injury or significant annoyance to humans and/or animals.

B. Malaria was brought into Calif. in the early 1800's by fur traders, gold miners, and Spanish missionaries. The transmission of this disease to the Miwok Indians, in this area, had severe effects on their population. It was not until the late 1800's that malaria's transmission by mosquitoes was discovered.

**2. THE MOSQUITO PowerPoint Presentation**

A. General Anatomy ( Insect, 6- legs, 3-segments)

1. Head, thorax, wings, legs, abdomen, etc.
2. Male and Female differences in antennae
3. Mouth Parts

B. Life Cycle (Develop through four recognizable stages known as "**metamorphosis**".)

1. Aquatic metamorphosis - A series of changes a mosquito goes through during its growth from the egg stage, larvae, pupae and adult.  
Aquatic- water, needed for metamorphic completion.
  - a. Egg (rafts, singles, 150 -300 eggs )
  - b. Larva (digest organic matter)
  - c. Pupa (do not eat)
2. Adult emergence ( #3-4 days to 2 weeks or more depending on the weather conditions. Blood meal to lay more eggs, starts cycle over)

C. Nutrition

1. Blood meal (focus concentration)
  - a. Female mosquito, b. Proboscis, c. Humans, pets, livestock, birds
  - d. Protein base for eggs & self

**3. DISEASE AND TRANSMISSION**

A. Transmission & Bite Victims- A mosquito is known as a **vector** of disease.

1. Blood feeding, female mosquito
2. **Host**, any organism which provides a home to a parasite. (Birds, Jackrabbits, Humans)
3. Bite victims

B. Types

1. **West Nile Virus** (viruses of concern in CA)
2. Zika (risk associated with travel)
2. Malaria (parasite, chills, high fever)
3. Heartworm Disease (affects dogs, adult worms harbor in the dogs heart and can cause fatality if not treated. Preventative medication can be administered)

### C Habitat

1. Locations
  - a. Agricultural (row crops, pipelines, rice fields, irrig. ditches etc.)
  - b. Industrial (waste water ponds, drains and ditches)
  - c. Wetlands & Natural areas (brief description, rain ponds, etc.)
  - d. **Residential** (specify areas around the home. Emphasize this area).
2. Seasonal (stress variation for specific season)
  - a. Summer, high populations, b. Winter, hibernation

## 4. CONTROL / PREVENTION

- A. Biological, Natural Predators
  1. Mosquitofish - female larger, born in live broods of 40 to 100 or more, females die after 3-4 broods.
- B. Physical - removal of standing water
  1. Agricultural practices (irrigation)
  2. **Source elimination around the home, items that collect water (discussion)**
- C. Chemical, Spray Material
  1. Last resort
  2. **Very effective if used as part as an integrated (combined) pest control program.**
- D. Prevention
  1. With parental permission, use insect repellent containing DEET when outdoors, especially in the late afternoon, evening hours.
  2. Wear heavy clothing and long sleeves.
  3. Don't scratch bites, due to secondary infection.
  4. Window screens and screen doors.

## 5. TICKS

- A. Ticks are not an insect, they are related to spiders.
- B. They are found in areas high in vegetation.
- C. Ticks transmit various diseases such as Lyme disease
- D. Prevention includes staying out of infested areas, tying/taping pant legs, wearing light wearing light color cloths.
- E. Proper way of removing ticks from a person or animal to decrease the disease exposure.

## CONCLUSION

A. **Vector** - Any organism, such as an insect, that transports and transmits a parasite or disease causing organism. Mosquitoes and ticks are vectors. Remind children to share this new information with family and friends so we can all live in a healthier environment.

Visual displays - Containers designed to show mosquito larva to emerged adults.

Mosquitofish, large plastic mosquito head, ticks in vials, Dog Heartworm models, handouts and "Mosquito Buster" stickers and pencils.

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Hamilton Elementary School and YMCA of San Joaquin County

### INTRODUCTION

Name: YMCA of San Joaquin County  
2105 W. March Lane, Suite #1  
Stockton CA 95207  
(209) 472 9622

### ANALYSIS

The impact of the YMCA on the District should result in students performing better on District assessments, SBAC, Physical Fitness Test and a reduction in suspensions and behavioral referrals.

Date of Service: September 13, 2017 through May 31, 2018

Recipient of Service: TK – 8<sup>th</sup> Grade Students

Location of Service: Hamilton Elementary School - Playground

#### Brief Description of Services to be Provided:

The YMCA will teach and coach students in different team sports and work on building agility and fitness. Through the activities students will gain physical fitness and athletic skills, as well as sportsmanship and cooperation.

Amount of Contract: \$10,000

Term of Contract: September 13, 2017 through May 31, 2018

Funding Source: Site LCFF

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Hamilton Elementary School and YMCA of San Joaquin County, not to exceed \$10,000.

Prepared by Mrs. Mary Pedraza, Principal  
Hamilton Elementary School

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services



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**Business and Noninstructional Operations  
Consultants**

**CONSULTANT UTILIZATION FORM**

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

Section #1

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's \_\_\_\_\_ Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant.  
YMCA of San Joaquin County  
CEO- Emily Ballus
  
2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?  
Emily Ballus has never been employed with Stockton Unified School District. It is conceivable that some of its sports programs leaders may have worked for the school district in some capacity.
  
3. Describe the purpose and goal of the services to be provided.  
The YMCA of San Joaquin County will provide the school site with a staff member to operate noon time sports activities. The activities will be designed to enhance students' health, development, and will encourage social responsibility and positive behavior. The YMCA coaches will teach sportsmanship and the Four Values of the YMCA; Honesty, Caring, Respect, and Responsibility in their program. Students are taught to practice skills and peacefully resolve conflicts within real life situations in order to reduce violence at school as well as in the community. All activities will be designed to be age appropriate.
  
4. Provide documentation and references of similar work.  
The YMCA of San Joaquin County has worked with the Stockton Unified School District since 1998 to provide the Noon Time Sports program at a number of schools. We currently partner with SUSD to operate after school programs in a number of elementary school sites.



## BOARD POLICY

E 3600

Adopted: 06/12/07


Page 2 of 3

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### Business and Noninstructional Operations Consultants

5. Describe how the quality of services to be provided are to be measured.

The program staff will be monitored by a YMCA professional to ensure that they are performing their responsibilities. The YMCA professional will also meet with School Staff to ensure that they feel the program is operating at a successful rate.

  
Signature of Potential Consultant

August 10, 2017  
Date

**Business and Noninstructional Operations  
Consultants**

Section #2

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

Source: LCFF

Amount: \$10,000

2. Identify the term of the contract and what, if any, internal or less expensive options are available.

The contract will run September 13, 2017 through May 31, 2018

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.


YMCA will teach and coach students in different team sports and work on building agility and fitness. Through the activities students will gain physical fitness and athletic skills, as well as, sportsmanship and cooperation. The effectiveness of the program will be measured by the number of students participating in activities, behavior referrals, fitness test and student recognition.

4. Identify the impact of the Consultant on the District.

The impact of the consultant on the district should be in results of students performing better on District assessments, SBAC and Physical Fitness Test and a reduction in suspensions and behavioral referrals.

5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.

The Hamilton School staff reviewed and recommended the services of YMCA.

  
Signature of District Reviewer

6/22/17  
Date

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Harrison Elementary School and Coast 2 Coast Coaching

### INTRODUCTION

Name: Coast 2 Coast Coaching  
27324 Camino Capistrano Suite 203  
Laguna Niguel, CA 92677  
(760) 452-7509

Coast 2 Coast Coaching has a strong academic and coaching background. They have a passion for soccer and believe in making soccer fun. They run after-school soccer programs and summer soccer camps in cities throughout California and Texas.

### ANALYSIS

The primary goals of the program are to increase attendance; increase student interest in Science, Technology, Engineering and Mathematics (STEM); increase physical activity on the playground, and to improve school climate with implementation of positive behavioral interventions and supports.

Date of Service: September 25, 2017 through May 25, 2018

Recipient of Service: Students at Harrison Elementary School

Location of Service: Harrison Elementary School

#### Brief Description of Services to be Provided:

Coast 2 Coast Coaching will provide a STEM and Soccer program during lunch recess with focus on teaching STEM concepts, soccer skills, teamwork, fair play, and physical activity.

Term of Contract: 2017-2018 School Year

Amount of Contract: \$12,312

Funding Source: Site LCFF

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Harrison Elementary School and Coast to Coast Coaching, not to exceed \$12,312.

Prepared by: Mr. Yanik Ruley, Interim Principal  
Harrison Elementary School

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services



## **Business and Non-instructional Operations**

### **Consultants**

#### **CONSULTANT UTILIZATION FORM**

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

##### **Section #1**

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's Central Office with the following information. The information may be provided below or attached hereto.

**1. Name of Consultant and all individuals employed by Consultant?**

Coast 2 Coast Coaching

Primary Contacts with Stockton Unified School District

Chris Murphey, Owner

Jenea Chesnic, School Partnership Liaison

**2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?**

No.

**3. Describe the purpose and goal of the services to be provided.**

We run lunch recess programs with a focus on science, technology, engineering and math (STEM) coupled with soccer-based games. In addition, there is an emphasis on teamwork and fair play to enhance school environment.

**4. Provide documentation and references of similar work.**

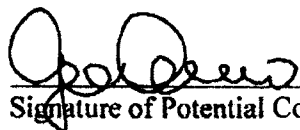
Coast 2 Coast Coaching provides lunchtime and/or after-school STEM and Soccer programs to schools in over 100 California school districts including Manteca Unified School District, Elk Grove Unified School District, Modesto City Schools, and Turlock Unified School District.

## **Business and Noninstructional Operations**

### **Consultants**

#### **5. Describe how the quality of services to be provided are to be measured.**

Coast 2 Coast Coaching will provide two surveys: a PBIS School Climate survey, and a Harvard PEAR survey - which may be used to measure their success in increasing student interest in STEM and an improved School Climate.

  
\_\_\_\_\_  
Signature of Potential Consultant

August 14, 2017  
Date

## **Business and Noninstructional Operations**

### **Consultants**

#### **Section #2**

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

**Source: LCFF**

**Amount: \$12,312.00**

2. Identify the term of the contract and what, if any, internal or less expensive options are available.

**We will be on site 3 days a week during Lunch Recess for 12 weeks from September 25<sup>th</sup> through May 25<sup>th</sup> 2017-2018 school year. We will work with students for one hour with a coach to student ratio of 1:20.**

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.

**Coast 2 Coast Coaching will provide an innovative STEM & Soccer program during lunch recess. We will focus on teaching STEM concepts, coaching soccer skills, teamwork and fair play, and physical activity. We will help schools implement PBIS at their sites. We have two surveys: a PBIS School Climate survey, and a Harvard PEAR survey, both of which sites may use to measure our success in increasing student interest in STEM and an improved School Climate. In addition, we encourage schools to track disciplinary referrals before and after running our program.**

4. Identify the impact of the Consultant on the District.

**The primary goals of this program are: to increase attendance, increase student interest in STEM, increase physical activity on the playground, and improve school climate with PBIS implementation.**

## **Business and Noninstructional Operations**

### **Consultants**

5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.

**Staff from Coast 2 Coast Coaching who provided program information:**

- Jenea Chesnic – School Partnership Liaison, Coast 2 Coast Coaching
- Chris Murphey – Owner, Coast 2 Coast Coaching

**Staff from Harrison School who evaluated the program:**

- Yanik Ruley – Interim Principal, Harrison Elementary
- Dana Warford – Assistant Principal, Harrison Elementary
- Harrison Elementary School Site Council approved expenditures for the program on April 13, 2017

  
\_\_\_\_\_  
Signature of District Reviewer

August 14, 2017  
\_\_\_\_\_  
Date

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Hong Kingston Elementary School and YMCA of San Joaquin County

### INTRODUCTION

Name: YMCA of San Joaquin County  
2105 W. March Lane, Suite #1  
Stockton, CA 95207  
(209) 472-9622

YMCA of San Joaquin County was founded in 1885 and provides programs in Stockton, Linden, Tracy, Modesto and Lodi. YMCA has five full-time professional level employees with another 75 to 100 part-time and/or seasonal employees.

### ANALYSIS

YMCA offers a variety of programs to the community. Most of the programs use shared community space and are conducted in facilities in the area, including schools, churches and businesses. YMCA's staff is available and offers its programs to the community and schools in Stockton Unified School District.

Date of Service: September 13, 2017 through May 25, 2018

Recipient of Service: Maxine Hong Kingston Elementary School Students

Location of Service: Maxine Hong Kingston Elementary School

#### Brief Description of Services to be Provided:

YMCA will provide a staff member to operate noontime sports activities. The activities will be designed to enhance students' health, development, and will encourage social responsibility and positive personal behavior. The coaches will teach sportsmanship, honesty, caring, respect and responsibility. Students will learn to practice skills and peacefully resolve conflicts within real life situations in order to reduce violence at school as well as in the community.

Amount of Contract: \$6,782

Term of Contract: September 13, 2017 through May 25, 2018

Funding Source: Site LCFF

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Hong Kingston Elementary School and YMCA of San Joaquin County for the 2017-2018 school year, not to exceed \$6,782.

Prepared by: Mrs. Silvia Martinez, Principal  
Maxine Hong Kingston Elementary School

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services



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**Business and Noninstructional Operations  
Consultants**

**CONSULTANT UTILIZATION FORM**

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

**Section #1**

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's \_\_\_\_\_ Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant.  
YMCA of San Joaquin County  
CEO- Emily Ballus
2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?  
Emily Ballus has never been employed with Stockton Unified School District. It is conceivable that some of its sports programs leaders may have worked for the school district in some capacity.
3. Describe the purpose and goal of the services to be provided.  
The YMCA of San Joaquin County will provide the school site with a staff member to operate noon time sports activities. The activities will be designed to enhance students' health, development, and will encourage social responsibility and positive behavior. The YMCA coaches will teach sportsmanship and the Four Values of the YMCA; Honesty, Caring, Respect, and Responsibility in their program. Students are taught to practice skills and peacefully resolve conflicts within real life situations in order to reduce violence at school as well as in the community. All activities will be designed to be age appropriate.
4. Provide documentation and references of similar work.  
The YMCA of San Joaquin County has worked with the Stockton Unified School District since 1998 to provide the Noon Time Sports program at a number of schools. We currently partner with SUSD to operate after school programs in a number of elementary school sites.




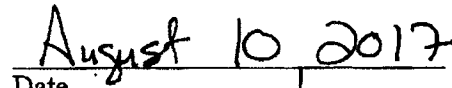
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**Business and Noninstructional Operations  
Consultants**

5. Describe how the quality of services to be provided are to be measured.

The program staff will be monitored by a YMCA professional to ensure that they are performing their responsibilities. The YMCA professional will also meet with School Staff to ensure that they feel the program is operating at a successful rate.

  
Signature of Potential Consultant

  
Date



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**Business and Non-Instructional Operations  
Consultants**

Section #2

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

LCFF funds will be utilized to cover the cost of YMCA for 2017-2018

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2. Identify the term of the contract and what, if any, internal or less expensive options are available.

The term of the contract is from 9/13/17 through 5/25/18 to be paid from LCFF.

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3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.

The consultant services will have a positive impact on the entire student body. YMCA will utilize organized sports to teach honesty, caring respect, and responsibility. They will also inculcate good sportsmanship during the games. The success of the program will be measured by student behavior and reduction of student conflict during lunch recess.

4. Identify the impact of the Consultant on the District.

The consultant will have a positive impact on student behavior and increase of organized physical activities.

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5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.

N/A - YMCA has been a part of our school STEP UP program for several years.

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Silvia M. Martinez

Signature of District Reviewer

8/17/17

Date



**SUBJECT:** Approval of an Agreement to Furnish Consultant Services between Martin Luther King, Jr. Elementary School and YMCA of San Joaquin County

**Name:** YMCA of San Joaquin County  
2105 W. March Lane, Suite #1, Stockton, CA 95207  
(209) 472-9622

### INTRODUCTION

YMCA of San Joaquin County was founded in 1885 and provides programs in Stockton, Linden, Tracy, Modesto and Lodi. YMCA has five full-time professional level employees, with another 75 to 100 part-time and/or seasonal employees.

### ANALYSIS

YMCA of San Joaquin County offers a variety of programs to the community. Most of the programs use shared community space and are conducted in facilities in the area, including schools, churches and businesses. YMCA of San Joaquin County's staff is available and offers its programs to the community and schools in Stockton Unified School District.

**Date of Service:** September 18, 2017 - May 31, 2018

**Recipient of Service:** Martin Luther King, Jr. Elementary Students

**Location of Service:** Martin Luther King, Jr. Elementary

#### Brief Description of Services to be Provided:

YMCA of San Joaquin County will provide a staff member to operate noon-time sports activities. The activities will be designed to enhance students' health, development, and will encourage social responsibility and positive personal behavior. The coaches will teach sportsmanship, honesty, caring, respect and responsibility. Students will be taught to practice skills and peacefully resolve conflicts within real life situations in order to reduce violence at school as well as in the community.

**Amount of Contract:** \$10,000

**Term of Contract:** September 18, 2017 - May 31, 2018

**Funding Source:** LCFF/Instructional-SCE/General

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Martin Luther King, Jr. Elementary School and YMCA of San Joaquin County, not to exceed \$10,000.

**Prepared by:** Ms. Connie Fabian, Principal, Martin Luther King Jr. Elementary School

**Reviewed by:** Mr. Robert Sahli, Executive Director, Instructional Technology & Curriculum  
Mr. Daniel Wright, Interim Assistant Superintendent, Educational Services



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**Business and Noninstructional Operations  
Consultants**

**CONSULTANT UTILIZATION FORM**

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

**Section #1**

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's \_\_\_\_\_ Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant.  
YMCA of San Joaquin County  
CEO- Emily Ballus
  
2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?  
Emily Ballus has never been employed with Stockton Unified School District. It is conceivable that some of its sports programs leaders may have worked for the school district in some capacity.
  
3. Describe the purpose and goal of the services to be provided.  
The YMCA of San Joaquin County will provide the school site with a staff member to operate noon time sports activities. The activities will be designed to enhance students' health, development, and will encourage social responsibility and positive behavior. The YMCA coaches will teach sportsmanship and the Four Values of the YMCA; Honesty, Caring, Respect, and Responsibility in their program. Students are taught to practice skills and peacefully resolve conflicts within real life situations in order to reduce violence at school as well as in the community. All activities will be designed to be age appropriate.
  
4. Provide documentation and references of similar work.  
The YMCA of San Joaquin County has worked with the Stockton Unified School District since 1998 to provide the Noon Time Sports program at a number of schools. We currently partner with SUSD to operate after school programs in a number of elementary school sites.



## BOARD POLICY

E 3600

Adopted: 06/12/07


Page 2 of 3

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### Business and Noninstructional Operations Consultants

5. Describe how the quality of services to be provided are to be measured.

The program staff will be monitored by a YMCA professional to ensure that they are performing their responsibilities. The YMCA professional will also meet with School Staff to ensure that they feel the program is operating at a successful rate.

  
Signature of Potential Consultant

August 10, 2017  
Date

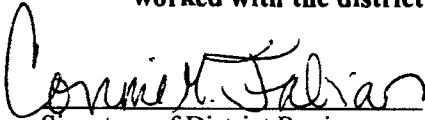
## Business and Noninstructional Operations

### Consultants

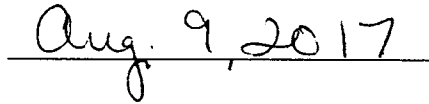
#### Section #2

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.  
**Source: LCFF/Instructional/General**  
**Amount: \$10,000**
2. Identify the term of the contract and what, if any, internal or less expensive options are available.  
**The contract will run 2017-2018 school year. It is not to my knowledge that there are no other noon-time sports programs available that are less expensive.**
3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.  
**We will use the Healthy Kids Annual Survey results as one way to measure the outcomes of the services. YMCA will teach and coach students in a variety of team sports and work on building agility and fitness. Through the activities, students will gain physical fitness and athletic skills, sportsmanship and cooperation skills. The effectiveness will also be measured by the state physical fitness tests and referrals.**
4. Identify the impact of the Consultant on the District.  
**The impact of the consultant on the district should be in results of students performing better on the physical fitness exams and a reduction of suspensions. The overall health of the students will improve which in turn assists in academic growth.**
5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.  
**The King School staff approved and recommended the services of YMCA. YMCA has worked with the district and the school before and they have provided excellent services.**

  
Signature of District Reviewer

Date

  
Aug. 9, 2017

**SUBJECT:** Approval of an Agreement to Furnish Consultant Services between McKinley Elementary School and the San Joaquin County Court's Choices and Consequences Drug Intervention Program

### INTRODUCTION

**Name:** San Joaquin County Courts  
Choices and Consequences Drug Intervention Program  
222 E. Weber Avenue, Room 610-A  
Stockton, CA 95202  
Phone: (209) 992-5408

One hundred and sixty (160) seventh and eighth grade students, their parents, as well as certificated staff members, from McKinley Elementary School will participate in an interactive presentation presented by the San Joaquin County Court. Parent permission is required in order for students to participate.

### ANALYSIS

Choices & Consequences: Know the Truth is a DUI prevention program that began in 2003 and was initially funded by the California Office of Traffic Safety and sponsored by the San Joaquin County Courts. The program is now fully funded and sponsored by the court and supported by program participants who volunteer their time. Its primary objective is to inform students of the detrimental consequence of driving under the influence before they are of driving age.

**Date of Service:** October 6, 2017

**Recipient of Service:** McKinley Elementary Students and Parents

**Location of Service:** McKinley Elementary School

#### Brief Description of Services to be Provided:

Through an assembly and a televised panel, Choices and Consequences enables students to see and hear, through an interactive setting, the effects DUIs can have on individuals.

**Term of Contract:** October 6, 2017

**Funding Source:** N/A – no cost to school or district

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between McKinley Elementary School and the San Joaquin County Court's Choices and Consequences Drug Intervention Program, at no cost to the district.

**Prepared by:** Ms. Sonia Ambriz, Principal  
McKinley Elementary School

**Reviewed by:** Mr. Dan Wright, Interim Assistant Superintendent, Educational Services

**Business and Noninstructional Operations  
Consultants**

**CONSULTANT UTILIZATION FORM**

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

**Section #1**

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's Office with the following information. The information may be provided below or attached hereto.

1. Name of Consultant and all individuals employed by Consultant.

Superior Court of California, County of San Joaquin  
Judge Vlanianos, Valerie Frazier, Live Speakers TBA

2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?

N/A

3. Describe the purpose and goal of the services to be provided.

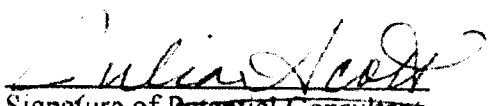
Present information to students regarding drugs & alcohol,  
and how they affect the ability to make good decisions  
including the ability to safely operate a vehicle.

4. Provide documentation and references of similar work.

5-4-15 Presentation at McKinley Elementary

5. Describe how the quality of services to be provided are to be measured.

Student responses

  
Signature of Potential Consultant

Program Coordinator

8-14-17  
Date

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**Business and Non-Instructional Operations  
 Consultants**

Section #2

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

1. Identify the source and amount of District funds to be utilized to pay for the services.

~~These services are at no cost to our school or district.~~  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. Identify the term of the contract and what, if any, internal or less expensive options are available.

~~The term of the contract is a one day presentation on October 6, 2017.~~  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.

~~The consultant services will have a positive impact on the entire student body and their parents. The program is now fully funded and sponsored by the court and supported by program participants who volunteer their time. The primary objective is to inform students of the detrimental consequence of driving while under the influence before they are of driving age.~~

4. Identify the impact of the Consultant on the District.

~~Through an assembly and a televised panel, Choices and Consequences enables students and their parents to see and hear, through an interactive setting, the effects DUIs can have on individuals.~~  
 \_\_\_\_\_  
 \_\_\_\_\_

5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.

~~San Joaquin County Courts has partnership with SUSD as they do multiple presentations throughout our district.~~  
 \_\_\_\_\_  
 \_\_\_\_\_

Sonia Ambria

Signature of District Reviewer

Date

8-14-17

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Van Buren Elementary School and Coast 2 Coast Coaching

### INTRODUCTION

Name: Coast 2 Coast Coaching  
27324 Camino Capistrano, Suite #203  
Laguna Niguel, CA 92677  
(760) 452-7509

Coast 2 Coast Coaching has a strong academic and coaching background. They have a passion for soccer and believe in making soccer fun. They run after-school soccer programs and summer soccer camps in cities throughout California and Texas.

### ANALYSIS

The primary goals of the program are to increase attendance; increase student interest in Science, Technology, Engineering and Mathematics (STEM); increase physical activity on the play-ground, and to improve school climate with implementation of positive behavioral interventions and supports.

Date of Service: September 18, 2017 through May 31, 2018

Recipient of Service: Students at Van Buren Elementary School

Location of Service: Van Buren Elementary School

#### Brief Description of Services to be provided:

Coast 2 Coast Coaching will provide a STEM and Soccer program during lunch recess with focus on teaching STEM concepts, soccer skills, teamwork, fair play, and physical activity.

Term of Contract: 2017-2018 School Year

Amount of Contract: \$10,260

Funding Source: LCAP/Title 1

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Van Buren Elementary School and Coast to Coast Coaching, not to exceed \$10,260.

Prepared by: Mrs. Keri Van de Star, Principal  
Van Buren Elementary School

Reviewed by: Mr. Dan Wright, Interim Assistant Superintendent, Educational Services





E 3600

Adopted: 06/12/07

## Business and Non-instructional Operations

### Consultants

#### CONSULTANT UTILIZATION FORM

The following form is to be utilized by all non-instructional Consultants. The form is divided into two sections. Section #1 is to be utilized by the Consultant, and Section #2 by the District designees.

#### Section #1

To provide consultant services to the Stockton Unified School District, all potential non-instructional Consultants must first provide the District's Central Office with the following information. The information may be provided below or attached hereto.

**1. Name of Consultant and all individuals employed by Consultant?**

Coast 2 Coast Coaching

Primary Contacts with Stockton Unified School District

Chris Murphey, Owner

Jenea Chesnic, School Partnership Liaison

**2. Were you or any employee of or independent contractor affiliated with your organization ever an employee of the District? If so, when and in what capacity?**

No.

**3. Describe the purpose and goal of the services to be provided.**

We run lunch recess programs with a focus on science, technology, engineering and math (STEM) coupled with soccer-based games. In addition, there is an emphasis on teamwork and fair play to enhance school environment.

**4. Provide documentation and references of similar work.**


Coast 2 Coast Coaching provides lunchtime and/or after-school STEM and Soccer programs to schools in over 100 California school districts including Manteca Unified School District, Elk Grove Unified School District, Modesto City Schools, and Turlock Unified School District.

**Business and Noninstructional Operations**

**Consultants**

**5. Describe how the quality of services to be provided are to be measured.**

Coast 2 Coast Coaching will provide two surveys: a PBIS School Climate survey, and a Harvard PEAR survey - which may be used to measure their success in increasing student interest in STEM and an improved School Climate.

  
\_\_\_\_\_  
Signature of Potential Consultant

August 14, 2017  
Date

## **Business and Non-instructional Operations**

### **Consultants**

#### **Section #2**

The following information must be provided to ensure that the potential Consultant's services comport with District needs.

- 1. Identify the source and amount of District funds to be utilized to pay for the services.**

Source:  
LCAP/Title I  
Amount:  
\$10,260

- 2. Identify the term of the contract and what, if any, internal or less expensive options are available.**

Coast 2 Coast Coaching will be on site three days per week during lunch recess for fifteen weeks from September 18, 2017 through May 31, 2017. Coast 2 Coast coaches will work with students for three 20 minute sessions per day with a coach to student ratio of 1:20.

- 3. Identify what, if any, enduring skills and knowledge are to be gained and how services will be measured.**

Coast 2 Coast Coaching will provide an innovative "STEM & Soccer" program during lunch recess. They will focus on teaching science, technology, engineering and math (STEM) concepts, soccer skills, teamwork, fair play, and physical activity. They will help the school implement positive behavioral interventions and supports (PBIS) at their sites. They will provide two surveys: a PBIS School Climate survey, and a Harvard PEAR survey - which may be used to measure our success in increasing student interest in STEM and an improved School Climate.

- 4. Identify the impact of the Consultant on the District.**

This program seeks to increase attendance, increase student interest in STEM, increase physical activity on the playground, and improve school climate with PBIS implementation.

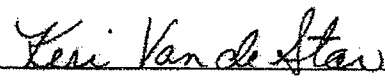
**Business and Non-instructional Operations**

**Consultants**

- 5. Identify the stakeholders, if any, who provided input with regard to the Consultant and identify who from the District reviewed and recommended the Consultant.**

Staff from the District who reviewed and recommended the program:

- Dr. Reyes Gauna – Assistant Superintendent, Student Support Services
- Dr. Daniel Wright – Interim Assistant Superintendent, Educational Services
- Mrs. Keri Van de Star – Principal, Van Buren Elementary
- Ms. Dominique Brown – Assistant Principal, Van Buren Elementary

  
\_\_\_\_\_  
Signature of District

August 14, 2017

\_\_\_\_\_  
Date



Coast 2 Coast Coaching,  
27324 Camino Capistrano, Ste. 203,  
Laguna Niguel,  
CA 92677  
United States  
Phone (760)687-3763  
Fax (760)452-7509

**Company Name**

Van Buren Elementary

**QUOTE: QUO1150**

Issued Date: 2017-07-19

**Contact Name**

Keri Van De Star

**Billing Address**

Van Buren Elementary,  
1628 East Tenth Street, Stockton,  
CA 95206-3345

| Item Code              | Item Name                        | Quantity | List Price | Item Total | Discount | Total After Discount | Total         |
|------------------------|----------------------------------|----------|------------|------------|----------|----------------------|---------------|
| SER54                  | STEM & Soccer Program<br>2017/18 | 90       | 114        | 10,260     | 0 (0 %)  | 10,260               | 10,260        |
| Items Total            |                                  |          |            |            |          |                      | 10,260        |
| Discount(0%)           |                                  |          |            |            |          |                      | 0             |
| <b>GRAND TOTAL(\$)</b> |                                  |          |            |            |          |                      | <b>10,260</b> |

**Scheduling Info**

3 days per week. 2 coaches concurrently coaching 3 20 minute sessions each day. Can accommodate up to 360 students. Coach to student ratio is 1:20.

**Program Outcomes**

- 79% reduction in "disciplinary issues" at lunch recess (Average % from School Measurements in 2016/17)
- 82% of students are more interested in STEM after program (Harvard PEAR Survey)
- College readiness focus as coaches are college soccer players/students
- Students are more likely to attend school as kids love soccer and love our fun games
- Students learn soccer skills & are more physically active
- Parental involvement during tournaments (optional)

[www.c2csoccer.com](http://www.c2csoccer.com)

SUBJECT: Approval of an Agreement to Furnish Consultant Services between Special Education and Excel Interpreting LLC

### INTRODUCTION

Name: Excel Interpreting LLC  
1804 Tribute Road, Suite #207  
Sacramento, CA 95815

Excel Interpreting LLC is a reputable company providing services throughout California in over 150 languages and has a growing network of over 6,000 linguists. They are affiliated with organizations such as California Federation of Interpreters and American Translators Association. Their client list is extensive and ranges from various government agencies, legal firms, colleges, and school districts.

### ANALYSIS

The District often encounters the need for interpreting and translation services in several languages for families of students with disabilities. Currently, there is a need for these services for over 15 languages/ dialects in which the District is not equipped to assist with. In order to properly serve the affected families and assist the District to remain in compliance with special education services, it is necessary to enlist the professional interpreting and translating services with Excel Interpreting LLC.

Dates of Service: September 13, 2017 – June 30, 2018

Recipient of Service: Families of SUSD students

Location of Service: Various SUSD school sites

#### Brief Description of Services to be Provided:

Excel Interpreting LLC will provide interpreting services for SUSD families in the form of in-person, phone, and document translation approved by Special Education Administration.

Term of Contract: September 13, 2017 – June 30, 2018

Amount of Contract: \$7,000

Funding Source: Special Education General Fund

### RECOMMENDATION

It is recommended that the Governing Board approve the agreement to furnish consultant services between Special Education and Excel Interpreting LLC, for the 2017-2018 school year, not to exceed \$7,000.

Prepared by: Dr. Jovan Jacobs, Executive Director  
Special Education/SELPA

Reviewed by: Dr. Reyes Gauna, Assistant Superintendent  
Educational Support Services

## 9.0 Business and Finance

**SUBJECT:** Approval of Requisition of Resolution 17-05 Authorizing the Form, Execution, and Delivery of the Termination Agreement, the Ground Lease, the Facilities Lease, the Trust Agreement, the Escrow Agreement, the Certificate Purchase Agreement and the Continuing Disclosure Certificate; Approving the Form of and Authorizing the Execution and Distribution of the Official Statement; Authorizing the Sale of the 2017 Refunding Certificates of Participation; and Authorizing Certain Additional Actions

## INTRODUCTION

The District has an opportunity to refund its outstanding 2007 Certificates of Participation valued at approximately \$33,000,000. The 2007 COP's were originally refunded from COP's issued in 1997. The original project scope was as follows to include the creation of the Stockton Unified School District Facilities Finance Corporation:

### **THE CORPORATION**

The Stockton Unified School District Facilities Finance Corporation, a nonprofit public benefit corporation, was incorporated in 1996 under the Nonprofit Public Benefit Corporation Law of the State (Title 1, Division 2, Part 2 of the California Corporation Code). The Corporation was established for the purpose of providing financial assistance to the District by financing the design, development, acquisition, construction, improvement and remodeling of school buildings, facilities and equipment, including site acquisition and related facilities. The Board of Trustees of the District serves as the Board of Directors of the Corporation.

#### 1997 Capital Projects Financing Plan

Approximately \$15,410,000 of the proceeds from the sale of Certificates will be used by the District to implement the 1997 Capital Projects Financing. The acquisition and construction of the 1997 Capital Projects Financing is projected to occur over a thirty-six month period. The 1997 Capital Projects and associated costs are set forth below:

#### **Estimated Expenditure Schedule Certificates Of Participation, 1997 Capital Projects Financing**

| <u>1997 Capital Projects</u>                                  | <u>Costs</u>        |
|---|---------------------|
| Construction at Sperry-Weber                                  | \$6,700,000         |
| Site Purchase at California Trails                            | \$750,000           |
| Architect Fees and Construction at California Trails          | \$7,000,000         |
| Furniture and Equipment at Sperry-Weber and California Trails | \$1,200,000         |
| Other Capital Improvements-District Wide                      | \$2,200,000         |
| <b>TOTALS</b>   | <b>\$17,350,000</b> |

Source: Stockton Unified School District

In order to assist with the remaining costs of implementing the 1997 Capital Projects, the District will utilize approximately \$2,040,000 of cash on hand from the following sources: (i) approximately \$945,000 from State reimbursement for the Sperry-Weber site purchase, (ii) approximately \$605,000 from cash available from the Developer Fee Fund, and (iii) approximately \$490,000 from the Melillo-Rook Fund.

The District refunded the 1997 COP's in 2007 and added the following scope to the use of funds:



**The Project**

In addition to the refunding described above, a portion of the proceeds of the Certificates will be deposited into the Project Fund which is established and held by the Trustee under the Trust Agreement. Amounts on deposit in the Project Fund will be applied to finance the acquisition of certain school facilities for the District. Such facilities include the following:

- Additional classrooms to house future student growth at designated schools
- Energy conservation projects to reduce energy consumption and improve comfort at district schools
- Modernization of classrooms and other facilities at designated schools
- Other miscellaneous facility projects such as teacher-training classrooms

Refunding these COP's provides an opportunity for the District to save approximately \$5,000,000 and reduce the long term liability by three years. The District's diligence in managing its municipal instruments, which are designed to support the ongoing maintenance and support of District facilities, is a best business practice and key strategic advantage. The District confers with its financial advisors and legal counsel to assess the viability of such adjustments in financial strategy. The District is pleased to present this opportunity for approval.

**ANALYSIS**

The District has worked with its Financial Advisor, Dale Scott & Company and its legal counsel, Dannis Woliver Kelly, to analyze and assess the strategy and value of refunding the Certificates of Participation. The District is recommending that we refund these COP's which require the Governing Board's approval to execute the following actions, agreements, and documents:

1. the Termination Agreement;
2. the Ground Lease;
3. the Facilities Lease;
4. the Trust Agreement;
5. the Escrow Agreement;
6. the Certificate Purchase Agreement;
7. the Continuing Disclosure Certificate; and
8. the Preliminary Official Statement and the final Official Statement to be created therefrom.

The District, along with Dale Scott and Company, will provide a presentation to the Governing Board and has attached the templates of the aforementioned documents which will be completed once the refunding process is finalized.

**FUNDING SOURCE:** N/A

**RECOMMENDATION**

It is recommended the Governing Board approve the recommendation to refund the remaining \$33,000,000 in 2007 Certificates of Participation (COPS), which will yield a savings of \$5,000,000 and reduce the long term debt by approximately three years via the execution of the aforementioned actions and accompanying documents.

Prepared by: Ms. Lisa Grant-Dawson, Chief Business Official

Approved by: Mr. Dan Wright, Acting Superintendent

**RESOLUTION NO. 17-05**

**RESOLUTION OF THE GOVERNING BOARD OF THE  
STOCKTON UNIFIED SCHOOL DISTRICT  
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION  
AND DELIVERY OF THE TERMINATION AGREEMENT, THE GROUND LEASE,  
THE FACILITIES LEASE, THE TRUST AGREEMENT, THE ESCROW  
AGREEMENT, THE CERTIFICATE PURCHASE AGREEMENT AND THE  
CONTINUING DISCLOSURE CERTIFICATE; APPROVING THE FORM OF AND  
AUTHORIZING THE EXECUTION AND DISTRIBUTION OF THE OFFICIAL  
STATEMENT; AUTHORIZING THE SALE OF THE  
2017 REFUNDING CERTIFICATES OF PARTICIPATION;  
AND AUTHORIZING CERTAIN ADDITIONAL ACTIONS**

**WHEREAS**, the Stockton Unified School District, a school district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), is authorized under provisions of the Constitution and laws of the State of California to lease real property, buildings, equipment, and facilities as the District may determine is necessary or proper;

**WHEREAS**, the District now desires to refund the District's outstanding 2007 Certificates of Participation (Current and Crossover Refundings and Capitol Projects) (the "2007 Certificates"), and pay for associated costs of issuance through the execution, sale and delivery of the Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the "Certificates");

**WHEREAS**, the following documents and proposed agreements relating to the execution and delivery of the Certificates, which are incorporated herein by reference, have been presented to the District for its review and approval:

1. The Termination Agreement by and among the District, the Stockton Unified School District Facilities Finance Corporation (the "Corporation"), and Wells Fargo Bank, National Association (the "Termination Agreement");
2. The Ground Lease by and between the District and the Corporation, whereby the District leases the existing land and improvements to the Corporation in consideration of the Corporation's payment of an upfront rental payment to the District in an amount which is sufficient to provide for the refunding of the 2007 Certificates;
3. The Facilities Lease by and between the Corporation and the District, whereby the Corporation leases the existing land and improvements back to the District in consideration of the payment by the District of semiannual lease payments;
4. The Trust Agreement by and among the Corporation, the District, and U.S. Bank National Association, as trustee for the Certificates (the "Trustee");

5. The Escrow Agreement by and between the District and U.S. Bank National Association relating to the redemption of the District's 2007 Certificates (the "Escrow Agreement");
6. The Certificate Purchase Agreement to be dated its date of execution by and among the District, the Corporation, and an underwriter (the "Underwriter");
7. The Continuing Disclosure Certificate; and
8. The Preliminary Official Statement relating to the Certificates; and

**WHEREAS**, the District has determined 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 District.

**NOW, THEREFORE, BE IT RESOLVED**, by the Governing Board of the District as follows:

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

**Section 2. Authorization of Officers to Execute and Deliver Documents.** The District hereby authorizes and directs the President, the Vice President, the Clerk of the Governing Board, the Superintendent and the Chief Business Official of the District (collectively, the "Designated Officers," and each, a "Designated Officer"), or any of them, for and in the name of and on behalf of the District, to approve, execute, and deliver the following agreements and documents:

- a. the Termination Agreement;
- b. the Ground Lease;
- c. the Facilities Lease;
- d. the Trust Agreement;
- e. the Escrow Agreement;
- f. the Certificate Purchase Agreement;
- g. the Continuing Disclosure Certificate; and
- h. the Preliminary Official Statement and the final Official Statement to be created therefrom,

in substantially the respective forms presented to this meeting, which agreements and documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officers executing the agreements for the District, and the execution of the foregoing by a Designated Officer or Designated Officers of the District shall constitute conclusive evidence of such Officer's or Officers' and the District'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 shall be as provided in the Trust Agreement, 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 District hereby authorizes the sale of the Certificates in an aggregate principal amount not to exceed thirty-three million dollars (\$33,000,000). The Superintendent, the Chief Business Official, and the President of the Governing Board, or any of them, are hereby authorized for and on behalf of the District, to negotiate with the Underwriter the final terms of the sale and its timing; provided that the price shall not be for less than the principal amount represented by the Certificates (less an underwriting discount of not to exceed 1.00%), and the maximum interest rate applicable to the Certificates shall not exceed 12.00%.

**Section 4. Distribution of Preliminary Official Statement and Official Statement.** The District hereby approves the Preliminary Official Statement relating to the Certificates in substantially the form presented to this meeting, which Preliminary Official Statement is hereby approved, with such changes, insertions, revisions, corrections amendments as shall be approved by a Designated Officer. The District hereby authorizes and directs the Underwriter and Dale Scott & Company, Inc. (the "Financial Advisor"), to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Certificates and to deliver copies of the final Official Statement to all purchasers of the Certificates. The District hereby authorizes and directs the Superintendent and the Chief Business Official of the District, or either of them, or their designee, to deliver to the Underwriter a certificate to the effect that the District deems the Preliminary Official Statement, in the form approved by the Governing Board, with such changes, insertions, revisions, corrections and amendments thereto as the Superintendent or the Chief Business Official of the District, with the assistance of Special Counsel to the District, shall approve, such approval to be evidenced by the execution of such deemed final certificate, to be final and complete as of its date.

**Section 5. Ratify Filing of Notice to the San Joaquin County Superintendent of Schools.** The District hereby ratifies and approves the Superintendent's execution of the "Notice of Approval of Execution and Delivery of Certificates of Participation" and delivery of said Notice to the San Joaquin County Superintendent of Schools, in accordance with California Education Code section 17150.1.

**Section 6. Authorization to Hire Trustee and Escrow Agent.** The Superintendent or the Chief Business Official is hereby authorized and directed to engage the services of U.S. Bank National Association as the trustee and escrow agent for the Certificates, and to execute and deliver an agreement for such services for and in the name and on behalf of the District.

**Section 7. Engagement of Professional Services.** The firm of Dale Scott & Company Inc. is hereby retained as financial advisor to the District, and the firm of Dannis Woliver Kelley is hereby retained as special counsel and disclosure counsel to the District, in connection with the issuance of the Certificates. The Chief Business Official is hereby authorized and directed on behalf of the District to execute an agreement with each of said firms.

**Section 8. General Authorization.** The Designated Officers and other officers of the District, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver any and all documents, 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 officers, employees, and agents of this District that are in conformity with the purposes and intent of this Resolution are hereby approved, confirmed, and ratified.

**Section 9. Filing of Documents with Minutes.** The Secretary of the Governing Board of the District is hereby directed to file copies of the aforementioned documents with the minutes of this meeting.

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

**APPROVED, PASSED, AND ADOPTED** on September 12, 2017, by the following vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
President, Governing Board  
Stockton Unified School District

**ATTEST:**

\_\_\_\_\_  
Secretary of the Governing Board  
Stockton Unified School District

**RECORDING REQUESTED BY:**

Dannis Woliver Kelley  
for the benefit of the Stockton Unified School District

**WHEN RECORDED RETURN TO:**

Dannis Woliver Kelley  
555 Capitol Mall, Suite 645  
Sacramento, CA 95814  
Attn: Sandy Self

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**TERMINATION AGREEMENT**

**dated as of \_\_\_\_\_ 1, 2017**

**by and among the**

**STOCKTON UNIFIED SCHOOL DISTRICT,**

**the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION,**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as trustee for the Stockton Unified School District  
San Joaquin County, California  
2007 Certificates of Participation  
(Current and Crossocer Refundings and Capital Projects)**

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This document is recorded for the benefit of the Stockton Unified School District and the recording is exempt from fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11928.

## **TERMINATION AGREEMENT**

This TERMINATION AGREEMENT (the "2007 Termination Agreement"), dated as of \_\_\_\_\_ 1, 2017 and effective as of \_\_\_\_\_, 2017, is by and among the STOCKTON UNIFIED SCHOOL DISTRICT (the "District"), the STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES FINANCE CORPORATION (the "Corporation"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, (the "2007 Trustee") which served as the trustee for the Stockton Unified School District, San Joaquin County, California, 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects).

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

**WHEREAS**, pursuant to a trust agreement, dated March 1, 2007, by and among the District, the Corporation, and the 2007 Trustee (the "2007 Trust Agreement"), the 2007 Trustee has heretofore executed and delivered \$45,050,000 principal amount of Stockton Unified School District, San Joaquin County, California, 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the "2007 Certificates");

**WHEREAS**, pursuant to the 2007 Trust Agreement, the Corporation assigned to the Trustee, for the benefit of the owners of the 2007 Certificates, its rights to receive Rental Payments from the District under a facilities lease, dated March 1, 2007, between the Corporation, as lessor, and the District, as lessee (the "2007 Lease Agreement"), and the right to exercise such rights and remedies conferred on the Corporation under the 2007 Lease Agreement to enforce payment of the Rental Payments when due and to otherwise protect the interest of the owners of the 2007 Certificates;

**WHEREAS**, the District, the Corporation, and U.S. Bank National Association (the "2017 Trustee"), have entered into a trust agreement, dated as of \_\_\_\_\_ 1, 2017 (the "2017 Trust Agreement"), pursuant to which the 2017 Trustee has executed and delivered \$\_\_\_\_\_ principal amount of Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the "2017 Certificates"); and

**WHEREAS**, in order to discharge and satisfy its obligations under the 2007 Trust Agreement, the District has deposited, or has caused to be deposited, funds with the 2017 Trustee in an amount that is sufficient to pay the 2007 Certificates on September 4, 2017.

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree:

**Section 1. Termination.** By virtue of the deposit of money and/or securities for the payment of the 2007 Certificates and the discharge of the 2007 Trust Agreement, the District, the Corporation, and the 2007 Trustee agree that their respective interests in the following agreements are hereby terminated and are of no further force or effect, except to the extent expressly provided in such agreements:

- a. Ground Lease by and between District, as lessor, and Corporation, as lessee, recorded on March 7, 2007, as Instrument No. 2007-047336, and re-recorded August 20, 2014, as Instrument No. 2014-082607, respectively, of Official Records of San Joaquin County;
- b. Memorandum of Lease by and between Corporation as Lessor and District as Lessee, recorded on March 7, 2007, as Instrument No. 2007-047337, and re-recorded August 20, 2014, as Instrument No. 2014-082608, respectively, of Official Records of San Joaquin County; and
- c. Memorandum of Trust Agreement by and between Corporation, District, and 2007 Trustee, recorded on March 7, 2007, as Instrument No. 2007-047338, and re-recorded August 20, 2014, as Instrument No. 2014-082609, respectively, of Official Records of San Joaquin County.

**Section 2. Confirmation of Title.** Title to the property described on Exhibit A hereto is hereby confirmed as transferred to and vested in the Stockton Unified School District of San Joaquin County.

**Section 3. Execution in Counterparts.** This 2007 Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4. Choice of Law.** This 2007 Termination Agreement shall be governed by the laws of the State of California.

**Section 5. Severability.** If one or more clauses, sentences, paragraphs, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is hereby agreed by the District, the Corporation, and the 2007 Trustee that the remainder of this 2007 Termination Agreement shall not be affected thereby.



**IN WITNESS WHEREOF**, the parties hereto have duly executed this 2007 Termination Agreement.

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Authorized Officer

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE SITE**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

---

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**CERTIFICATE OF ACCEPTANCE**

California Government Code  
Section 27281

Dated: \_\_\_\_\_ 1, 2017

This is to certify that the leasehold interest in real property conveyed pursuant to the Termination Agreement dated as of \_\_\_\_\_ 1, 2017, by and among the Stockton Unified School District (the "District"), the Stockton Unified School District Facilities Finance Corporation (the "Corporation"), and Wells Fargo Bank, National Association, as trustee (the "2007 Trustee"), to the District is hereby accepted by the undersigned officer on behalf of the District pursuant to authority conferred by resolution of the District adopted on September 12, 2017, and the District consents to recordation thereof by its duly authorized officer.

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**RECORDING REQUESTED BY:**

Dannis Woliver Kelley  
for the benefit of the Stockton Unified School District

**WHEN RECORDED RETURN TO:**

Dannis Woliver Kelley  
555 Capitol Mall, Suite 645  
Sacramento, CA 95814  
Attn: Sandy Self

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**GROUND LEASE**

**by and between the**

**STOCKTON UNIFIED SCHOOL DISTRICT**

**and the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

**\$ \_\_\_\_\_**

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This document is recorded for the benefit of the Stockton Unified School District 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.

## GROUND LEASE

This Ground Lease, dated as of \_\_\_\_\_ 1, 2017, is by and between the Stockton Unified School District, a school district duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "District"), as lessor, and the Stockton Unified School District Facilities Finance Corporation, 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 District to refund the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects), and pay associated costs of issuance of the certificates of participation, as described in a trust agreement dated as of \_\_\_\_\_ 1, 2017, by and among U.S. Bank National Association, as trustee (the "Trustee"), the Corporation, and the District (the "Trust Agreement"); and

**WHEREAS**, such financing will be accomplished by (i) the Corporation's entering into this lease with the District and then subleasing the property leased hereunder to the District pursuant to the Facilities Lease dated as of \_\_\_\_\_ 1, 2017, under which the District will be obligated to make Rental Payments to the Corporation; (ii) the Corporation's assignment without recourse of all rights to receive such Rental Payments to the Trustee pursuant to the Trust Agreement; 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 as described in the preceding paragraph.

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

**Section 1. Demised Premises.** The District hereby leases to the Corporation, and the Corporation hereby hires from the District, on the terms and conditions hereinafter set forth, the real property located in the County of San Joaquin, State of California, described in *Exhibit A* attached hereto and made a part hereof (the "Demised Premises") and the improvements located thereon.

**Section 2. Term.** The term of this lease shall commence on the Closing Date, as that term is defined in the Trust Agreement, and shall end on February 1, 2036, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 2036, 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 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 lease shall end ten (10) days thereafter or upon ten (10) days written notice by the District to the Corporation, whichever is earlier.

**Section 3. Rental.** The Corporation shall pay to the District as and for advance rental hereunder for the entire term hereof the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), on or before the date of commencement of the term of this 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. Amounts paid to the District under this Section 3 shall be applied solely for capital outlay purposes in accordance with the requirements of Section 17456(c) of the Education Code of the State of California.

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

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

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

**Section 7. Assignment and Subleases.** The Corporation may not assign its rights under this lease or sublet the Demised Premises, except pursuant to the Trust Agreement, without the written consent of the District for so long as the Certificates are outstanding.

**Section 8. Right of Entry.** The District 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 lease and on the first date on which the Certificates are no longer outstanding, to quit and surrender the Demised Premises to the District, 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 lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the District shall have no power to terminate this lease by reason of any default on the part of the Corporation if any Certificate remains Outstanding or if such termination would otherwise 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 District under the Facilities Lease). So long as any such assignee or subtenant of the Corporation shall duly perform the terms and conditions of this 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 District hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any 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 lease, subject to the provisions of Section 8 hereof, shall peaceably and quietly have, hold and enjoy all of the Demised Premises.

**Section 12. Waiver of Personal Liability.** All liabilities under this lease on the part of the Corporation shall be solely liabilities of the Corporation as a corporation, and the District hereby releases each and every incorporator, director and officer of the Corporation of and from any personal or individual liability under this 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 lease to the District or to any other party whomsoever for anything done or omitted to be done by the Corporation hereunder.

**Section 13. Taxes.** The District covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the 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 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, provision, covenants and conditions of this lease shall be affected thereby, and each provision of this lease shall be valid and enforceable to the fullest extent permitted by law.

**Section 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 delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the District, addressed to the District as follows:

Stockton Unified School District  
701 N. Madison Street  
Stockton, CA 95202  
*Attention:* Chief Business Official

or, if to the Corporation, addressed to the Corporation as follows:

Stockton Unified School District Facilities Finance Corporation  
c/o Stockton Unified School District  
701 N. Madison Street  
Stockton, CA 95202  
*Attention:* Secretary

in either case 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 lease.

**Section 18. Execution in Counterparts.** This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the District and the Corporation, all with the same force and effect as though the same counterpart had been executed by both the District and the Corporation.

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**

**DEMISED PREMISES**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

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**FACILITIES LEASE**

**by and between the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

**and the**

**STOCKTON UNIFIED SCHOOL DISTRICT**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION  
\$ \_\_\_\_\_**

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## FACILITIES LEASE

This Facilities Lease, dated as of \_\_\_\_\_ 1, 2017, is entered into by and between the Stockton Unified School District Facilities Finance Corporation, 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 Stockton Unified School District, a school district 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 "District"), as lessee.

### WITNESSETH:

**WHEREAS**, the Corporation is authorized to render financial assistance to the District by, among other things, financing the acquisition of real property and construction and acquisition of facilities for the District and, accordingly, has agreed to assist the District in refunding the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects), and paying associated costs, by entering into this Lease, pursuant to which the District will lease the real property described on *Exhibit A* attached hereto and all improvements located thereon (the "Facilities") for the Rental Payments described herein;

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

**WHEREAS**, the District is authorized under the laws of the State of California to enter into this 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 Lease shall have the meanings indicated in that certain Trust Agreement dated as of \_\_\_\_\_ 1, 2017, by and among U.S. Bank National Association, as trustee, the District, and the Corporation, hereinafter referred to as the "Trust Agreement."

**Section 1.2. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to:

**District:** Stockton Unified School District  
701 N. Madison Street  
Stockton, CA 95202  
Attention: Chief Business Official

**Corporation:** Stockton Unified School District Facilities Finance Corporation  
701 N. Madison Street  
Stockton, CA 95202  
*Attention: Secretary*

**Trustee:** U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
*Attention: Corporate Trust Services*

The District, 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 Lease either the District 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 Lease contained by or on behalf of the District 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 Lease expressed or implied is intended or shall be construed to give to any person other than the District and the Corporation any legal or equitable right, remedy, or claim under or in respect of this 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 District, the Corporation, and the Insurer.

**Section 1.5. Amendments.** This Lease may be altered, amended, or modified in writing as may be mutually agreed by the Corporation, the District, and the Insurer, 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 Lease.

**Section 1.7. Validity and Severability.** If any one or more of the provisions contained in this 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 Lease and such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District and the Corporation hereby declare that they would have adopted this 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 Lease may be held illegal, invalid, or unenforceable.

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

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

## **ARTICLE 2 REPRESENTATIONS AND COVENANTS OF THE DISTRICT; REPRESENTATIONS OF THE CORPORATION**

**Section 2.1. Representations and Covenants of the District.** The District represents and covenants for the benefit of the Corporation and its assignees as follows:

(A) Valid Existence. The District is a school district 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 District is authorized under the laws of the State of California to enter into the Ground Lease and this Lease and perform all of its obligations thereunder and hereunder.

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

(D) Enforceability of Lease. The District represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of the Ground Lease and this 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 Lease, the Facilities will be used by the District only for the purpose of performing one or more governmental functions of the District consistent with the permissible scope of the District's authority.

(F) Essential Facilities. The District 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 District 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 the Ground Lease and this Lease and perform all of its obligations thereunder and hereunder.

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

(D) Enforceability of Lease. The Corporation represents, covenants, and warrants that the Ground Lease and this Lease are valid and binding obligations 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.

### **ARTICLE 3 LEASE OF FACILITIES**

**Section 3.1. Lease of Facilities.** The Corporation hereby demises and leases to the District, and the District hereby rents and hires from the Corporation, the Facilities in accordance with the provisions of this Lease, to have and to hold for the term of this 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 District of the Facilities pursuant to this Lease shall not effect or result in a merger of the District'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 Lease. As to the Facilities, this Lease shall be deemed and constitute a sublease.

**Section 3.3. Lease Term; Occupancy.** (A) Term. The term of this Lease shall commence on the Closing Date and shall end on February 1, 2036, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 2036, the Certificates shall not be fully paid, there are payments due the Insurer, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Lease shall be extended for a period equal to the period of such abatement, up to ten (10) years. If, prior to February 1, 2036, the Certificates shall be fully paid, or provision therefor made, the term of this Lease shall end ten

(10) days thereafter or ten (10) days after written notice by the District to the Corporation, whichever is earlier.

(B) Occupancy. The District will take possession of the Facilities upon commencement of the term of the Lease. If the Corporation, for any reason whatsoever, cannot deliver possession of the Facilities or any part thereof to the District on this date, this Lease shall not be void or voidable, nor shall the Corporation be liable to the District 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 District and the Corporation may substitute, add to, or delete property as part of the Facilities for purposes of the Ground Lease and this Lease, or alter the term of this Lease as to any portion of the property constituting the Facilities, but only after the District 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 District 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 County of San Joaquin.

(C) Rental Value. An appraisal showing that the annual fair rental value of the property that will constitute the Facilities after such substitution, addition, or deletion will be at least equal to 100% of the maximum amount of Rental Payments becoming due in the current Fiscal Year or in any subsequent Fiscal Year.

(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, or deletion is at least equal to the amount of such insurance with respect to the Facilities prior to the substitution, addition, or deletion. 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 substituted or added property, subject only to the following exceptions: (1) Permitted Encumbrances, (2) exceptions that do not substantially interfere with the District's right to use and occupy the substituted or added property, and (3) exceptions 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 District certifying that such substitution, addition, or deletion does not adversely affect the District'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 Lease.

(F) No Prior Liens. A Statement of the District certifying that the property that will constitute the Facilities after the substitution, addition, or deletion 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 Lease.

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

(H) Opinion of Bond Counsel. An Opinion of Bond Counsel stating that the amendments to the Ground Lease and this Lease that implement the substitution (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 District 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, or deletion to each Ratings Agency then rating the Certificates.

(J) Consent of the Insurer. So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Insurer to the substitution, addition, or deletion, which consent shall not be unreasonably withheld.

Upon such substitution, addition, or deletion, the property released herefrom shall be conveyed to the District, and the Corporation shall execute all documents necessary or appropriate to convey or reconvey such property to the District, free of all restrictions and encumbrances imposed or created by this Lease, the Ground Lease, or the Trust Agreement. Property that is no longer a part of the Facilities as a result of a substitution of property completed in accordance with this Section is released from the lien of this Lease.

**Section 3.5. Title to the Facilities.** During the term of this 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 District 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 District; provided, however, that such actions by the District shall not materially adversely affect the value of the Facilities.

Upon termination of this Lease, the District may remove any fixture, structure, or sign added by the District, but such removal shall be accomplished so as to leave the Facilities, except for ordinary wear and tear, in substantially the same condition as they were in before the fixture, structure, or sign was attached.

**Section 3.7. Installation of District Equipment.** The District and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Corporation nor the Trustee shall have any interest, and may be removed or modified by such part 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 Lease shall prevent the District 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 District 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) The aggregate principal amount of the Rental Payments to be paid by the District to the Corporation hereunder is \_\_\_\_\_ dollars (\$\_\_\_\_\_). The District shall pay rental payments, comprising principal and interest components, in 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 interest components of the Rental Payments shall be paid by the District as and constitute interest paid on the principal components of the Rental Payments.

(B) Extension of Lease Term. If the term of this 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 February 1 and ending on January 31. Rental Payment installments shall continue to be payable in installments on February 1 (principal and interest) and August 1 (interest) in each year, continuing to and including the date of termination of this Lease, in an aggregate amount equal to the amount of Rental Payments payable for the twelve-month period commencing February 1, 2035. Upon such extension of this 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 on February 1, 2036, 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 towards 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 the February 1 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.** All Rental 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, 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 Lease shall constitute the total rental for such rental period. The District 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 and the estimated value thereof, other obligations of the parties under this Lease, the uses and purposes that may be served by the Facilities, and the benefits therefrom that will accrue to the District and the general public.

**Section 4.4. No Offsets.** Notwithstanding any dispute between the Corporation and the District, the District 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 District 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 District, 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 Lease shall be deemed and construed to be a "net-net-net lease" and the District 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 District 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 days of the adoption of the budget, the District will furnish to the Trustee a Statement of the District certifying that such budget contains the necessary appropriation for all Rental Payments and Additional Payments. If requested in writing by either the Corporation or the Trustee, the District will furnish a copy of such budget.

The agreements and covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the agreements and covenants in this Lease agreed to be carried out and performed by the District.

**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, 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 District'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 District 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 Lease by virtue of any such damage or destruction.

**Section 4.8. Additional Payments.** (A) Amount. The District shall pay to the Corporation, its successor or assigns such amounts (herein called the "Additional Payments") in each year as shall be required by the Corporation:

(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 Lease or any assignment hereof, the Trust Agreement, and the lease of the Facilities to the District, 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 Valuation Replenishment; Policy Cost Payments: Amounts required to be paid to the Trustee for deposit in the Certificate Reserve Fund or paid to the Insurer as Policy Costs pursuant to the Trust Agreement, except that no payment is required to be made to replenish a deficiency in the Certificate Reserve Fund due to a draw thereon in the event Rental Payments are abated hereunder.

(3) Rebate Amounts: for deposit into the Rebate Fund as required under Section 6.8 (Rebate Fund) of the Trust Agreement, and

(4) Other Amounts: for the payment of any other amounts owed by the District to the Insurer hereunder or under the Trust Agreement.

(B) Billing. Such Additional Payments shall be billed to the District 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 District. Amounts so billed shall be paid by the District within fifteen (15) days after receipt of the bill by the District. The District shall pay Policy Cost payments either to the Trustee or directly to the Insurer in accordance with Section 6.6(I) (Funding and Application of Certificate Reserve Fund – Repayment of Draws Under the Surety Bond) of the Trust Agreement and without the need for the statement described herein.

**Section 4.9. Contributions/Advances.** Nothing contained in this Lease shall prevent the District 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 District 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 District may prepay, from any source of available funds, such part of the Rental Payments as specified by the District by depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to make such Rental Payments when due. The District agrees that, if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Any such redemption shall be applied by the Trustee to pay the principal and interest components of the Certificates and to prepay Certificates if such Certificates are subject to prepayment pursuant to the terms of the Trust Agreement. Exercise of the District's option to prepay all of the Rental Payments shall constitute the District'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 District 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 not be less than sixty (60) days from the date such notice is given, unless a shorter notice shall be satisfactory to the Corporation. The District 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 for 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 District 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 District 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 District to have such moneys and such Investment Securities applied to the payment of the Rental Payments).

In such event, if requested by the District, the Corporation shall (1) cause an accounting for such period or periods to be prepared and filed with the District, (2) prepare and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and (3) pay over to the District 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 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 District and the Corporation agree that the proceeds of the Certificates will be used to provide the money necessary to (a) establish the Escrow Fund to refund the District's obligations with respect to the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects), and (b) establish the Costs of Issuance Fund to pay the costs of issuing the Certificates and incidental and related expenses.

**Section 5.2. Corporation's Disclaimer of Warranties.** THE CORPORATION MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESSED 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 DISTRICT ACKNOWLEDGES THAT THE CORPORATION HAS NOT CONSTRUCTED THE FACILITIES AND IS NOT A REAL ESTATE BROKER, THAT THE DISTRICT LEASES THE FACILITIES AS-IS, ITS BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. 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 Lease or the existence, furnishing, functioning, or the District's use of the Facilities or any item or products or services provided for in this Lease.

## **ARTICLE 6 COVENANTS**

**Section 6.1. Quiet Enjoyment.** The Corporation hereby covenants to provide the District during the term of this Lease with quiet use and enjoyment of the Facilities and the District shall during the term of this Lease peaceably and quietly have, hold, and enjoy the Facilities without suit, trouble, or hindrance from the Corporation, so long as the District 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 District's rights or obligations under this Lease, and (c) for all other lawful purposes.

**Section 6.3. Maintenance of the Facilities by the District.** The District agrees that, at all times during the term of this Lease, the District will, at the District'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 District 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 Lease contemplate that the Facilities will be used for governmental purposes of the District 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 District 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 District will pay during the term of this 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 District 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 District shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect.

(B) Lease-Related Taxes Imposed on Corporation. The District 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 District 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 Lease, the Rental Payments, and other payments required hereunder or any parts thereof or interests of the District or the Corporation therein by any governmental authority.

(C) Utility Charges. The District 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 District may, at the District'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 unless the Corporation or the Trustee shall notify the District 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, in which event the District shall promptly pay such taxes, assessments, or charges or provide the Corporation with full security against any loss that may result from nonpayment, in form satisfactory to the Corporation.

**Section 6.5. Liens.** In the event the District shall at any time during the term of this 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 District shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or for the

District in, upon or about the 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 District shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so in good faith. If any such lien 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 District shall forthwith pay (or cause to be paid) and discharge such judgment. The District 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 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 District 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. In the event the District breaches this provision, the District hereby agrees to indemnify the Insurer for any injury or loss associated therewith.

(B) Notification. The District 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 District 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 District will permit the Corporation and the Trustee, its successors, assigns, agents, or any experts designated by the Corporation and the Trustee 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 District.** Neither this Lease nor any interest of the District hereunder shall be mortgaged, pledged, assigned, sublet, encumbered (except for Permitted Encumbrances), or transferred by the District by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation and the Insurer, 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 District hereunder. No such mortgage, pledge, assignment, sublease or

transfer shall in any event affect or reduce the obligation of the District to make the Rental Payments and Additional Payments required hereunder.

**Section 6.8. District Consent to Assignment by Corporation.** Certain of the Corporation's rights under this 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 District has consented to such assignment in the Trust Agreement. The District 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 Lease. The District further agrees it shall not have the right to terminate this 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 District or to any other party whomsoever for any death, injury, or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities.

The District 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, 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 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 District 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 Lease or the termination of the term of this Lease for any reason. The District 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 District 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 Lease.

**Section 6.11. Eminent Domain.** The District 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 District will not exercise the power of condemnation with respect to the Facilities. The District further stipulates 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 District should fail or refuse to abide by such covenant and condemns the Facilities, the value of the leased property 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.

**Section 6.12. Restrictions Relating to the Facilities.** So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, any sale, substitution, release, transfer, lease, assignment, mortgage, or encumbrance with respect to the Facilities shall be subject to the prior written consent of the Insurer.

## **ARTICLE 7 INSURANCE; EMINENT DOMAIN**

**Section 7.1. Fire and Extended Coverage Insurance.** (A) Coverage. The District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. 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 District.

(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 \$150,000.00) 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 District, 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 District, stating that the District 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 District, 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 2.6 (Temporary 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 District 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 District 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 District 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 District, to prepay all Outstanding Certificates if such use of such disaster aid is permitted.

(E) Alternative Risk Management. As an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, and with the prior written consent of the Insurer, the District 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 District.

**Section 7.2. Public Liability and Property Damage Insurance.** (A) Coverage. Except as hereinafter provided, the District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this 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 District.

(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 \$150,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the District.

(C) Alternative Risk Management. As an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, the District, 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 District.

**Section 7.3. Rental Abatement Insurance.** (A) Coverage. The District shall procure or cause to be procured from a reputable commercial insurer and maintain or cause to be maintained, throughout the term of this 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 any of the hazards covered by the insurance required by Section 7.1 (Fire and Extended Coverage Insurance) hereof. The policy shall specifically cite the Facilities.

(B) Amount. Such insurance shall be maintained in an amount sufficient to pay the Rental Payments hereunder during the two-year period in which the total of such Rental Payments is greatest.

(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 District any Rental

Payments theretofore paid by the District under this 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 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 District 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 District as part of or in conjunction with any other insurance maintained by the District.

(B) Self-Insurance. As an alternative to providing the insurance described in subsection (A) of this Section, the District may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the District to be legally self-insured against workers' compensation claims and may maintain that status; provided that the District shall employ an actuary to review the District's workers' compensation claims experience and project future claims exposure. The District covenants to budget the amounts and comply with the other actions recommended by the actuary. The District 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 District 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 title policy, 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 District agrees to deliver to the Trustee all proceeds received by the District pursuant to any policy of title insurance with respect to the Facilities under which the District is 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 required by Sections 7.1 (Fire and Extended Coverage Insurance), 7.2 (Public Liability and Property Damage Insurance), 7.3 (Rental Abatement Insurance), and 7.5 (Title Insurance) hereof shall name the Corporation and the Trustee as additional insureds. All policies of insurance required by Sections 7.1 (Fire and Extended Coverage Insurance), 7.3 (Rental Abatement Insurance), and 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, adjust, and receive all moneys that may become due and

payable under any such policies, may compromise any and all claims thereunder, and shall apply the proceeds of such insurance as provided in this Article. All policies of insurance required by this 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 District shall pay when due the premiums for all insurance policies required by this Lease, and shall promptly furnish evidence of such payments in the form of a certificate of insurance to the Trustee.

(D) Alternative Risk Management. So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the District shall not adopt an alternative risk management program for the risk of rental abatement or for the risks described in Sections 7.1 (Fire and Extended Coverage Insurance) and 7.2 (Public Liability and Property Damage Insurance), unless the Insurer approves such alternative risk management program in writing. Before any alternative risk management program permitted by this Article may be provided by the District, 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 District hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method. If the self-insurance program is discontinued, the District shall maintain the actuarial soundness of the self-insurance reserve fund.

(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. The District will deliver to the Corporation, the Insurer, and the Trustee in the month of August in each year a Statement of the District certifying that such policies satisfy the requirements of this Lease, setting forth the insurance policies then in force pursuant to this Article, the names of the insurers that have issued the policies, the amounts thereof, and the property and risks covered thereby. So long as any self-insurance method or plan is being used to satisfy the requirements of this Lease, the District 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 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 District shall also deliver to the Trustee

certificates or duplicate originals or certified copies of each insurance policy described in the District officer's certificate.

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

(H) Cooperation. The Corporation shall cooperate fully with the District 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 District shall fail to maintain the full insurance coverage required by this 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 District 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 District 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 District.

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 District, shall be taken under the power of eminent domain, the term of this 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 District 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 District at the time of such taking, then this 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 District to pay any Rental Payments payable hereunder when the same become due and payable, time being expressly declared to be of the essence of this Lease.

(B) Breach of Covenant. Failure of the District 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 District for a period of thirty (30) days after notice of the same has been given to the District by the Corporation, the Trustee, or the Insurer.

(C) Transfer of the District's Interest. Assignment or transfer of the District's interest in this 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 District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

(E) Abandonment of the Facilities. Abandonment by the District 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 Lease; provided that the Corporation shall take such actions at the direction, or with the prior consent, of the Insurer. Upon an Event of Default, the Corporation, in addition to all other rights and remedies it may have at law may, with the consent of the Insurer, and shall, at the direction of the Insurer, do any of the following:

(A) Termination of Lease.

(1) Notice of Termination; Re-entry. By written notice to the District, to terminate this 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 San Joaquin County, State of California. In the event of such termination, the District 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 District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the 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 Lease shall of itself operate to terminate this Lease. No termination of this Lease on account of default by the District 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 District of the election on the part of the Corporation to terminate this Lease. The District covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this 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 Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the District, regardless of whether or not the District has abandoned the Facilities, and/or (ii) to 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) District to Remain Liable. If the Corporation does not elect to terminate this Lease in the manner provided for in subsection (A) hereof, the District shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the District. If the Facilities are not re-let, the District agrees to pay the full amount of the rent to the end of the term of this Lease; if the Facilities are re-let, the District agrees to pay any deficiency in rent that results therefrom. The District 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 District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District 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 District 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 San Joaquin County, California, for the account of and at the expense of the District. The District 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 District agrees that the terms of this 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 Lease, and further agrees that no acts of the Corporation in attempting such re-letting shall constitute a surrender or termination of this 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 District the right to terminate this 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 District 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 District 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 District of the completion and installation of such additions or repairs or alterations.

The District 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 District, 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; District 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 District to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

(B) District 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 District. 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 District 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 Lease, the District 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 District 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 Lease be construed to waive or to lessen the right of the Corporation to insist upon performance by the District 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 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 District hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners as provided in the Trust Agreement.

**IN WITNESS WHEREOF**, the Corporation and the District have caused this Lease to be executed by their duly authorized officers, all as of the date first above written.

**STOCKTON UNIFIED SCHOOL DISTRICT  
FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**EXHIBIT A**

**FACILITIES**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

**EXHIBIT B****SCHEDULE OF PRINCIPAL AND INTEREST  
COMPONENTS OF RENTAL PAYMENTS**

Rental Payments are due on or before the 15<sup>th</sup> day of the month prior to the respective Payment Dates set forth below.

| <b><u>Principal Payment Date</u></b> | <b><u>Principal Amount</u></b> | <b><u>Interest Amount</u></b> | <b><u>Total</u></b> |
|--------------------------------------|--------------------------------|-------------------------------|---------------------|
| February 1, 2018                     |                                |                               |                     |
| August 1, 2018                       |                                |                               |                     |
| February 1, 2019                     |                                |                               |                     |
| August 1, 2019                       |                                |                               |                     |
| February 1, 2020                     |                                |                               |                     |
| August 1, 2020                       |                                |                               |                     |
| February 1, 2021                     |                                |                               |                     |
| August 1, 2021                       |                                |                               |                     |
| February 1, 2022                     |                                |                               |                     |
| August 1, 2022                       |                                |                               |                     |
| February 1, 2023                     |                                |                               |                     |
| August 1, 2023                       |                                |                               |                     |
| February 1, 2024                     |                                |                               |                     |
| August 1, 2024                       |                                |                               |                     |
| February 1, 2025                     |                                |                               |                     |
| August 1, 2025                       |                                |                               |                     |
| February 1, 2026                     |                                |                               |                     |
| August 1, 2026                       |                                |                               |                     |
| February 1, 2027                     |                                |                               |                     |
| August 1, 2027                       |                                |                               |                     |
| February 1, 2028                     |                                |                               |                     |
| August 1, 2028                       |                                |                               |                     |
| February 1, 2029                     |                                |                               |                     |
| August 1, 2029                       |                                |                               |                     |
| February 1, 2030                     |                                |                               |                     |
| August 1, 2030                       |                                |                               |                     |
| February 1, 2031                     |                                |                               |                     |
| August 1, 2031                       |                                |                               |                     |
| February 1, 2032                     |                                |                               |                     |
| August 1, 2032                       |                                |                               |                     |
| February 1, 2033                     |                                |                               |                     |
| August 1, 2033                       |                                |                               |                     |
| February 1, 2034                     |                                |                               |                     |
| August 1, 2034                       |                                |                               |                     |
| February 1, 2035                     |                                |                               |                     |
| August 1, 2035                       |                                |                               |                     |
| February 1, 2036                     |                                |                               |                     |

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**TRUST AGREEMENT**

**by and among**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee,**

**the STOCKTON UNIFIED SCHOOL DISTRICT**

**and the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

**\$ \_\_\_\_\_**

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## **TRUST AGREEMENT**

This Trust Agreement, dated as of \_\_\_\_\_ 1, 2017, is by and among U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, as trustee (the "Trustee"), the Stockton Unified School District, a school district duly established and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California (the "District"), and the Stockton Unified School District Facilities Finance Corporation, a nonprofit public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of California (the "Corporation").

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

**WHEREAS**, the Corporation and the District have entered into a lease entitled "Facilities Lease" and dated the date hereof (the "Facilities Lease");

**WHEREAS**, under the Facilities Lease, the District 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 Stockton Unified School District, San Joaquin County, California, 2017 Refunding 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 purpose of the issuance of the Certificates is to refund all Outstanding Stockton Unified School District 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the "2007 Certificates"), to acquire a security bond to satisfy the reserve requirements with respect to the Certificates, and to pay for costs of issuance of the Certificates, and thereby realize financial savings to the District;

**WHEREAS**, a portion of the proceeds of the Certificates will be deposited into irrevocable escrow funds which are sufficient to pay the redemption price of the Outstanding 2007 Certificates on \_\_\_\_\_, 2017;

**WHEREAS**, the District 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 District and the Corporation; and

**WHEREAS**, the District 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, premium (if any), 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 District 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.

**2007 Certificates** means the Stockton Unified School District 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) in the aggregate principal amount of \$45,050,000.

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

***Additional Certificates*** means the additional certificates executed by the Trustee pursuant to Section 10.7 (Additional Certificates) herein.

***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 redemption) 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 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 February 1 of each year with the first Bond Year beginning on the Closing Date and ending on February 1, 2018, 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 Fund*** means the Certificate Fund established pursuant to Section 6.2 (Pledge of Rental Payments; Certificate Fund).

**Certificate Obligation** means, as of any date with respect to any Outstanding Certificate, the principal amount of such Certificate.

**Certificate Register** has the meaning stated in Section 2.7 (Registration, Transfer, and Exchange).

**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 Stockton Unified School District, San Joaquin County, California, 2017 Refunding 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 \_\_\_\_\_, 2017, by the District, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

**Corporate Trust Office** or corporate trust office means the corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, California 94111, Attention: Corporate Trust Services, provided that for purposes of payment, redemption, transfer, exchange, surrender and cancellation of Certificates, such term means the corporate trust office in St. Paul, Minnesota, or such other or additional offices as may be designated by the Trustee.

**Corporation** means the Stockton Unified School District Facilities Finance Corporation, 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 Corporation or the District 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, surety bond providers and letter of credit banks, the Insurer, 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 3.3 (Establishment and Application of Costs of Issuance Fund).

***County*** means San Joaquin County.

***Defeasance Securities*** means the following:

1. Cash (insured at all times by the Federal Deposit Insurance Corporation),
2. Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

***District*** means the Stockton Unified School District, a school district duly organized and existing under the Constitution and laws of the State.

***Escrow Agent*** means U.S. Bank National Association.

***Escrow Fund*** means the Escrow Fund established pursuant to the Escrow Agreement dated as of \_\_\_\_\_ 1, 2017, by and between the District and the Escrow Agent, relating to the 2007 Certificates.

***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 District, dated as of \_\_\_\_\_ 1, 2017, wherein the Corporation leased the Facilities to the District, 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 District.

**Ground Lease** means that certain lease entitled “Ground Lease” by and between the District and the Corporation, dated as of \_\_\_\_\_ 1, 2017, 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 (the “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 bonds, or no such services, as the District may designate in a Request of the District 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 District, selected by the District.

**[Insurer** means \_\_\_\_\_, a \_\_\_\_\_ insurance company, or any successor thereto or assignee thereof.]

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

**Interest Payment Date** means February 1 and August 1 in each year, commencing February 1, 2018.

**Late Payment Rate** means the lesser of: (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank) plus 3% and (ii) the then applicable highest rate of interest on the Certificates; and (b) the maximum rate permissible under the applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JP Morgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

**Mandatory Sinking Account Payment** means, with respect to Certificates of any maturity, the amount required by this Trust Agreement or a Supplemental Trust Agreement

hereto to be deposited by the District 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.

**Net Proceeds** means any insurance proceeds or condemnation award, paid with respect to the Facilities, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

**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 District.

**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, including those Certificates with respect to which all liabilities have been discharged by Insurer, 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 District 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.

**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 District 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 District 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.



***Permitted Investments***<sup>1</sup> means the following:

A. The following obligations for all purposes, including defeasance investments in refunding escrow accounts.

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation;
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

B. The following obligations for all purposes other than defeasance investments in refunding escrow accounts.

- (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHA's)
  - Federal Housing Administration
  - Federal Financing Bank;

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<sup>1</sup> Any requirement that an Investment Security be rated by Standard & Poor's, Moody's, or Fitch only applies if such rating agency is then rating the Certificates.

To the extent that any of the requirements concerning Investment Securities embodies a legal conclusion (e.g., that a security interest is perfected), the Trustee shall be entitled to conclusively rely upon a certification from the appropriate party or an opinion from counsel to such party, in form and content satisfactory to the Trustee, that such requirement has been met, in accordance with Section 9.4 (Certain Rights of Trustee; Liability of Trustee).

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Insurer;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase;

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and maturing no more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services;

(6) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal

Obligations meeting the requirements of subsection (B) hereof may be used as Investment Securities for annual appropriation lease transactions.

(7) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of at least "A2/A" or higher by both Moody's and S&P.

(8) Investment agreements approved in writing by the Insurer, supported by appropriate opinions of counsel;

(9) The Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code to the extent held in the name and to the credit of the Trustee.

(10) Other forms of investments (including repurchase agreements) approved in writing by the Insurer.

C. The value of the above investments shall be determined as follows:

a) For purposes of determining the amount in any fund, all Investment Securities credited to such funds shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets, Inc., Bear Stearns, or Lehman Brothers.

b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest; and

c) As to any investment not specified above: the value thereof established by prior agreement between the District, the Trustee and the Insurer.

**Person** means 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.

**[Policy** means the financial guaranty insurance policy issued by the Insurer insuring the payment when due of the principal and interest with respect to the Certificates as provided therein.]

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

**Principal Payment Date** means February 1 in each year, commencing February 1, 2018.

**Rating Agency** means 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 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 District pursuant to the provisions of the Facilities Lease.

***Reserve Facility*** means any letter of credit, insurance policy, surety bond or other credit source, including the Surety Bond, 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 vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee 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.

***Securities Depositories*** means the following: The Depository Trust Company, 55 Water Street, New York, NY 10041 tel: (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 District may designate in a Request of the District delivered to the Trustee.

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

***Series***, when used with respect to the Certificates, mean all the Certificates designated as being of the same series, executed and delivered in a simultaneous transaction, and any Certificates thereafter executed and delivered upon a transfer or exchange or in lieu of or in substitution for such Certificates as herein 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.

***S&P or Standard & Poor's*** means Standard & Poor's 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" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

***State*** means the State of California.

***Statement, Certificate, Request, Requisition, and Order of the District*** mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the District by the Superintendent, and/or Chief Business Official of the Stockton Unified School District, and/or the President, Vice President, and/or clerk of the Governing Board, or designee, or any other person authorized by the District 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.

***Surety Bond*** means the surety bond issued by the Insurer guaranteeing certain payments into the Certificate Reserve Fund with respect to the Certificates, as provided therein and subject to the limitations set forth therein.

***Term Certificates*** mean 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.

***Treasurer-Tax Collector*** means the Treasurer-Tax Collector of the County of San Joaquin, California.

***Trust Agreement*** means this trust agreement, dated as of \_\_\_\_\_ 1, 2017, by and among the Trustee, the Corporation, and the District, 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 U.S. Bank National Association, 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 District, 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 District 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 District 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 District in accordance therewith or reliance thereon.

**Section 1.4. Notices, etc., to the District, Corporation, and Trustee.** All written notices to be given hereunder shall be given by first-class mail 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:

|                    |  |
|--------------------|--|
| If to the Trustee: | U.S. Bank National Association<br>One California Street, Suite 1000<br>San Francisco, CA 94111<br>Telephone: (415) 677-3599<br>Facsimile: (415) 677-3768<br>Attention: Global Corporate Trust Services |
|--------------------|--|

|                     |  |
|---------------------|--|
| If to the District: | Stockton Unified School District<br>701 North Madison Street<br>Stockton, CA 95202<br>Telephone: (209) 933-7000<br>Facsimile: (209) 933-7071 |
|---------------------|--|

Attention: Chief Business Official

If to the Corporation: Stockton Unified School District Facilities Finance  
Corporation  
701 North Madison Street  
Stockton, CA 95202  
Telephone: (209) 933-7000  
Facsimile: (209) 933-7071  
Attention: President

If to the Insurer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section 1.5. Notices to Owners; Waiver.** Where this Trust Agreement provides for publication of 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 Certificate Register, 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 District 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 District 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 District) upon a certificate or opinion of or representation by an officer of the District, 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 District, 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 District, 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 District, 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 District.

**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 District, the Corporation, the Trustee, the Insurer, 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 District, the Trustee, the Insurer, 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 District, 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 District or the Trustee from the performance of any official duty provided by law or by this Trust Agreement.

**Section 1.12. Separability 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 District, 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 District hereby authorizes the Trustee to execute and deliver the Certificates representing an aggregate amount of principal components of Rental Payments of \$\_\_\_\_\_. The title of the Certificates shall be "Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation."

**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 issued as current interest Certificates, delivered in fully registered form, in Authorized Denominations, 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 Trustee.

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

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

| <b><u>Maturity Date</u></b><br><b><u>(February 1)</u></b> | <b><u>Principal</u></b><br><b><u>Amount</u></b> | <b><u>Interest</u></b><br><b><u>Rate</u></b> | <b><u>CUSIP</u></b> |
|---|---|--|---------------------|
| 2018  |   |  |                     |
| 2019  |   |  |                     |
| 2020  |   |  |                     |
| 2021  |   |  |                     |
| 2022  |   |  |                     |
| 2023  |   |  |                     |
| 2024  |   |  |                     |
| 2025  |   |  |                     |
| 2026  |   |  |                     |
| 2027  |   |  |                     |
| 2028  |   |  |                     |
| 2029  |   |  |                     |
| 2030  |   |  |                     |
| 2031  |   |  |                     |
| 2032  |   |  |                     |
| 2033  |   |  |                     |
| 2034  |   |  |                     |
| 2035  |   |  |                     |
| 2036  |   |  |                     |

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 depository. Interest represented by the Certificates shall be payable on February 1, 2018, and thereafter semiannually on February 1 and August 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 District 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 District that it is in the best interests of the District 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 subsection 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 District to the Trustee, a single new Certificate shall be executed and delivered, 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 District. In the case of any transfer pursuant to clause (3) of subsection 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 District 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 District, subject to the limitations of Section 2.7 (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 District.

(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 District 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 District; and the District 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 District 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 District 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 District 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 or in part (pro rata among maturities and at random within a maturity) on any date, from prepaid Rental Payments made by the District from funds received by the District 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 redemption 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 Certificates. The Certificates maturing on or after February 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity) on any date, on or after February 1, 2027, at the redemption price of par (computed upon the principal represented by the Certificates called for redemption), plus accrued interest to the date fixed for redemption, without premium.

(D) Mandatory Redemption. The Certificates which are also Term Certificates that mature on February 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

| <b>Mandatory<br/>Redemption Dates<br/>(February 1)</b> | <b><u>Principal<br/>Amount</u></b> |
|--|------------------------------------|
| 20__   |                                    |
| 20__   |                                    |
| 20__ *   |                                    |

\* Final Maturity

**Section 2.6. Temporary Certificates.** Pending the preparation of definitive Certificates, upon the District's request, the Trustee shall execute and deliver temporary Certificates that are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, in registered form, and containing such references to any of the provisions of this Trust Agreement as the officers of the District may determine. A temporary Certificate may be in the form of a single Certificate payable in installments, each on the date, in the amount and at the rate of interest established for the Certificates maturing on such date.

If the Trustee delivers temporary Certificates, the District will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the Corporate Trust Office, without charge to the Owner. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute and deliver in exchange therefor an equal aggregate principal amount of definitive Certificates of authorized denominations of the same, tenor, and maturity or maturities. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates executed and delivered hereunder.

**Section 2.7. Registration, Transfer, and Exchange.** The Trustee will keep or cause to be kept, at its Corporate Trust Office, a register (herein sometimes referred to as the "Certificate Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of Certificates. The Certificate Register shall at all times be open to inspection during normal business hours by the District.

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 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 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 2.11 (Cancellation).

All Certificates delivered upon any transfer or exchange of Certificates shall be the valid obligations of the District, 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.

**Section 2.8. Mutilated, Destroyed, Lost, or Stolen Certificates.** If (i) any mutilated Certificate is surrendered to the Trustee, or the District 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 District 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 District 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 District, 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 District 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 2.9. 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 2.10. Persons Deemed Owners.** The District 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 District. The ownership of Certificates shall be proved by the Certificate Register. 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 2.11. 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 District shall deliver to the Trustee for cancellation any Certificates acquired in any manner by the District, 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 (in the presence of an officer of the District, if the District shall so require).

**Section 2.12. Validity of Certificates.** The District 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.**

(A) **Application of Proceeds by the Trustee.** The proceeds of the sale of the Certificates that are received by the Trustee (excluding the portion of the proceeds used to pay the premium for the Policy (in the amount of \$\_\_\_\_\_) and the Surety Bond (in the amount of \$\_\_\_\_\_) having been paid directly to the Insurer by the Underwriter on behalf of the District) shall be deposited with the Trustee and shall be held in trust and set aside or paid by the Trustee as follows:



(1) The Trustee shall transfer to the Escrow Agent for deposit in the Escrow Fund \$\_\_\_\_\_ to refund the 2007 Certificates pursuant to the terms of the Escrow Agreement; and

(2) The Trustee shall deposit in the Costs of Issuance Fund (referred to in Section 3.2 (Establishment and Application of Costs of Issuance Fund)) \$\_\_\_\_\_.

(B) Temporary Funds or Accounts. The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate the transfers set forth in subsection A, above.

**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. Any amounts remaining in the Costs of Issuance Fund sixty (60) days following the Closing Date shall be transferred to the Principal Fund and the Trustee shall close the Costs of Issuance 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 District of less than all the Outstanding Certificates (other than for a sinking fund redemption), the District shall, at least sixty (60) 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.** If less than all the Outstanding Certificates of any maturity are to be redeemed, prior to the redemption date 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, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair. For purposes of selection, each \$5,000 of Certificates shall be deemed to be a separate Certificate.

The Trustee shall promptly notify the District 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) by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to the respective Owners of any Certificates designated for redemption at their addresses appearing on the Certificate Register. If the Certificates are not registered to a Securities Depositories, the Trustee shall also give notice of redemption of the Certificates to the Securities Depositories and the Information Service (at the same time it mails notice of redemption to the Owners) by registered or overnight mail.

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 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 District 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 District nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Securities Depositories 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. 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. Deposit of Redemption Price.** Prior to any date for mailing funds for redemption, the District 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 4.6. 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 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 of Section 2.9 (Interest Rights Preserved).

**Section 4.7. 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 District, 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 or an escrow agent in an irrevocable escrow, at or before maturity, money or 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 Certificates to the Trustee for cancellation.

(B) Consequence of Payment of Certificates. If the District shall pay all Certificates that are Outstanding and also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District, evidenced by a Statement of the District filed with the Trustee signifying the intention of the District 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 District 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 2.7 (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 District 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 District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District 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 District 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 2.7 (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 or an escrow agent in an irrevocable escrow, 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 District 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 District and the District 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 2.7 (Registration, Transfer, and Exchange).

The District may at any time surrender to the Trustee for cancellation by it any Certificates previously executed and delivered, which the District 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 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 to the redemption date and any redemption premium thereon; 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 to the redemption date, as the case may be, represented by (and any redemption premium on) 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 provision 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 District) 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 premium on) any Certificates and remaining unclaimed for two 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 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 District, be repaid to the District 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 District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owners of any Certificates remaining unpaid at the addresses shown on the Certificate Register 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 District 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, acceleration, 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 (other than the District) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the District 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 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 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 in the Ground Lease.

(B) Actions of Trustee. Subject to the provisions of Article 9 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. 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. Investment income on amounts held by the Trustee hereunder (other than amounts held in the Rebate Fund or for which particular instructions are provided in a Supplemental Trust Agreement) shall also be deposited in the Certificate Fund. 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).

**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 February 1, 2018, 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 February 1, 2018, 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 Serial Certificates, plus the aggregate amount of the Mandatory Sinking Account Payments to be paid on such date into the respective Sinking Account 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 District 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 and interest accrued of Certificates to be redeemed.

(B) Any moneys remaining in the Certificate Fund after the transfers described in (1), (2) and (3) of Subsection (A), above, shall be transferred to the District on February 2 of each year. The District may use and apply such moneys when received by it for any lawful purpose of the District, 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 they shall become due and payable (including accrued interest represented by any Certificates purchased or redeemed 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, except that all amounts in the Sinking Account shall be used and withdrawn by the Trustee solely to purchase or redeem or pay Certificates at maturity, 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 District, 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 District, 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 District 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 District to be used for any lawful purpose.

All Certificates purchased from a Sinking Account or deposited by the District with the Trustee in a twelve-month period ending February 1, 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 may be specified in a Request of the District. 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 may be specified in a Request of the District.

**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 the Surety Bond, which shall be in the amount of the Certificate Reserve Requirement.

(B) Substitution of Cash. Provided that there are no outstanding and unpaid Policy costs, the District may at any time substitute cash for all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy the Certificate Reserve Requirement.

(C) 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 (together with any other moneys available therefor) for the payment or redemption of all Certificates then Outstanding, or 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 Permitted Investments 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 interest represented by the Certificates when due.

(2) Repayment of Amounts Recovered as Preferences in Bankruptcy. In the event that the Trustee has notice that any payment of principal or interest represented by a Certificate has been recovered from a Certificateowner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable

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 Permitted Investments 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 Permitted Investments 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. If a drawing is made on a Reserve Facility, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the District following such draw first to make the payments required by the terms of the 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, acceptable to the Insurer, that satisfied 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. After such reinstatement, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the District for the replenishment of the portion of Certificate Reserve Fund held in cash or Permitted Investments.

(D) 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 first payment of Rental Payments thereafter received from the District under the Facilities Lease and not needed to pay the principal or interest evidenced by the Certificates on the next Interest Payment Date or Principal Payment Date, 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 Permitted Investments 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 District 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 – Amount -- Certificate Reserve Fund Valuation Replenishment; Policy Cost Payments) 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.

(E) Letter of Credit.

(1) Provided that there are no outstanding and unpaid Policy costs, in lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (D) (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 District), the District may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's, in an amount, together with moneys, Permitted Investments, 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. In addition, the letter of credit must be acceptable to the Insurer. If a drawing is made on the letter of credit, the District 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 year of the date of such drawing.

(2) At least one year prior to the stated expiration of such letter of credit, the District shall either (i) deliver a replacement letter of credit acceptable to the Insurer, (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 (F) (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 District. If the District shall fail to deposit a replacement letter of credit, extended letter of credit, or other Reserve Facility with the Trustee, the District 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.

(F) Insurance Policy or Surety Bond. Provided that there are no outstanding and unpaid Policy costs, in lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (D) (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 District), the District may also deliver to the Trustee an insurance policy or surety bond securing an amount, together with moneys, Permitted Investments 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 in one of the two highest Rating Categories of Moody's and 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 addition, the insurance policy or surety bond must be acceptable to the Insurer. In the event that such insurance policy or surety bond for any reason lapses or expires, the District shall immediately implement (i) or (iii) of the preceding paragraph or make the required deposits to the Certificate Reserve Fund.

(G) Transfer of Excess Amounts. Any amounts in the Certificate Reserve Fund in excess of the Certificate Reserve Requirement (as calculated by the District and confirmed in writing to the Trustee) shall be transferred by the Trustee to the Certificate Fund on the last Business Day of February of each year; provided that such amounts shall be transferred only from the portion of the Certificate Reserve Fund held in the form of cash or Permitted Investments and further provided that the District is not then in default hereunder.

**Section 6.7. Application of Redemption Fund.** The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the District with the Trustee for the purpose of redeeming Certificates shall, unless otherwise directed by the District, 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 District, 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 District, 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 District.

**Section 6.8. Rebate Fund.** The Trustee shall establish 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 District. 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 District, including to supply all necessary information in the manner specified in the Tax Certificate. In the absence of written instructions from the District, 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 District 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 District, solely in Permitted Investments. All Permitted Investments shall, as directed by the District in writing or by telephone, promptly confirmed 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 District 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 District 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 Permitted Investments described in clause B(5) of the definition thereof and the Trustee shall thereupon immediately request investment instructions from the District for such moneys.

Moneys in the Certificate Reserve Fund shall be invested in Permitted Investments 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 Permitted Investments 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, other than the Rebate Fund, shall be transferred to the Certificate Fund when received. All interest, profits, and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as otherwise directed by the District in accordance with Section 6.8 (Rebate Fund). Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

All Permitted Investments credited to the Certificate Reserve Fund shall be valued as of the last Business Day of February and August of each year (or the next preceding Business Day if such day is not a Business Day) at their market value determined, to the extent practical by reference to any pricing service selected by the Trustee, including services included in its computer system.

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 District 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 District, may impose its customary charge therefor. The Trustee may sell at the best price reasonably obtainable, or present for redemption, any Permitted Investments 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 District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law.

**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 DISTRICT AND THE CORPORATION**

**Section 7.1. Power to Execute Trust Agreement.** The District 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 District in accordance with their terms.

**Section 7.2. Limitations on Liens on the Rental Payments.** The District 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 District 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 District 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 District and the Trustee, as assignee of the Corporation, will not alter, amend, or modify the Ground Lease or the Facilities Lease unless (i) 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 (ii) 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 District and the Trustee, as assignee of the Corporation, without such Opinion or consent, 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 of property in accordance with Section 3.4 (Substitution) 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 District 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 District thereunder to exceed the fair rental value of the Facilities, as set forth in a Statement of the District filed with the Trustee, (ii) the District 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, (iii) 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; and (iv) the District shall cause to be delivered to the Trustee an Opinion of Bond Counsel to the effect that such alteration, amendment or modification of the Ground Lease or Facilities Lease is authorized or permitted under this Section 7.4 and will not materially adversely affect the interests of the Holders.

**Section 7.5. Extension of Time for Payment of Certificates.** The District 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 and in case 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 District 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 District 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 District 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 District to the extent permitted by law.

**Section 7.8. Federal Income Tax Covenants.** The District 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 District 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 District 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 District will furnish the Trustee, no later than two hundred ninety (290) days after the end of each Fiscal Year, the financial statements of the District for such 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, and (2) a Statement of the District 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 District to cure such default. The Trustee shall have no responsibility to review any financial information provided pursuant to this Section.

**Section 7.10. Further Assurances.** The District 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 District 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 when and as the same shall become due and payable;

(B) Breach of Covenant. Default by the District 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 District by the Trustee; except that, if such failure can be remedied but not within such thirty (30) day period and if the District 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 District shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time ("grace period") established by the Trustee; provided, however, Insurer's prior written consent is required if the Policy is in effect and said grace period is extended for more than sixty (60) days; 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 District 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 District 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 District, 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 District 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 District or any director, member, officer

or employee thereof, and to compel the Corporation or the District 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 District and any directors, members, officers and employees thereof to account as the trustee of an express trust.

**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.

**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 District, 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 District, 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.** Subject to Article 11, 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.

## **ARTICLE 9 THE TRUSTEE**

**Section 9.1. Appointment of Trustee.** U.S. Bank National Association, 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 procedural 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 procedural requirements of the Trust Agreement.

(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 Insurer or 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 adequate indemnity 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).

(E) Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Owners as if there were no Policy.

**Section 9.3. Notice of Defaults.** Within forty-five (45) days after the occurrence of any default hereunder, the Trustee shall transmit by mail to all Owners of Certificates as their names and addresses appear on the Certificate Register notice of such default hereunder of which 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 District mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the District;

(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 District, 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 District, 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 District, 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, but the Trustee shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney-in-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 an 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 Trustee makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

**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 District, 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 District of any moneys transferred to or pursuant to any Requisition or Request of the District in accordance with the terms and conditions hereof;

(2) the application and handling by the District of any fund or account designated to be held by the District hereunder;

(3) any error or omission by the District 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 District in connection with the requirements of the Tax Certificate;

(4) the construction, operation, or maintenance of any project or facilities by the District.

**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 District, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the District and make disbursements for the District 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 District 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 be attributable to the Trustee's negligence or willful misconduct; and

(C) to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense 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, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, the Facilities Lease, and any other related documents.

The rights of the Trustee and the obligations of the District under this Section shall survive the discharge of the Certificates and this Trust Agreement.

**Section 9.8. Corporate Trustee Required; Eligibility.** There shall at all times be a Trustee hereunder, which shall be a trust company or bank in good standing located 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 and acceptable to Insurer. If such bank 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 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 District and by giving the Owners notice of such resignation by mail at the addresses shown on the Certificate Register. 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 District may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) The District 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 District 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 District, 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; or



(3) at the request of the Insurer for any breach of this Trust Agreement.

(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 District shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the District and accepted appointment in the manner hereinafter provided within thirty (30) days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument or instruments signed by the Holders 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 Assistant Superintendent or his designee, of the District in trust for the benefit of the Owners.

(H) The District 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 Certificate Register. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office. If the District 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 District.

**Section 9.10. Acceptance of Appointment by Successor.** Any successor Trustee appointed under this Trust Agreement shall execute and deliver to the District 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 District or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, 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 District 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 District.

**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 and shall be subject at all reasonable times to the inspection of the District and any Owner, and their agents and representatives duly authorized in writing, upon reasonable notice, at reasonable times and under reasonable conditions.

**Section 9.13. Notice to Insurer.** The Trustee shall notify Insurer of any failure of the District to provide relevant notices or certificates as required by this Trust Agreement.

## **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 District, the Trustee, and 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 District, 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 District 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 District;

(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 District may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Certificates;

(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;

(D) Redemption Notification: to modify or supplement the procedures for giving notice of redemption 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.

**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 District, 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 District, the Corporation, and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of Certificate Obligation of the Certificates then Outstanding, which consent 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 District 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 District, 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 or letters 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 extend the time of payment 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

redemption 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 District 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 Certificate Register. 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 entitled to receive, 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. 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 District, 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 Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee 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 District and the Trustee, 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.

**Section 10.7. Additional Certificates.** Subsequent to the execution and delivery by the Trustee of the Certificates, the Trustee shall, upon written request or requests of the District, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Certificates:

(A) The parties to this Trust Agreement shall have executed a Supplemental Trust Agreement setting forth the terms and provisions of such Additional Certificates, including the establishment of such funds and accounts, separate and apart from the funds and accounts established hereunder for the Certificates executed and delivered on the Closing Date, as shall be necessary or appropriate, which Supplemental Trust Agreement shall require that prior to the delivery of such Additional Certificates, the Certificate Reserve Requirement with respect to such Additional Certificates shall be on deposit in the Certificate Reserve Fund established hereunder or in a reserve fund established under such Supplemental Trust Agreement;

(B) The principal and interest payable with respect to such Additional Certificates and any premium payable upon redemption of such Additional Certificates shall be payable only on such Principal Payment Dates and Interest Payment Dates applicable to the Certificates;

(C) The Facilities Lease shall have been amended by the parties thereto if necessary to (i) increase or adjust the Rental Payments due and payable on each Rental Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including all Additional Certificates as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then in the Certificate Reserve Fund or otherwise on deposit with the Trustee in accordance with this Trust Agreement), (ii) if appropriate, amend the definition of "Facilities" to include as part of the Facilities all or any portion of additions, betterments, extensions, improvements or replacements, or such other real or personal property (whether or not located upon the Facilities as such Facilities are constituted as of the date of this Trust Agreement), to be financed, acquired or constructed by the preparation, execution and delivery of such Additional Certificates; and (iii) make such other revisions to the Facilities Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of this Trust Agreement);

(D) There shall have been delivered to the Trustee a counterpart of the amendments required by subsection 10.7(C) hereof;

(E) The Trustee shall have received a certificate of the Corporation that there exists on the part of the Corporation no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);

(F) The Trustee shall have received a certificate of the District that (i) there exists on the part of the District no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default), and (ii) the Rental Payments as increased or adjusted do not exceed in any year the fair rental value of the Facilities (as such term is defined in the amended Lease);

(G) The Trustee shall have received an opinion of Special Counsel substantially to the effect that (i) said Supplemental Trust Agreement and said amendments to the Facilities Lease comply in all respects with the requirements of this Section; (ii) said Supplemental Trust Agreement and said amendments to the Facilities Lease have been duly authorized, executed and delivered by each of the respective parties thereto (provided that said opinion of Special Counsel, in rendering the opinions set forth in this clause (ii), shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said Supplemental Trust Agreement or said amendments to the Facilities Lease); (iii) assuming that no Event of Default has occurred and is continuing, this Trust Agreement, as amended by said Supplemental Trust Agreement, and the Facilities Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the respective parties thereto, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding); and (iv) the execution of such Supplemental Trust Agreement and said amendments to the Facilities Lease, and performance by the parties thereunder, will not result in the inclusion of the interest portion of any Rental Payments payable with respect to any Certificates, including Additional Certificates, theretofore prepared, executed and delivered, in the gross income of the Owners of the Certificates for purposes of federal income taxation;

(H) The District shall have provided the Insurer and any Rating Agency then rating the Certificates, written notice of the proposed execution and delivery of such Additional Certificates and shall have received prior written consent of the Insurer with respect to such Additional Certificates; provided that any Additional Certificates being delivered to refund any outstanding Certificates shall not require the prior written consent of the Insurer if the aggregate maximum annual debt service with respect to the Certificates and the Additional Certificates during any remaining year that the Certificates will be outstanding does not exceed maximum annual debt service with respect to the Certificates prior to such refunding;

(I) There shall have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under Section 7.5 (Title Insurance) of the Facilities Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the

Certificates and Additional Certificates outstanding upon the execution and delivery of such Additional Certificates;

(J) Upon the execution and delivery of such Additional Certificates, the amount on deposit in the Certificate Reserve Fund, together with the amount available under the Surety Bond and all Reserve Facilities, shall be equal to the Certificate Reserve Requirement, taking into account the execution of the Additional Certificates; and

(K) Such other conditions shall have been satisfied, and such other instruments shall have been duly executed and delivered to the Trustee (with a copy to Standard & Poor's), as the District or the Corporation shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall cause to be executed and delivered Additional Certificates representing the aggregate principal amount specified in such Supplemental Trust Agreement, and such Additional Certificates shall be equally and ratably secured with all Certificates, including any Additional Certificates, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, redemption or sinking fund payment (if any)) of any one Certificate, including Additional Certificates, over any other; provided, however, that no provision of this Trust Agreement shall require the District to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the District to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the District.

## [ARTICLE 11 FINANCIAL GUARANTY INSURANCE AND SURETY BOND

**Section 11.1 Consent of the Insurer.** So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the following provisions shall be in effect:

(A) Control of Remedies. Any provision of this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners hereunder; and the Insurer shall also be entitled to approve all waivers of Events of Default concerning the Certificates.

(B) Amendments and Supplements. The Insurer's consent (which consent shall not be unreasonably withheld) shall be required (in lieu of the consent of the Owners when required) for the execution and delivery of any Supplemental Trust Agreement pursuant to Section 10.2 (Supplemental Trust Agreements with Consent of Owners or Credit Enhancers) or any amendment, supplement or changes to or modification of the Facilities Lease. The District shall notify the Insurer in writing before executing any such Supplemental Trust Agreement or amendment to the Facilities Lease. Insurer reserves the right to charge the District a fee for any consent or amendment to this Trust Agreement while the Policy is in effect.

(C) Reorganization or Liquidation. Any provision of this Trust Agreement to the contrary notwithstanding, in the event of institution of any proceeding under the United States

Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any legal proceeding for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent, to the extent such proceeding includes a reorganization or liquidation plan, such reorganization or liquidation plan must be acceptable to the Insurer, and Insurer shall have the right to vote on behalf of all Owners who hold Insurer-Insured Certificates absent a default by the Insurer under the Policy.

(D) Substitution of Trustee. The Insurer's written approval (which approval shall not be unreasonably withheld) shall be required in lieu of the consent of the Owners when required for any substitution of Trustee pursuant to Section 9.9 (Removal and Resignation; Appointment of Successor).

(E) Subleases. The Insurer's consent (which consent shall not be unreasonably withheld) shall be required for any sublease entered into by the District or the Corporation under the Facilities Lease or the Ground Lease subsequent to the Closing Date. In such lease/sublease transaction, the term of the sublease shall match that of the lease.

(F) Rights of the Insurer. Any provision of this Trust Agreement expressly recognizing or granting rights in or to Insurer may not be amended in any manner which affects the rights of Insurer hereunder without the prior written consent of Insurer,

(G) Other Actions. The Insurer's consent (which consent shall not be unreasonably withheld) shall be required for the initiation or approval of any action not described in this Section which requires consent by the Owners.

## **Section 11.2 Delivery of Notices and Documents.**

(A) Notices and Documents Delivered by the District. While the Policy or the Surety Bond is in effect, the District shall furnish to the Insurer (Attention: Surveillance Department):

(1) Notices Given to Owners and Trustee. any notice that is required to be given to an Owner or to the Trustee, including, without limitation notice of redemption of or defeasance of Certificates, and any certificates rendered pursuant to this Trust Agreement relating to the security for the Certificates;

(2) Financial Statements and Budget. as soon as practicable after the approval thereof by the District, a copy of the District's audited financial statements and its annual budget;

(3) Insurance Certificates and Policy. in the month of August each year, certification that the insurance policies required by Sections 7.1 and 7.3 of the Facilities Lease are in full force and effect, and will provide Insurer with copies of such policies upon its request;

(4) Change in Trustee. prior written notice of the resignation or removal of the Trustee and the appointment of a successor thereto;



(5) Continuing Disclosure Certificate. to the extent that the District has entered into a Continuing Disclosure Certificate with respect to the Certificates, Insurer shall be included as a party to be notified; and

(6) Other Information. such additional information it may reasonably request.

(B) Notices and Documents Delivered by the Trustee. While the Policy or the Surety Bond is in effect, the Trustee shall furnish to the Insurer (Attention: General Counsel Office):

(1) Failure to Provide Notices. any failure by the District to provide relevant notices, certificates, etc., as required by this Trust Agreement; and

(2) Insufficient Funds. notwithstanding any other provision of this Trust Agreement or the Lease, immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under the terms of this Trust Agreement or any payment default under any related security agreement.

(C) Mailing Address. All notices required to be given to the Insurer under this Trust Agreement shall be in writing and shall be sent by registered or certified mail addressed to Ambac Assurance Corporation, One State Street Plaza, New York, NY 10004.

(D) Documents Delivered to Standard & Poor's. While the Policy or the Surety Bond is in effect, copies of any amendments made to the documents executed in connection with the execution and delivery of the Certificates that are consented to by the Insurer shall be sent to Standard & Poor's.

(E) Access to District Information; Accounting. The District will permit the Insurer to discuss the affairs, finances and accounts of the District or any other information that the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the District. The District will permit the Insurer to have access to and to make copies of those books and records that relate to the Certificates at any reasonable time. The Insurer shall have the right to direct an accounting at the District's expense, and the District's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered Owner of the Obligations.

### **Section 11.3 Payments and Reimbursement Under the Policy.**

(A) As long as the Policy shall be in full force and effect, the District and the Trustee agree to comply with the following provisions:

(1) At least one (1) business day prior to all Interest Payment Dates the Trustee will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Certificates on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the

Trustee shall so notify Insurer. Such notice shall specify the amount of the anticipated deficiency, the Certificates to which such deficiency is applicable, and whether such Certificates will be deficient as to principal or interest, or both. If the Trustee has not so notified Insurer at least one (1) business day prior to an Interest Payment Date, Insurer will make payments of principal or interest due on the Certificates on or before the first business day next following the date on which Insurer shall have received notice of nonpayment from the Trustee.

(2) The Trustee shall, after giving notice to Insurer as provided in (1) above, make available to Insurer and, at Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the District maintained by the Trustee and all records relating to the funds and accounts maintained under this Trust Agreement.

(3) The Trustee shall provide Insurer and the Insurance Trustee with a list of the Owners of Certificates entitled to receive principal or interest payments from Insurer under the terms of the Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of Certificates entitled to receive full or partial interest payments from Insurer, and (ii) to pay principal upon Certificates surrendered to the Insurance Trustee by the Owners of Certificates entitled to receive full or partial principal payments from Insurer.

(4) The Trustee shall, at the time it provides notice to Insurer pursuant to (1) above, notify Owners of Certificates entitled to receive the payment of principal or interest thereon from Insurer (i) as to the fact of such entitlement, (ii) that Insurer will remit to them all or a part of the interest payments next coming due upon proof of Certificateholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Insurer, they must surrender their Certificates (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Certificates to be registered in the name of Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from Insurer, they must surrender their Certificates for payment thereon first to the Trustee, who shall note on such Certificates the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Trustee has notice that any payment of principal or of interest on a Certificate which has become due for payment and which is made to a Certificateowner by or on behalf of the District had been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time Insurer is notified pursuant to (1) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from Insurer to the extent of such recovery if

sufficient funds are not otherwise available, and the Trustee shall furnish to Insurer its records evidencing the payments of principal of and interest on the Certificates which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

(6) In addition to those rights granted Insurer under this Trust Agreement, Insurer shall, to the extent it makes payment of principal of or interest on Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note Insurer's rights as subrogee on the registration books of the District maintained by the Trustee upon receipt from Insurer of proof of the payment of interest thereon to the Owners of the Certificates, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note Insurer's rights as subrogee on the registration books of the District maintained by the Trustee upon surrender of the Certificates by the Owners thereof together with proof of the payment of principal thereof.

(B) The District covenants and agrees that it shall reimburse the Insurer for any amounts paid under the Policy and all costs of collection thereof and enforcement of this Trust Agreement and any other documents executed in connection with this Trust Agreement, together with interest thereon, from the date paid or incurred by the Insurer until payment thereof in full by the District, payable at the Insurer Payment Rate (as hereinafter defined), including without limitation (to the extent permitted by applicable law) interest on claims paid by the Insurer in respect of interest on the Obligations. Such payment obligation shall be payable on demand and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Certificates. For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the maximum rate permissible under applicable usury or similar laws limiting interest rates, and (b) the greater of (i) the then applicable highest rate of interest on the Certificates and (ii) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Insurer shall specify.

**Section 11.4. No Defeasance in the Event of Payments Under the Policy.** Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Certificates shall be paid by the Insurer pursuant to the Policy, the Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, and the assignment and pledge of the trust estate and all covenants, agreements, and other obligations of the District to the registered Owners shall continue to exist and shall run to the benefit of the Insurer and the Insurer shall be subrogated to the rights of such registered Owners.

**Section 11.5. Insurer as Third Party Beneficiary.** To the extent that this Trust Agreement confers upon or gives or grants to the Insurer any right, remedy, or claim under or by reason of this Trust Agreement, the Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.

**Section 11.6. Payment Procedure Pursuant to the Surety Bond.** As long as the Surety Bond shall be in full force and effect, the District and the Trustee agree to comply with the following provisions:

(A) **Demands for Payment.** In the event and to the extent that moneys on deposit in the Certificate Fund, the Interest Fund, and the Principal Fund, plus all amounts on deposit in and credited to the Certificate Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of interest and principal coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due under the Trust Agreement has not been made to the Trustee; or (ii) the payment date of the Certificates as specified in the Demand for Payment presented by the Trustee to the General Counsel of Insurer, Insurer will make a deposit of funds in an account with the Trustee or its successor, in New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Trust Agreement (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Certificate Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(B) **Availability of Records.** The Trustee shall, after submitting to the Insurer the Demand for Payment as provided in subsection (A) above, make available to the Insurer all records relating to the accounts and funds maintained under the Trust Agreement.

(C) **Deposit to Certificate Reserve Fund.** The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Certificate Reserve Fund to the extent of moneys received pursuant to such Demand. The Certificate Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available revenues on a *pro rata* basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Certificate Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument shall be deposited from next available revenues.]

*[The balance of this page is intentionally left blank]*

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

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Authorized Officer

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT  
FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

**EXHIBIT A**

**FORM OF CERTIFICATE OF PARTICIPATION**

REGISTERED  
No. R- \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

**2017 REFUNDING CERTIFICATE OF PARTICIPATION  
Evidencing and Representing a Proportionate  
Interest of the Registered Owner Thereof in  
Rental Payments to be made by the  
STOCKTON UNIFIED SCHOOL DISTRICT  
San Joaquin County, California**

| <u>MATURITY DATE</u> | <u>INTEREST RATE<br/>PER ANNUM</u> | <u>DATE</u> | <u>CUSIP:</u> |
|----------------------|------------------------------------|-------------|---------------|
| February 1, 20__     | _____%                             | _____, 2017 | 861422 ____   |

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 \$\_\_\_\_\_, 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 \_\_\_\_\_ 1, 2017, by and between the Stockton Unified School District (the "District"), a school district duly organized and existing under and by virtue of the Constitution and laws of the State of California, and the Stockton Unified School District Facilities Finance Corporation (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 U.S. Bank National Association, 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 St. Paul Minnesota.

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 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 February 1 and August 1 of each year, commencing on August 1, 2018 (each an "Interest Payment Date").

A-1

This Certificate has been executed and delivered pursuant to a trust agreement dated as of \_\_\_\_\_ 1, 2017, by and among the Trustee, the District, 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 District 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 redemption thereof, out of any funds of the District 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 credit or taxing power of the District 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 District or any of its income or receipts. No owner of this Certificate shall ever have the right to compel any exercise of the taxing power of the District to pay the principal and interest components of Rental Payments represented by this Certificate.

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 date, from prepaid Rental Payments made by the District from funds received by the District due to a casualty loss, material title defect, or governmental taking of the Facilities or any portion thereof or portions 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 redemption price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for redemption, without premium.

The Certificates maturing on or after February 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity), on any date, on or after February 1, 2027, at par (computed upon the principal represented by the Certificates called for redemption), plus accrued interest to the date fixed for redemption, without premium.

The Certificates which are also Term Certificates that mature on February 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

**Mandatory Redemption**

| <b>Dates</b>               | <b>Principal</b>     |
|----------------------------|----------------------|
| <b><u>(February 1)</u></b> | <b><u>Amount</u></b> |
| 20__                       | \$ _____             |
| 20__                       | _____                |
| 20__*                      | _____                |

\* Final Maturity

Certificates shall be selected for redemption in accordance with the Trust Agreement. Notices of redemption shall be mailed, first class postage prepaid not less than 30 days nor more than 60 days prior to the redemption date to the respective owners of any Certificates designated for redemption at their addresses appearing on the books required to be kept by the Trustee.

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 of the Trustee in St. Paul, Minnesota, or such other place as 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 denomination or denominations, of the same series, tenor, and maturity for the same aggregate principal amount will be delivered to the transferee in exchange herefor.

The Trustee has no obligation or liability to the Certificate owners for the payment of the interest or principal or the redemption 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 District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the District 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 District 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.

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: \_\_\_\_\_, 2017

**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Authorized Officer

### ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign, and transfer unto \_\_\_\_\_ the within Certificate and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the certificate register of the Trustee, with full power of substitution in the premises.

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

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

Signature(s) Guaranteed by:

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions 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 Dannis Woliver Kelley in connection with the issuance of, and dated as of the date of the original delivery of, the Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation. A signed copy is on file in my office.

By:

\_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official  
Stockton Unified School District

**DANNIS WOLIVER KELLEY**  
**555 Capitol Mall, Suite 645**  
**Sacramento, California 95814**

[Date]

Governing Board  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202

**Re:**    *Stockton Unified School District*  
         *San Joaquin County, California*  
         *2017 Refunding Certificates of Participation*  
         *Opinion of Special Counsel*

Dear Board Members:

*[To be inserted]*

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**[STATEMENT OF INSURANCE**

*To be inserted]*

**EXHIBIT B**

**§ \_\_\_\_\_  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

REQUISITION TO THE TRUSTEE  
TO DISBURSE FUNDS FROM COSTS OF ISSUANCE FUND  
REQUISITION NO. \_\_\_\_\_

The Stockton Unified School District (the "District") hereby requests U.S. Bank National Association, as trustee (the "Trustee"), under the Trust Agreement dated as of \_\_\_\_\_ 1, 2017, by and among the District, the Stockton Unified School District Facilities Finance Corporation, and the Trustee, to pay from the Costs of Issuance Fund established under Section 3.3 (Establishment and Application of Costs of Issuance Fund) of the Trust Agreement, the amounts to the parties as set forth on the attached list.

The District hereby certifies that obligations in the amounts stated in Schedule 1 have been incurred by the District 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 hereto are invoices for each payment requested.

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Its: Chief Business Official

Schedule 1

| <u>ITEM</u> | <u>PAYEE</u><br><u>NAME AND ADDRESS</u> | <u>AMOUNT</u> | <u>PURPOSE</u> |
|-------------|---|---------------|----------------|
| 1.          |   |               |                |
| 2.          |   |               |                |
| 3.          |   |               |                |
| 4.          |   |               |                |
| 5.          |   |               |                |
| 6.          |   |               |                |
| 7.          |   |               |                |
| 8.          |   |               |                |
| 9.          |   |               |                |
| 10.         |   |               |                |
|             | <b>TOTAL</b>                            | <b>\$</b>     |                |

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**ESCROW AGREEMENT**

**by and between the**

**STOCKTON UNIFIED SCHOOL DISTRICT**

**and**

**U.S. BANK NATIONAL ASSOCIATION**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

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## **ESCROW AGREEMENT**

This Escrow Agreement (the "Agreement"), dated as of \_\_\_\_\_ 1, 2017, is by and between the Stockton Unified School District, a school district duly organized and validly existing under and by virtue of the Constitution and the laws of the State of California (the "District"), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, and being qualified to accept and administer the escrow funds hereby created (the "Escrow Agent").

### **WITNESSETH:**

**WHEREAS**, the District entered into a Trust Agreement (the "2007 Trust Agreement") dated March 1, 2007, by and among the District, Corporation, and Wells Fargo Bank, National Association, as trustee (the "2007 Trustee"), pursuant to which the 2007 Trustee duly executed and delivered \$45,050,000 principal amount of the Stockton Unified School District, San Joaquin County, California, 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the "2007 Certificates");

**WHEREAS**, the 2007 Certificates maturing on or after February 1, 2018 are subject to redemption as a whole or in part on any date on or after February 1, 2017;

**WHEREAS**, the District has determined that it would be in the best interests of the District to currently refund and defease the outstanding 2007 Certificates, as provided herein;

**WHEREAS**, the District has entered into a Trust Agreement (the "2017 Trust Agreement") dated as of \_\_\_\_\_ 1, 2017, by and among the District, Corporation, and U.S. Bank National Association, as trustee (the "2017 Trustee"), pursuant to which the 2017 Trustee duly executed and delivered \$\_\_\_\_\_ principal amount of Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the "2017 Certificates");

**WHEREAS**, the District has taken action to cause to be delivered to the Escrow Agent for deposit in the Escrow Fund (as that term is later defined) the sum of \$\_\_\_\_\_ from the proceeds of the 2017 Certificates. The Escrow Fund is in an aggregate principal amount that will be sufficient, as certified by Causey, Demgen & Moore P.C., certified public accountants, to provide for the prepayment of all outstanding 2007 Certificates on \_\_\_\_\_, 2017;

**WHEREAS**, the provisions of the 2007 Trust Agreement and the 2017 Trust Agreement are incorporated herein by reference as if set forth herein in full; and

**WHEREAS**, the District and the Escrow Agent wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of money and securities to provide for the redemption of the 2007 Certificates on \_\_\_\_\_, 2017.

**NOW, THEREFORE**, the District and the Escrow Agent hereby agree as follows:

**Section 1. Establishment and Maintenance of the Escrow Fund.** The Escrow Agent agrees to establish and maintain the escrow fund (the "Escrow Fund") until the 2007



Certificates have been retired, and to hold the money in the Escrow Fund at all times as a separate escrow account wholly segregated from all other securities, investments, or money held by it. The District hereby directs the Escrow Agent to accept the transfer of \$\_\_\_\_\_ from the 2017 Trustee out of the proceeds of the 2017 Certificates. All money in the Escrow Fund is hereby irrevocably pledged to secure the retirement of the 2007 Certificates as provided in Section 3 hereof; provided that any money held in the Escrow Fund that is not used for the retirement of the 2007 Certificates shall be repaid to the District free from the trust created by the 2007 Trust Agreement or hereby.

**Section 2. Investment of Money in the Escrow Fund.** The moneys deposited in the Escrow Fund shall be held uninvested by the Escrow Agent in a Money Market Fund until \_\_\_\_\_, 2017, when said moneys shall be applied to refund and defease the outstanding 2007 Certificates.

**Section 3. Payment from the Escrow Fund.** The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, use the money deposited in the Escrow Fund to provide for the prepayment of all outstanding 2007 Certificates on \_\_\_\_\_, 2017, by timely transferring such funds to the 2007 Trustee for payment at the times and places and in the manner stipulated in the 2007 Certificates and in the 2007 Trust Agreement.

**Section 4. Deficiencies in the Escrow Fund.** If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall notify the District in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor, and the District shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available moneys, such additional money as may be required to provide for the timely making of all such payments. The Escrow Agent shall in no event or manner be responsible for the failure of the District to make any such deposit.

**Section 5. Proceedings for Redemption of 2007 Certificates.** The District hereby irrevocably elects to redeem the outstanding 2007 Certificates on \_\_\_\_\_, 2017, under the provisions of Article 4 (Redemption of Certificates) of the 2007 Trust Agreement. The 2007 Trustee shall give notice of such redemption under and in accordance with the provisions of Section 4.4 (Notice of Redemption) of the 2007 Trust Agreement, at the expense of the District.

**Section 6. Compensation and Indemnification of the Escrow Agent.**

(a) Payment for Services. The District shall pay the Escrow Agent the fees for its services hereunder in accordance with Schedule I (Escrow Fee Schedule), attached hereto. If Escrow Agent is asked to provide additional services than set forth herein, the District and shall reimburse the Escrow Agent for its out-of-pocket expenses (including but not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services; provided that these fees and expenses shall in no event be deducted from the Escrow Fund.

(b) Indemnification. The District agrees to indemnify the Escrow Agent, its agents, and its officers or employees for, and hold the Escrow Agent, its agents, and its officers or

employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses, and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel (including the allocated fees and disbursements of internal counsel) or accountants for the Escrow Agent) that may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of this Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party.

**Section 7. Functions of the Escrow Agent.**

(a) No Implied Duties. The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) Reliance on Documents. The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in this Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report, or opinion.

(c) Escrow Agent's Immunities. The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Agent shall have no duty or responsibility under this Agreement in the case of any default in the performance of covenants or agreements contained in the 2007 Trust Agreement, or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(d) Reliance on Advice of Counsel. The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(e) Not Responsible for District's Representations. The Escrow Agent shall not be responsible for any of the District's recitals or representations contained herein, in the 2017 Trust Agreement or in the 2017 Certificates.

(f) Escrow Agent May Own Certificates. The Escrow Agent may become the owner of, or acquire any interest in, any of the 2017 Certificates with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the District.

(g) Not Responsible for Sufficiency Calculations. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the moneys to make the payments of principal and interest with respect to the 2007 Certificates.

(h) Not Responsible for Acts or Omissions of the District. The Escrow Agent shall not be liable for any action or omission of the District under this Agreement, the 2007 Trust Agreement, the 2017 Trust Agreement, or otherwise.

(i) Reliance on District Certification. Whenever in the administration of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the District, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith hereof.

(j) Resignation; Appointment of Successor. The Escrow Agent may at any time resign by giving written notice to the District and the 2017 Certificate Insurer of such resignation, whereupon the District shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective upon appointment of a successor Escrow Agent. If the District does not appoint a successor Escrow Agent by the resignation effective date, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent (or may deposit with the court the Escrow Securities and money or other property held by it in trust under this Agreement), which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the District shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(k) Statements. The Escrow Agent will provide the District, within thirty (30) days after the date of the initial execution and delivery of the 2017 Certificates and the defeasance of the 2007 Certificates, with a statement of the Escrow Fund maintained hereunder.

(l) None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

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

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

**Section 8. Merger or Consolidation of the Escrow Agent.** Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Escrow Fund and all of the powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 9 Notices.** All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the District:

Stockton Unified School District  
701 North Madison Street  
Stockton, CA 95202  
Attn: Chief Business Official

If to the Escrow Agent:

U.S. Bank, National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attn: Global Corporate Trust Services

If to the 2017 Certificate Insurer:

\_\_\_\_\_ Corporation

\_\_\_\_\_  
New York, NY 10004

Policy No.: \_\_\_\_\_

Telephone: \_\_\_\_\_

The District, the Escrow Agent, and the 2017 Certificate Insurer may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

**Section 10. Severability.** If any section, paragraph, sentence, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause, or provision shall not affect any of the remaining provisions of this Agreement.

**Section 11. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

**Section 12. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

**Section 13. Amendment.** This Agreement may be amended only by a written instrument duly executed by each party, and with the prior written consent of the Insurer.

**IN WITNESS WHEREOF**, the District and the Escrow Agent have caused this Agreement to be executed each on its behalf as of the day and year first above written.

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**U.S. BANK NATIONAL ASSOCIATION,**  
as Escrow Agent

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE I**

**Escrow Fee Schedule**

## CERTIFICATE PURCHASE AGREEMENT

§ \_\_\_\_\_  
**2017 REFUNDING CERTIFICATES OF PARTICIPATION**  
**Evidencing and Representing Proportionate Interests of the Registered Owners Thereof in**  
**Rental Payments to be made by the**  
**STOCKTON UNIFIED SCHOOL DISTRICT**

\_\_\_\_\_, 2017

Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202-1687

Stockton Unified School District Facilities Finance Corporation  
701 North Madison Street  
Stockton, California 95202-1687

**Ladies and Gentlemen:**

\_\_\_\_\_ (the “Underwriter”) offers to enter into this Certificate Purchase Agreement (this “Purchase Agreement”) with the Stockton Unified School District (the “District”) and the Stockton Unified School District Facilities Finance Corporation (the “Corporation”), which will be binding upon the District, the Corporation and the Underwriter upon the execution hereof by the District and the Corporation. This offer is made subject to its acceptance by the District and the Corporation by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 p.m., California time, on the date hereof. All terms used herein and not otherwise defined have the meanings given to those terms in the Trust Agreement (as hereafter defined).

**1. Purchase and Sale.** The Underwriter shall purchase, if any are purchased, and the District shall sell and cause to be delivered to the Underwriter, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the 2017 Refunding Certificates of Participation (the “Certificates”) at a purchase price of \$\_\_\_\_\_ (being an amount equal to the principal amount of the Certificates, plus a net original issue premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_).

**2. Identification of Legal Documents.** Reference is made to the following documents relating to the Certificates:

- Ground Lease dated as of \_\_\_\_\_ 1, 2017 (the “Ground Lease”) between the District as lessor and the Corporation as lessee, whereby the District leases certain real property and the improvements thereon (the “Leased Property”) to the Corporation.



- Facilities Lease dated as of \_\_\_\_\_ 1, 2017 (the “Facilities Lease”), whereby the Corporation has leased the Leased Property back to the District.
- Trust Agreement dated as of \_\_\_\_\_ 1, 2017 (the “Trust Agreement”), among U.S. Bank National Association, as trustee (the “Trustee”), the Corporation and the District.
- Termination Agreement dated as of \_\_\_\_\_ 1, 2017 (the “Termination Agreement”), among the District, the Corporation and Wells Fargo Bank, National Association (the Trustee for the 2007 Certificates of Participation of the District (the “2007 Certificates”)), relating to termination of certain documents relating to the 2007 Certificates.
- Escrow Agreement dated as of \_\_\_\_\_ 1, 2017 (the “Escrow Agreement”), given by the District to U.S. Bank National Association, as escrow agent (the “Escrow Agent”), relating to the current refunding of the 2007 Certificates.
- Preliminary Official Statement dated as of \_\_\_\_\_, 2017, describing the Certificates (the “Preliminary Official Statement”).
- Official Statement dated as of the date of this Purchase Agreement, describing the Certificates (the “Official Statement”).

**3. Purpose of Financing.** The Certificates will be executed and delivered for the following purposes: (a) establish an escrow fund in an amount sufficient to pay and redeem the outstanding 2007 Certificates, and (b) pay the costs related to the execution and delivery of the Certificates, including the costs to purchase a reserve fund surety bond. The refunding of the 2007 Certificates will be accomplished under the Escrow Agreement.

Payment of principal and interest represented by the Certificates will be insured by a policy of municipal bond insurance the (“Bond Insurance Policy”) issued by \_\_\_\_\_ (the “Bond Insurer”).

**4. Public Offering of Certificates.** The Underwriter agrees to make a bona fide public offering of all the Certificates initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices.

**5. Delivery of Official Statement; Continuing Disclosure.** Under the authorization of the District, the Underwriter has distributed copies of the Preliminary

Official Statement to prospective purchasers of the Certificates. By its acceptance of this proposal, the District hereby ratifies such use by the Underwriter of the Preliminary Official Statement; and the District agrees to approve the Official Statement which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of the District and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 7(b). The Underwriter hereby agrees to deposit the Official Statement with a nationally recognized municipal securities information depository. The District hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Certificates, the Preliminary Official Statement, the Official Statement, the Trust Agreement, the Facilities Lease, the Ground Lease, the Termination Agreement, the Continuing Disclosure Certificate (as defined below) and this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The District will undertake, under the Trust Agreement and a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), to provide certain annual financial and operating information and notices of the occurrence of certain events, if material. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

**6. The Closing.** At \_\_\_\_ a.m., California time, on \_\_\_\_\_, 2017, or at such other time or on such earlier or later business day as have been mutually agreed upon by the District, the Corporation and the Underwriter, the District will cause to be delivered (i) the Certificates, through the facilities of The Depository Trust Company, to the Underwriter in New York, New York, and (ii) the closing documents hereinafter mentioned at the offices of Dannis Woliver Kelley, Sacramento, California ("Special Counsel"), or another place to be mutually agreed upon by the District, the Corporation and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 hereof in immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." The Certificates will be delivered in such denominations and deposited in the account or accounts specified by the Underwriter under written notice to the District not later than five business days prior to Closing.

**7. Representations, Warranties and Covenants of the District.** The District represents, warrants to and covenants with the Underwriter that:

- (a) Due Organization Existence and Authority. The District is a unified school district duly organized and existing under the Constitution and laws of California, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Trust Agreement, the Ground Lease, the Facilities Lease, the Termination Agreement, the Escrow Agreement and the Continuing Disclosure Certificate (the "District Documents") and to carry out and consummate the transactions on its part contemplated by the District Documents and the Official Statement.

- (b) Due Authorization and Approval. By all necessary official action of the Governing Board, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents; and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The District has complied, and will at the Closing be in compliance in all respects, with its obligations under the District Documents.
- (c) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement up to and including the Closing will contain no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.
- (d) Underwriter's Consent to Amendments and Supplements. The District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Certificates.
- (e) Agreement to Amend or Supplement Official Statement. If after the date of this Purchase Agreement and until 25 days after the end of the "underwriting period" (as defined below), any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Certificates to reflect such event, the District promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the District shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. Unless the Underwriter otherwise advises the District in writing that the end of the underwriting period shall be another specified date, the end of the underwriting period shall be the day of Closing.

- (f) No Material Change in Finances. At the time of the Closing, there will not have been any material adverse changes in the financial condition of the District since the date hereof.
- (g) No Litigation. As of the time of acceptance hereof and as of the date of the Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the District has been served with process, to the best knowledge of the District after due investigation, threatened (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity of the District Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of interest evidenced and represented by the Certificates from gross income for federal income tax purposes or contesting the powers of the District to enter into the District Documents; (iii) which may result in any material adverse impact on the financial condition of the District; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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, and there is no known basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.
- (h) Permitted Encumbrances. As of the time of acceptance hereof and as of the date of the Closing, the Leased Property shall be free of all liens other than Permitted Encumbrances (as defined in the Facilities Lease).
- (i) Further Cooperation; Blue Sky. The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions. The District will not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.
- (j) Validity of District Documents. The District Documents, when executed and delivered by the District and other parties thereto, will be legally valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy,

insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

- (k) Compliance With Rule 15c2-12. The Preliminary Official Statement heretofore delivered to the Underwriter is deemed final by the District as of its date and as of the date hereof, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby covenants and agrees that, within seven business days from the date hereof, the District will cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board.

**8. Representations, Warranties and Covenants of the Corporation.** The Corporation represents, warrants to and covenants with the Underwriter that:

- (a) Due Organization Existence and Authority. The Corporation is a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Trust Agreement, the Ground Lease, the Facilities Lease and the Termination Agreement (the "Corporation Documents") and to carry out and consummate the transactions on its part contemplated by the Corporation Documents and the Official Statement.
- (b) Due Authorization and Approval. By all necessary official action of the Board of Directors, 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 Corporation Documents; and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Corporation has complied, and will at the Closing be in compliance in all respects, with its obligations under the Corporation Documents.
- (c) Official Statement Accurate and Complete. The portions of the Preliminary Official Statement and the Official Statement describing the Corporation and the Corporation Documents are true and correct in all material respects.
- (d) No Litigation. As of the time of acceptance hereof and as of the date of the Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the Corporation has been served with process, to the best knowledge of the Corporation after due investigation, threatened (i) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity of the Corporation Documents or the consummation of

the transactions contemplated thereby, or contesting the exclusion of interest evidenced and represented by the Certificates from gross income for federal income tax purposes or contesting the powers of the Corporation to enter into the Corporation Documents; or (iii) which may result in any material adverse impact on the financial condition of the Corporation.

- (e) Validity of Corporation Documents. The Corporation Documents, when executed and delivered by the Corporation and other parties thereto, will be legally valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

**9. Closing Conditions.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants of the District and the Corporation herein and the performance by the District and the Corporation of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following additional conditions:

- (a) Representations and Warranties. The representations, warranties and covenants of the District and the Corporation contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.
- (b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the District Documents and the Corporation Documents are in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there is in full force and effect such resolutions (the "Resolutions") as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the District Documents and the Corporation Documents, (iii) the District has performed its obligations required as specified in this Purchase Agreement or the District Documents to be performed at or prior to Closing, (iv) the Corporation has performed its obligations required as specified in the Corporation Documents to be performed at or prior to Closing, and (v) the Official Statement shall not have been supplemented or amended, except under Paragraph 7(e) or as otherwise may have been agreed to in writing by the Underwriter.
- (c) No Default. At the time of the Closing, no default has occurred under the Resolutions, the Corporation Documents or the District Documents, and the District is not in default in the payment of any of its bonded indebtedness or any of its other obligations, which default would adversely impact the ability of the District to make Rental Payments.

- (d) Termination Events. The Underwriter has the right to terminate this Purchase Agreement, without liability therefor, by written notification to the Corporation and the District if at any time at or prior to the Closing any Termination Event occurs, as defined in Appendix B.
- (e) Closing Documents. At or prior to the Closing, the Underwriter shall receive (unless the context otherwise indicates) the following documents:
- (1) *Final Opinion of Special Counsel.* An approving opinion of Special Counsel dated the date of the Closing, together with a letter from Special Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that said opinion may be relied upon by the Underwriter to the same extent as if addressed to the Underwriter.
  - (2) *Supplemental Opinion of Special Counsel.* A supplemental opinion of Special Counsel dated the date of Closing and addressed to the Underwriter, in substantially the form attached as Appendix C to this Purchase Agreement.
  - (3) *Opinion of Corporation's Counsel.* An opinion of Special Counsel, in its capacity as Counsel to the Corporation, dated the date of the Closing and addressed to the Underwriter, in a form and substance acceptable to the Underwriter.
  - (4) *Disclosure Counsel Opinion.* An opinion of Dannis Woliver Kelley, as Disclosure Counsel to the District, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter, stating that in the course of their participation in the preparation of the Official Statement, as disclosure counsel to the District, no information came to their attention that would lead them to believe that the Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information regarding the Insurer and certain information contained in the appendices, as to which no opinion need be expressed), as of the date thereof or as of the date of the opinion, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
  - (5) *District Certificate.* A certificate of the District, dated the date of the Closing, signed on behalf of the District by its Superintendent or other duly authorized officer of the District, in substantially the form attached as Appendix D to this Purchase Agreement.

- (6) *Corporation Certificate.* A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by President, Secretary, or other duly authorized officer of the Corporation, in substantially the form attached as Appendix E to this Purchase Agreement.
- (7) *Trustee's Certificate.* A certificate of the Trustee, dated the date of Closing, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, in substantially the form attached as Appendix F to this Purchase Agreement.
- (8) *Escrow Agent's Certificate.* A certificate of the Escrow Agent, dated the date of Closing, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, in substantially the form attached as Appendix G to this Purchase Agreement.
- (9) *Financial Advisor's Certificate.* A certificate of Dale Scott & Company, Inc., the financial advisor (the "Financial Advisor") to the District, dated the date of Closing, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, stating that based on the Financial Advisor's participation in the preparation and review of the Preliminary Official Statement and Official Statement, no information has come to their attention which would lead them to believe that the information contained in the Preliminary Official Statement and Official Statement is as of the date of delivery of the Bonds, not true or correct in all material respects, or that the Preliminary Official Statement and the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made.
- (10) *Official Statement.* The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the District by a duly authorized officer of the District.
- (11) *Documents.* An original executed copy of each of the Corporation Documents and each of the District Documents.
- (12) *Resolutions.* Certified copies of the resolution(s) of the Governing Board of the District approving the District Documents and the Official Statement, and the resolution(s) of the Board of Directors of the Corporation approving the Corporation Documents.
- (13) *Form 8038-G.* Evidence that the federal tax information form 8038-G has been prepared for filing.



- (14) *Tax Certificate.* A certificate assuring compliance with federal arbitrage law, in form satisfactory to Special Counsel.
- (15) *CDIAC Statements.* A copy of the Notices of Sale required to be delivered to the California Debt Investment Advisory Commission under Section 53583 of the California Government Code.
- (16) *Title Insurance.* Evidence of arrangements for the issuance of a binder for a CLTA title insurance policy insuring the District's leasehold interest in the Leased Property under the Facilities Lease, in form and substance acceptable to Special Counsel. Such title insurance policy shall insure that the Leased Property is free of all liens other than Permitted Encumbrances.
- (17) *Municipal Bond Insurance.* Receipt by the Trustee of the Bond Insurance Policy.
- (18) *Ratings.* Evidence that the Certificates have been rated “\_\_\_” based on the issuance of the Bond Insurance Policy, and an underlying rating of “\_\_\_”, by Standard & Poor's.
- (19) *Verification Report.* The report of Causey Demgen & Moore P.C., of Denver, Colorado (the “Verification Agent”), verifying the matters described in the Official Statement under “ESCROW VERIFICATION”.
- (20) *Additional Documents.* Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the District is unable to satisfy the conditions contained in this Section 9, or if the obligations of the Underwriter are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement will terminate and neither the Underwriter, the Corporation nor the District will have further obligations hereunder, except as further set forth in Section 10.

**10. Expenses.** The Underwriter is under no obligation to pay, and the District shall pay or cause to be paid, the expenses incident to the performance of the obligations of the District hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Corporation Documents and the District Documents and the cost of preparing, printing, executing and delivering the Certificates; (b) the fees and disbursements of the Trustee, the Escrow Agent, the Verification Agent and any accountants or other experts or consultants retained by the District; (c) the fees and disbursements of Special Counsel and Disclosure Counsel; (d) the cost of preparation and printing of the Preliminary Official Statement and the Official Statement, including a reasonable number of copies thereof for distribution by the Underwriter; (e) premiums payable to the Bond Insurer for the Bond Insurance Policy, and (f) the costs of ratings and any rating agency presentations.

The Underwriter shall pay, and the District has no obligation to pay, all expenses incurred by it in connection with the public offering and distribution of the Certificates, applicable CDIAC fees and any advertising expenses.

**11. Notice.** Any notice or other communication to be given to the District under this Purchase Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to \_\_\_\_\_.

**12. Entire Agreement.** This Purchase Agreement, when accepted by the District, constitutes the entire agreement between the District and the Underwriter and is made solely for the benefit of the District, the Corporation and the Underwriter (including their successors or assigns). No other person has any right hereunder by virtue hereof, except as provided herein. All of the District's representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Certificates hereunder, and (b) any termination of this Purchase Agreement.

**13. Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**14. Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**15. State Law Governs.** The validity, interpretation and performance of this Purchase Agreement is governed by the laws of California.

**16. No Assignment.** The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the District without the prior written consent of the other party hereto.

**[UNDERWRITER]**

By: \_\_\_\_\_  
\_\_\_\_\_, Vice President

Accepted as of the date first stated above:

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT  
FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

## APPENDIX A

### MATURITY SCHEDULE

| <u>Maturity<br/>(February 1)</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Yield</u> | <u>CUSIP<sup>+</sup></u> |
|----------------------------------|-----------------------------|--------------------------|--------------|--------------------------|
| 2018                             |                             |                          |              |                          |
| 2019                             |                             |                          |              |                          |
| 2020                             |                             |                          |              |                          |
| 2021                             |                             |                          |              |                          |
| 2022                             |                             |                          |              |                          |
| 2023                             |                             |                          |              |                          |
| 2024                             |                             |                          |              |                          |
| 2025                             |                             |                          |              |                          |
| 2026                             |                             |                          |              |                          |
| 2027                             |                             |                          |              |                          |
| 2028                             |                             |                          |              |                          |
| 2029                             |                             |                          |              |                          |
| 2030                             |                             |                          |              |                          |
| 2031                             |                             |                          |              |                          |
| 2032                             |                             |                          |              |                          |
| 2033                             |                             |                          |              |                          |
| 2034                             |                             |                          |              |                          |
| 2035                             |                             |                          |              |                          |
| 2036                             |                             |                          |              |                          |

## REDEMPTION PROVISIONS

***Optional Redemption.*** The Certificates maturing on or after February 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity) on any date, on or after February 1, 2027, at the redemption price of par, plus accrued interest to the date fixed for redemption.

***Mandatory Redemption.*** The Certificates maturing on February 1, 20\_\_ and (the “Term Certificates”) are subject to mandatory redemption prior to their stated maturity, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

| Mandatory<br>Redemption Date<br>(February 1) | Principal<br>Amount |
|--|---------------------|
|--|---------------------|

## **APPENDIX B**

### **TERMINATION EVENTS**

The following events are grounds for termination of this Purchase Agreement by the Underwriter under Section 9(d) of this Purchase Agreement:

- (1) Any event which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading.
- (2) The marketability of the Certificates or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or any branch of the California State Legislature, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the District or the Corporation, or the interest on bonds or notes or obligations of the general character of the Certificates.
- (3) Any legislation, ordinance, rule or regulation is introduced in or enacted by any governmental body, department or agency of California, or a decision by any court of competent jurisdiction within California or any court of the United States is rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates.

- (4) Legislation is enacted by the Congress of the United States, or a decision by a court of the United States is rendered by or on behalf of the Securities and Exchange Commission or any other governmental agency of competent jurisdiction, to the effect that either (A) the execution, delivery, offering or sale of the Certificates or securities of the general character of the Certificates violates or is not exempt from registration under any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or (B) the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect.
- (5) Additional material restrictions not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Certificates.
- (6) A general banking moratorium is established by federal or State authorities.
- (7) The United States becomes engaged in hostilities resulting in a declaration of war or a national emergency, or there occurs any other outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States, in the reasonable opinion of the Underwriter, materially and adversely affects the ability of the Underwriter to market or deliver the Certificates.
- (8) Any rating on the District's securities is downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Certificates.
- (9) The commencement of any action, suit or proceeding described in paragraph 7(g) which, in the judgment of the Underwriter, materially adversely affects the market price of the Certificates.
- (10) There is a general suspension of trading on the New York Stock Exchange.

## **APPENDIX C**

### **SUPPLEMENTAL OPINION OF SPECIAL COUNSEL**

The Supplemental Opinion of Special Counsel must be substantially to the following effect:

- (1) The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," and "TAX MATTERS," and in Appendices D and E thereto, insofar as such statements expressly summarize certain provisions of the Certificates, the Trust Agreement, the Ground Lease, the Facilities Lease and the Termination Agreement, and Special Counsel's opinion concerning certain federal tax matters and State of California personal income tax matters relating to the Certificates, are accurate in all material respects.
- (2) The resolution of the District (the "District Resolution") authorizing the execution and delivery of the District Documents and approving the Official Statement was duly adopted at a meeting of the Governing Board of the District at which a quorum was present and acting throughout, the notice of which was duly given in accordance with the applicable laws of the State of California, and the District Resolution is in full force and effect and has not been modified, amended or rescinded.



## **APPENDIX D**

### **DISTRICT OFFICER CLOSING CERTIFICATE**

The Certificate of an authorized officer of the District to be delivered at the Closing must be substantially to the following effect:

- (1) The resolution (the "District Resolution") of the Governing Board approving and authorizing the execution and delivery of the District Documents and approving the Official Statement, was duly adopted at a meeting of the Governing Board called and held under law and with all public notice required by law and at which a quorum was present and acting throughout and the District Resolution is in full force and effect and has not been modified, amended or rescinded.
- (2) The execution and delivery of the District Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the District a breach of or default under, any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.
- (3) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of the undersigned after due investigation, threatened against the District, challenging the creation, organization or existence of the District, or the validity of the District Documents or seeking to restrain or enjoin the Rental Payments or in any way contesting or affecting the validity of the District Documents or any of the transactions referred to therein or contemplated thereby or contesting the Corporation of the District to enter into or perform its obligations under any of the District Documents, or under which a determination adverse to the District would have a material adverse effect upon the financial condition or the revenues of the District, or which, in any manner, questions or affects the right or ability of the District to enter into the District Documents or affects in any manner the right or ability of the District to make Rental Payments.
- (4) The representations, warranties and covenants of the District contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the District has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the District at or prior to the date of the Closing.

- (5) No event affecting the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

## APPENDIX E

### CORPORATION OFFICER CLOSING CERTIFICATE

The Certificate of an authorized officer of the Corporation to be delivered at the Closing must be substantially to the following effect:

- (1) The Corporation is a nonprofit public benefit corporation duly created and lawfully existing under the laws of California, with full right, power and authority to execute, deliver and perform its obligations under the Corporation Documents and to carry out and consummate the transactions on its part contemplated by the Corporation Documents and the Official Statement.
- (2) The Corporation is not, in any manner which would adversely affect the transactions contemplated by the Corporation Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated by the Corporation Documents, a default or event of default under any such instrument; and the authorization, execution and delivery of the Corporation Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of California or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Corporation Documents.
- (3) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending with respect to which the Corporation has been served with process or, to the best knowledge of the Corporation after due investigation, threatened (a) in any way questioning the

existence of the Corporation or the titles of the officers of the Corporation to their respective offices; or (b) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity of the Corporation Documents or the consummation of the transactions contemplated thereby, or contesting the powers of the Corporation to enter into the Corporation Documents, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (a) and (b) of this sentence.

## **APPENDIX F**

### **TRUSTEE CLOSING CERTIFICATE**

The Certificate of an authorized officer of the Trustee to be delivered at the Closing must be substantially to the following effect:

- (1) The Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into and perform its obligations under the Trust Agreement.
- (2) The Trust Agreement has been duly authorized, executed and delivered by the Trustee and the Trust Agreement constitutes the legal, valid and binding obligations of the Trustee enforceable in accordance with their terms, except as 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.
- (3) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Trust Agreement or the performance by the Trustee of its duties and obligations under the Trust Agreement.
- (4) The Certificates have been executed by a duly authorized officer of the Trustee.
- (5) The execution and delivery by the Trustee of the Trust Agreement and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties.
- (6) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or to the best knowledge of the Trustee, threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligations thereunder.

## **APPENDIX G**

### **ESCROW AGENT CLOSING CERTIFICATE**

The Certificate of an authorized officer of the Escrow Agent to be delivered at the Closing must be substantially to the following effect:

- (1) The Escrow Agent is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into and perform its obligations under the Escrow Agreement.
- (2) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Agent and constitutes the legal, valid and binding obligations of the Escrow Agent enforceable in accordance with their terms, except as 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.
- (3) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Agent that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement or the performance by the Escrow Agent of its duties and obligations under the Escrow Agreement.
- (4) The execution and delivery by the Escrow Agent of the Escrow Agreement and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Escrow Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Agent or any of its activities or properties.
- (5) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or to the best knowledge of the Escrow Agent, threatened against the Escrow Agent which in the reasonable judgment of the Escrow Agent would affect the existence of the Escrow Agent or in any way contesting or affecting the validity or enforceability of the Escrow Agreement or contesting the powers of the Escrow Agent or its authority to enter into and perform its obligations thereunder.

§ \_\_\_\_\_  
**STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Stockton Unified School District (the "District") in connection with the issuance of the \$ \_\_\_\_\_ aggregate principal amount of the Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the "Certificates") pursuant to a Trust Agreement dated as of \_\_\_\_\_, 1 2017 (the "Trust"), by and between the District and U.S. Bank National Association, (the "Trustee"). The District covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being delivered by the District for the benefit of the Certificateholders and Beneficial Owners of the Certificates and to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**Section 2. Definitions.** Unless the context otherwise requires, the definitions set forth in the Paying Agent Agreement apply to this Disclosure Certificate. The following additional capitalized terms shall have the following meanings:

**Annual Report** means any Annual Report provided by the District 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** mean 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 District, Dale Scott & Company Inc., or such other Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation.

**MSRB** means the Municipal Securities Rulemaking Board.

**Official Statement** means the final Official Statement dated \_\_\_\_\_, 2017 relating to the Certificates.

**Opinion of Counsel** means a written opinion of a law firm or attorney experienced in matters relating to interpretation of the Rule.

**Participating Underwriter** means \_\_\_\_\_, underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

**Repository** shall mean 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.

**Significant Event** means any of the events listed in subsection (a) of Section 5 (Reporting of Significant Events) of this Disclosure Certificate.

### **Section 3. Provision of Annual Reports.**

a. Delivery of Annual Report to Repository. The District shall, or shall cause the Dissemination Agent to, not later than 290 days after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2016-2017 fiscal year, 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 District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c) (Notice of Significant Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (Delivery of Annual Report to Repository) for providing the Annual Report to the Repository, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

d. Report of Non-Compliance. If the District is unable to provide an Annual Report to the Repository by the date required in subsection (a) (Delivery of Annual Report to Repository), the Dissemination Agent shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District 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 District's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) (Delivery of Annual Report to Repository), 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 District's approved annual budget for the then-current fiscal year;

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities that have been submitted to each of the Repositories 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 District 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 District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates not later than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;

- (vii) defeasances;
- (viii) rating changes; or
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person.

b. **Significant Events If Material.** The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material, not later than 10 business days after the occurrence of the event:

- (i) unless described in paragraph 5(a)(v) hereof, 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 status of the Certificates;
- (ii) modifications to rights of Certificateholders;
- (iii) optional, unscheduled or contingent Certificate calls;
- (iv) release, substitution, or sale of property securing repayment of the Certificates;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or appointment of a successor or additional paying agent or the change of name of a paying agent.

c. **Notice of Significant Events.** Whenever the District obtains knowledge of the occurrence of a Significant Event as described in Section 5(a) hereof, or determines that knowledge of the occurrence of a listed event described in Section 5(b) hereof would be material under applicable Federal securities law, the District shall file, or shall cause the Dissemination Agent (if not the District) to file, a notice of such occurrence with the Repository, in an electronic format as prescribed by the Repository, in a timely manner not in excess of 10 business days after the occurrence.

**Section 6. Filings with the Repository.** All documents provided to the Repository under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by the Repository and shall be accompanied by identifying information as prescribed by the Repository.

**Section 7. Termination of Reporting Obligation.** The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates or upon the delivery to the District of an Opinion of Counsel to the effect that continuing disclosure is no longer required by the Rule. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b) (Notice of Significant Events).

**Section 8. Dissemination Agent.**

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

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District 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 District, Certificateholders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an Opinion of Counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a. Change in Circumstances. If the amendment or waiver relates to the provisions of Sections 3(a) (Delivery of Annual Report to Repository), 4 (Content of Annual Reports), or 5(a) (Significant Events), 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 the type of business conducted;

b. Compliance as of Issue Date. The undertaking, as amended or taking into account such waiver, would, based upon an Opinion of Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c. Consent of Certificateholders; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Certificateholders in the same manner as provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of Certificateholders, or (ii) does not, based on an Opinion of Counsel, materially impair the interests of the Certificateholders or Beneficial Owners.

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

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

**Section 11. Default.** If the District fails to comply with any provision of this Disclosure Certificate, any Certificateholder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate if the District fails 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 District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable 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 not be deemed to be acting in any fiduciary capacity for the District, the Certificateholders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an Opinion of Counsel. The obligations of the District 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 District, the Dissemination Agent, the Participating Underwriters and Certificateholders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

*[Remainder of page left intentionally blank]*

**IN WITNESS WHEREOF** the District has caused this Continuing Disclosure Certificate to be signed by its authorized officer on the date written below.

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

## EXHIBIT A

### FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: Stockton Unified School District

Name of Certificates: Stockton Unified School District  
San Joaquin County, California  
2017 Refunding Certificates of Participation

Date of Delivery: \_\_\_\_\_, 2017

NOTICE IS HEREBY GIVEN that the Stockton Unified School District (the "District") has not provided an Annual Report with respect to the above-named Certificates as required by a Continuing Disclosure Certificate executed \_\_\_\_\_, 2017, with respect to the above-captioned certificate issue. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

STOCKTON UNIFIED SCHOOL DISTRICT

[SAMPLE ONLY]

\_\_\_\_\_

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2017

NEW ISSUE – FULL BOOK-ENTRY

Standard & Poor's Insured Rating: "\_\_\_\_"  
Standard & Poor's Underlying Rating: "\_\_\_\_"  
See "Ratings" herein.

*In the opinion of Dannis Woliver Kelley, Special Counsel, based upon an analysis of 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 the rental payments designated as and constituting interest paid by the District under the Facilities Lease and 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 is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Special Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates. See "Tax Matters" herein*

**\$33,000,000\***

**2017 REFUNDING CERTIFICATES OF PARTICIPATION  
Evidencing and Representing Proportionate Interests of the Registered Owners Thereof  
in Rental Payments to be made by the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA**

**Dated:** *Date of Delivery*

**Due:** \_\_\_\_\_, *as shown on the inside cover*

The captioned Certificates of Participation (the "Certificates") are being executed and delivered to refund certain of the outstanding rental payment obligations of the Stockton Unified School District (the "District"), acquire a surety bond to satisfy the reserve requirement with respect to the Certificates, and pay costs of delivery of the Certificates, as further described herein.

The Certificates evidence and represent proportionate interests of the registered owners thereof in Rental Payments to be paid by the District for the use and occupancy of certain real property and improvements (the "Leased Property") under a Facilities Lease dated as of \_\_\_\_\_, 1 2017 (the "Facilities Lease") between the District and the Stockton Unified School District Facilities Finance Corporation (the "Corporation"). Interest represented by the Certificates will be payable on February 1 and August 1 of each year commencing February 1, 2018.

Ownership interests in the Certificates will be in denominations of \$5,000 and integral multiples thereof. When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. Principal, premium, if any, and interest due with respect to the Certificates will be paid by U.S. Bank National Association, San Francisco, California, as Trustee, to DTC, which will in turn remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein. See "Appendix F - Book-Entry Only System."

The Certificates are subject to optional and mandatory redemption prior to maturity as described herein. See "The Certificates – Redemption of Certificates."

The District is required under the Facilities Lease to make semiannual Rental Payments (described herein), which comprise the interest and principal due on the Certificates. The District has agreed in the Facilities Lease to include the Rental Payments due in each fiscal year in its budget for that fiscal year and to make the necessary appropriations for the Rental Payments. The District'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 Leased Property. Neither the Certificates nor the obligation of the District to make Rental Payments constitutes an indebtedness of the District, the Corporation, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise, or an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

The District has applied for bond insurance, but there is no guarantee that a commitment to insure the Certificates will be issued, or that the District will obtain such bond insurance.

The Certificates are offered when, as and if issued, subject to the approval as to their legality by Dannis Woliver Kelley, Sacramento, California, Special Counsel. Certain legal matters also will be passed upon for the District by Dannis Woliver Kelley, Sacramento, California, as Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriters by \_\_\_\_\_, \_\_\_\_\_, California. It is anticipated that the Certificates in book-entry form will be available through the facilities of DTC on or about \_\_\_\_\_, 2017.

The date of this Official Statement is \_\_\_\_\_, 2017.



## MATURITY SCHEDULE

| <u>Maturity Date</u><br><u>(February 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>CUSIP<sup>†</sup></u><br><u>Base (861422):</u> |
|---|-----------------------------------|--------------------------------|--------------|---|
| 2018  |                                   |                                |              |   |
| 2019  |                                   |                                |              |   |
| 2020  |                                   |                                |              |   |
| 2021  |                                   |                                |              |   |
| 2022  |                                   |                                |              |   |
| 2023  |                                   |                                |              |   |
| 2024  |                                   |                                |              |   |
| 2025  |                                   |                                |              |   |
| 2026  |                                   |                                |              |   |
| 2027  |                                   |                                |              |   |
| 2028  |                                   |                                |              |   |
| 2029  |                                   |                                |              |   |
| 2030  |                                   |                                |              |   |
| 2031  |                                   |                                |              |   |
| 2032  |                                   |                                |              |   |
| 2033  |                                   |                                |              |   |
| 2034  |                                   |                                |              |   |
| 2035  |                                   |                                |              |   |
| 2036  |                                   |                                |              |   |

C = Yield to call at par on February 1, 2027.

*† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2017 CUSIP Global Services. All rights reserved. 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 Underwriters, the District, Special Counsel, nor Disclosure Counsel is responsible for the selection or correctness of the CUSIP® numbers set forth above.*

**STOCKTON UNIFIED SCHOOL DISTRICT  
COUNTY OF SAN JOAQUIN  
STATE OF CALIFORNIA**

**DISTRICT GOVERNING BOARD**

Maria Mendez, *President*  
Angela Phillips, *Vice President*  
Cecilia Mendez, *Clerk*  
Dr. Andrea Burrise, J.D., *Trustee*  
Kathy Garcia, *Trustee*  
Lange P. Luntao, *Trustee*  
Steve Smith, *Trustee*

**DISTRICT ADMINISTRATION**

Eliseo Dávalos, *Superintendent*  
Lisa Grant-Dawson, *Chief Business Official*

**FINANCIAL ADVISOR**

Dale Scott & Co., Inc.  
*San Francisco, California*

**SPECIAL COUNSEL AND DISCLOSURE COUNSEL**

Dannis Woliver Kelley  
*Sacramento, California*

**UNDERWRITERS' COUNSEL**

\_\_\_\_\_, *California*

**TRUSTEE/ESCROW AGENT**

U.S. Bank National Association  
*San Francisco, California*

**VERIFICATION AGENT**

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

## **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 Certificate Owner and the District or the Underwriter.

***No Offering Except by This Official Statement.*** No dealer, broker, salesperson or other person has been authorized by the District 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 other information or representation must not be relied upon as having been authorized by the District 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 District and other sources that 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 press release and in any oral statement made with the approval of an authorized officer of the District, 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." 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.

***Involvement of Underwriter.*** 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.

***Documents.*** All summaries of 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. Copies of documents referred to herein and other information concerning the Certificates are available from the Stockton Unified School District, 701 North Madison Street, Stockton, California 95202; telephone (209) 933-7055. The District may impose a charge for copying, mailing and handling.

***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 District or other information contained herein since the date of this Official Statement.

***Stabilization of and Changes to Offering Prices.*** The Underwriter may over-allot or take other steps that stabilize or maintain the market price of the Certificates at a level above that which 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 dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated above, and those public offering prices may be changed from time to time by the Underwriter.

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**\$33,000,000\***

**2017 REFUNDING CERTIFICATES OF PARTICIPATION  
Evidencing and Representing Proportionate Interests of the Registered Owners Thereof  
in Rental Payments to be made by the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA**

**INTRODUCTION**

*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, the inside cover page, the appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Certificates to potential investors is made only by means of the entire Official Statement.*

This Official Statement, which includes the cover page, the inside cover page, and the attached appendices, sets forth certain information concerning the sale and delivery of the 2017 Refunding Certificates of Participation (the “Certificates”), evidencing and representing proportionate interests of the registered owners thereof (the “Owners”) in Rental Payments (described herein) to be paid by the Stockton Unified School District (the “District”) as rent for certain real property and facilities consisting generally of the existing land and improvements constituting the \_\_\_\_\_ High School of the District (the “Leased Property”).

**The District.** The District was established on July 1, 1936, and is located in San Joaquin County (the “County”), in California’s Central Valley. The boundaries of the District encompass an area of approximately 55 square miles. The District is located approximately 58 miles south of Sacramento, the State Capitol, 78 miles east of the San Francisco Bay Area, and 337 miles north of Los Angeles. The District has fifty-four schools, including forty-one K-8 schools (including one K-5 school, and two charter schools (Pittman and Nightingale Elementary), eleven high schools (including four specialty high schools (Jane Fredrick, Weber Institute, Merlo Institute, Stockton High)) and three specialty charter high schools (Pacific Law Academy, Stockton Early College Academy, Health Careers Academy)), one K-12 special education school, and one adult education school. The District also maintains an independent study program and a child development program. The average daily attendance in the District was 32,699 students in 2014-15, 32,705 students in 2015-16, and is projected to be 33,087 students in 2016-17.

**The Corporation.** The Stockton Unified School District Facilities Finance Corporation is a California nonprofit benefit corporation (the “Corporation”) established for the purpose of providing financial assistance to the District by financing the design, development, acquisition, construction, improvement and remodeling of school buildings, facilities, and equipment, including site acquisitions and related facilities.

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\* Preliminary, subject to change.

***The Financing Structure.*** The District will lease the Leased Property to the Corporation under a Ground Lease dated as of \_\_\_\_\_, 1 2017 (the “Ground Lease”), in consideration of an upfront rental payment by the Corporation which is sufficient to provide for the refinancing of the District’s 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the “2007 Certificates”). Under a Facilities Lease dated as of \_\_\_\_\_, 1 2017 (the “Facilities Lease”), the Corporation will lease the Leased Property back to the District in consideration of the payment by the District of semiannual Rental Payments. The Certificates are being executed and delivered under a Trust Agreement dated as of \_\_\_\_\_, 1 2017 (the “Trust Agreement”), by and among U.S. Bank National Association, San Francisco, California, as trustee (the “Trustee”), the Corporation and the District. Under the Trust Agreement, the Corporation has assigned to the Trustee, for the benefit of the Owners, substantially all of its rights under the Facilities Lease, including its rights to receive and collect Rental Payments from the District and such other rights as may be necessary to enforce payment of Rental Payments.

***Use of the Financing Proceeds.*** The proceeds of the Certificates, net of underwriter’s discount, original issue discount, if any, and other delivery costs, will be used to (i) establish an escrow fund to be used to pay and redeem the outstanding 2007 Certificates on September 4, 2017, (ii) acquire a surety bond to satisfy the reserve requirement with respect to the Certificates and (iii) pay the costs related to the execution and delivery of the Certificates. See “Refunding Plan” herein.

***Sources of Payment for the Certificates.*** The District is required to pay to the Trustee, from any source of legally available funds, specified rental payments (the “Rental Payments”) for use and possession of the Leased Property, in amounts designed to be sufficient in both time and amount to pay, when due, the principal and interest represented by the Certificates. The District covenants in the Facilities Lease to take such action as may be necessary to include all Rental Payments in its annual budget, and to make the necessary appropriations therefor. The District’s financial ability to pay Rental Payments will depend upon the sufficiency of monies in its general fund. See “The District” and “District Financial Information” herein for a discussion of the current financial condition of the District.

The payment of Rental Payments by the District is dependent upon beneficial use and occupancy by the District of the Leased Property; otherwise, the obligation of the District to pay Rental Payments is subject to full or partial abatement. The obligation of the District to pay the Rental Payments is subject to abatement during any period in which there is substantial interference with the District’s use and possession of any portion of the Leased Property. In such event and to the extent of such abatement, Certificate Owners may not receive payment of principal or interest represented by the Certificates. Abatement of Rental Payments under the Facilities Lease, to the extent payment is not made from alternative sources as set forth below, would result in all Certificate Owners receiving less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance or condemnation proceeds are available or there are monies in the Certificate Reserve Fund, Rental Payments (or a portion thereof) may be made during such abatement. See “Risk Factors – Abatement of Rental Payments.”



***Neither the Certificates nor the obligation of the District to pay Rental Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to pay Rental Payments constitutes a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional debt limitation or violates any statutory debt limitation or constitutes a pledge of the faith and credit of the District, the State of California or any of its political subdivisions.***

***Summary of Information.*** A summary of the principal legal documents relating to the Certificates is contained in Appendix A. Such summary is not and does not purport to be comprehensive or complete. The descriptions in this Official Statement of the Trust Agreement, the Ground Lease, the Facilities Lease and other agreements relating to the Certificates are qualified in their entirety by reference to such documents, and the descriptions herein of the Certificates are qualified in their entirety by the form thereof and the provisions with respect thereto included in the aforesaid documents. Copies of such documents may be obtained at the principal corporate trust office of the Trustee in San Francisco, California. All terms used herein and not otherwise defined have the meanings given such terms in the Trust Agreement and in Appendix A.

***Other Information.*** This Official Statement speaks only as of its date, and the information contained herein is subject to change. For limiting factors about this Official Statement, see "General Information About This Official Statement."

Copies of documents referred to herein and information concerning the Certificates are available from the Office of the Superintendent, Stockton Unified School District, 701 North Madison Street, Stockton, California 95202; telephone (209) 933-7055 (the "Superintendent's Office"). The District may impose a charge for copying, mailing, and handling.

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

The information set forth herein has been obtained from official sources which are believed to be reliable, but the information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

## **THE CERTIFICATES**

### **Form and Registration**

The Certificates evidence and represent proportionate interests of the Owners in Rental Payments and any redemptions to be paid by the District under the Facilities Lease. The Certificates will be issued in registered form, without coupons. The Certificates will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. While DTC acts as securities depository for the Certificates, all payments of principal, premium, if any, and interest represented by the Certificates shall be made to Cede & Co., as nominee of DTC. For information with respect to the payment and transfer of the Certificates, see “Appendix F – Book-Entry-Only System”.

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

The Certificates will be dated their date of delivery. Interest represented by each Certificate will accrue on the principal components represented by such Certificate at the applicable interest rate from the date of delivery thereof until its date of maturity or prior redemption, with interest becoming payable on each February 1 and August 1 (each, an “Interest Payment Date”), commencing February 1, 2018.

Interest will accrue with respect to the Certificates on the basis of a 360-day year comprised of twelve 30-day months. The Certificates will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement.

### **Redemption of Certificates**

***Casualty Loss, Title Defect or Governmental Taking.*** The Certificates are subject to redemption prior to maturity as a whole or in part (pro rata among maturities and at random within a maturity) on any date, from prepaid Rental Payments made by the District from funds received by the District 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 in the Trust Agreement and in the Facilities Lease, at a redemption price equal to the sum of the principal amount represented thereby plus interest represented thereby accrued to the date fixed for redemption, without premium.

***Optional Redemption.*** The Certificates maturing on or after February 1, 2027 are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity), on any date on or after February 1, 2027, at par (computed on the principal represented by the Certificates called for redemption) plus accrued interest to the date fixed for redemption, without premium.

***Mandatory Sinking Account Redemption.*** The Certificates maturing on February 1, 20\_\_, are subject to redemption prior to their stated maturity, in part, at random, from Mandatory Sinking

Account Payments in the following amounts and on the following dates, at the principal amount represented thereby, without premium:

Mandatory Redemption Dates  
(February 1)

Principal Amount

***Selection of Certificates for Redemption.*** Whenever less than all the Outstanding Certificates of any maturity are to be redeemed, the Trustee will select the particular Certificates to be redeemed (in whole or in part) from the Outstanding Certificates that have not previously been called for redemption, at random in any manner that the Trustee in its sole discretion deems appropriate and fair, in minimum denominations of \$5,000 principal amount. For purposes of selection, each \$5,000 of principal will be deemed to be a separate Certificate. The Trustee shall promptly notify the District 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.

***Notice of Redemption.*** When redemption is authorized or required under the Trust Agreement, the Trustee shall give notice of the redemption of the Certificates on behalf and at the expense of the District. Notice of redemption shall be mailed (first class postage prepaid) by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to the respective Owners of any Certificates designated for redemption at their addresses appearing on the Certificate Register. If the Certificates are not registered to a Securities Depositories, the Trustee shall also give notice of redemption of the Certificates to the Securities Depositories and the Information Service (at the same time it mails notice of redemption to the Owners) by registered or overnight mail.

Each notice of optional 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, 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 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 District 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 District nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Securities Depositories 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. 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.

***Partial Redemption of Certificates.*** Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, 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.

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, DTC shall make an appropriate notation on the Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

***Effect of Redemption.*** If notice of redemption has been duly given and moneys for the payment of the redemption price of the Certificates to be redeemed are held by the Trustee, then, on the redemption date, the Certificates called for redemption will become payable at the redemption price. After the redemption date, interest evidenced by the redeemed Certificates redemption will cease to accrue, the Certificates will cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of the Certificates will have no rights in respect thereof except to receive payment of the redemption price thereof.

### **REFUNDING PLAN**

The 2007 Certificates were executed and delivered by the District on March 7, 2007, in the original aggregate principal amount of \$45,045,000. The 2007 Certificates are subject to redemption as a whole or in part on any date on or after February 1, 2017, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

A portion of the proceeds of the Certificates will be deposited with U.S. Bank National Association, as escrow bank (the "Escrow Bank") under an Escrow Agreement dated as of \_\_\_\_\_, 1 2017 (the "Escrow Agreement"), between the District and the Escrow Bank. Such proceeds will be deposited into an Escrow Fund which is established under the Escrow Agreement (the "Escrow Fund").

The amounts deposited into the Escrow Fund will be applied to pay the principal and interest represented by the outstanding issue of 2007 Certificates. All of the outstanding 2007 Certificates will be redeemed on \_\_\_\_\_, 2017, from amounts held in the Escrow Fund. Sufficiency of the amounts and investments in the Escrow Fund to pay the principal, interest and redemption price of the 2007 Certificates on \_\_\_\_\_, 2017 will be verified by Causey Demgen & Moore P.C. of Denver, Colorado (the "Verification Agent").

## **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the Certificates are estimated to be applied as set forth in the tables below:

| <u>Sources of Funds</u>           | <u>Amount</u> |
|-----------------------------------|---------------|
| Principal Amount of Certificates  | \$            |
| Net Original Issue Premium        |               |
| <b>Total Sources</b>              | <hr/> \$      |
| <br><u>Uses of Funds</u>          |               |
| Escrow Fund for 2007 Certificates | \$            |
| Underwriters' Discount            |               |
| Costs of Issuance <sup>(1)</sup>  |               |
| <b>Total Uses</b>                 | <hr/> \$      |

<sup>(1)</sup> Includes fees of Special Counsel, Disclosure Counsel, Trustee/Escrow Agent, Financial Advisor, Verification Agent, rating agency fees, printing fees, bond insurance and surety bond premiums, and other miscellaneous expenses.

### **RENTAL PAYMENT SCHEDULE**

The following table sets forth the scheduled payments of principal and interest evidenced by the Certificates in each year ending February 1.

| <u>Year Ending</u><br><u>February 1</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|--------------|
| 2018                                    |                  |                 |              |
| 2019                                    |                  |                 |              |
| 2020                                    |                  |                 |              |
| 2021                                    |                  |                 |              |
| 2022                                    |                  |                 |              |
| 2023                                    |                  |                 |              |
| 2024                                    |                  |                 |              |
| 2025                                    |                  |                 |              |
| 2026                                    |                  |                 |              |
| 2027                                    |                  |                 |              |
| 2028                                    |                  |                 |              |
| 2029                                    |                  |                 |              |
| 2030                                    |                  |                 |              |
| 2031                                    |                  |                 |              |
| 2032                                    |                  |                 |              |
| 2033                                    |                  |                 |              |
| 2034                                    |                  |                 |              |
| 2035                                    |                  |                 |              |
| 2036                                    |                  |                 |              |
| TOTAL                                   | \$               | \$              | \$           |

### **THE LEASED PROPERTY**

The District will lease certain real property and improvements (collectively, the “Leased Property”) to the Corporation under the Ground Lease and will concurrently lease the Leased Property back from the Corporation under the Facilities Lease.

The Leased Property consists of certain real property and improvements generally constituting the \_\_\_\_\_ High School. The \_\_\_\_\_ High School was completed in \_\_\_\_\_. \_\_\_\_\_ High School includes classroom facilities currently serving approximately \_\_\_\_\_ students in grades 9 through 12. The District has determined that the total cost of acquiring the site and constructing the improvements thereon was approximately \$\_\_\_\_\_ million.

## **SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES**

Neither the Certificates nor the obligation of the District to pay Rental Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to pay Rental Payments constitutes a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional debt limitation or violates any statutory debt limitation or constitutes a pledge of the faith and credit of the District, the State of California or any of its political subdivisions.

### **Nature of the Certificates**

Each Certificate represents a proportionate interest of the Owner of such Certificate in the right to receive Rental Payments and any redemptions thereof to be made by the District to the Trustee under the Facilities Lease. The District is obligated to pay Rental Payments from any source of legally available funds, and has covenanted in the Facilities Lease to include all Rental Payments coming due in its annual budgets and to make the necessary appropriations therefor. The Corporation, under the Trust Agreement, has assigned all of its rights under the Facilities Lease, including the right to receive Rental Payments and any redemptions, to the Trustee for the benefit of the Owners of the Certificates. On the 15th day of January and July in each year during the term of the Facilities Lease, the District must pay to the Trustee a Rental Payment (to the extent required under the Facilities Lease) which is equal to the amount necessary to pay the principal, if any, and interest due with respect to the Certificates on the next succeeding Interest Payment Date.

### **Rental Payments**

The Trust Agreement requires that Rental Payments be deposited in the Certificate Fund maintained by the Trustee. All moneys at any time deposited by the Trustee in the Certificate Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. Under the Trust Agreement, on February 1 and August 1 of each year, commencing February 1, 2018, the Trustee will apply such amounts in the Certificate Fund as are necessary to make principal and interest payments with respect to Certificates as the same shall become due and payable, in the amounts specified by the Facilities Lease, as shown in the annual payment schedule in the table above. All amounts in the Certificate Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and redemption premiums (if any) with respect to the Certificates as the same shall become due and payable in accordance with the provisions of the Trust Agreement.

### **Additional Rental Payments**

The Facilities Lease requires the District to pay, as Additional Payments thereunder in addition to the Rental Payments and Additional Payments, all costs and expenses incurred by the Trustee and the Corporation to comply with the provisions of the Facilities Lease and the Trust Agreement, including but not limited to payment of all fees, costs, and expenses of the Corporation, including 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.

### **Covenant to Appropriate Funds**

The District has covenanted in the Facilities Lease to take all such action as may be necessary to include all Rental Payments due in each fiscal year in its annual budget and to make the necessary annual appropriations therefor (except to the extent such payments are abated as permitted under the Facilities Lease).

### **Rental Abatement**

Rental Payments are paid by the District in each Fiscal Year for the District's right of use and possession of the Leased Property for such Fiscal Year. Except to the extent of (i) amounts held by the Trustee in the Certificate Reserve Fund, (ii) amounts, if any, received in respect of rental abatement insurance, and (iii) amounts, if any, otherwise available to the Trustee for payments in respect of the Certificates, Rental Payments and Additional Payments will be abated proportionately during any period in which, by reason of material damage, destruction or condemnation of the Facilities or any portion thereof or defects in title to the Facilities, there is substantial interference with the District's use and occupancy of the Facilities or any portion thereof. In that event, the amount abated will be such that the resulting Rental Payment and Additional Payments does not exceed the total fair rental value of the portion of the Facilities not damaged, destroyed, condemned or affected by title defect. Such abatement will continue until restoration of the Facilities or portion thereof to tenantable condition or correction of the title defect. Any determination of remaining fair rental value will be made with reference to the greater of (i) the District'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.

Any resulting reduction in Rental Payments does not constitute a default under either the Trust Agreement or the Facilities Lease and, upon the depletion of all amounts held by the Trustee under the Trust Agreement, would result in a delay in, or inability of the Trustee to make, further payments on the Certificates. Notwithstanding any such damage, destruction, taking or title defect, the Facilities Lease will continue in full force and effect. See "Risk Factors," herein.

### **Substitution and Release of Property**

The District may substitute, add to, or delete property as part of the Leased Property for purposes of the Ground Lease and the Facilities Lease, or alter the term of the Facilities Lease as to any portion of the property constituting the Leased Property, provided that the District comply with certain conditions precedent specified in the Facilities Lease. See "Appendix A – Summary of Principal Legal Documents - Facilities Lease." Upon such substitution, the property released shall be conveyed to the District.

### **Certificate Reserve Fund**

The Certificate Reserve Fund is established by the Trust Agreement to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, as a reserve for



the payment when due of the Rental Payments on behalf of the District. The Trust Agreement requires the Certificate Reserve Fund to be funded in an amount equal to, as of the date of calculation, 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 Internal Revenue Code (the "Certificate Reserve Requirement"). The Certificate Reserve Fund requirement may be satisfied by provision of a Reserve Facility (generally, any letter of credit, insurance policy, surety bond or other credit source, as permitted by the Trust Agreement). If the Certificates are partially refunded, such amount shall be reduced to an amount equal to the maximum annual Rental Payments relating to the Certificates not so refunded, as specified in a certificate of a District Representative delivered to the Trustee.

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, solely for the purpose of making up any deficiency in the Interest Fund or the Principal Fund, or (together with any other moneys available therefor) for the payment or redemption of all Certificates then Outstanding, or 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 Reserve Requirement.

As stated above, the Trust Agreement requires the establishment of a Certificate Reserve Fund in an amount equal to the Reserve Requirement (as defined above). The Trust Agreement authorizes the District (also referred to herein as the "Obligor") to obtain a Surety Bond in place of fully funding the Certificate Reserve Fund. Accordingly, application has been made to \_\_\_\_\_ ("\_\_\_\_\_") for the issuance of a Surety Bond for the purpose of funding the Certificate Reserve Fund. The Certificates will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the execution and delivery of the Certificates. The Surety Bond provides that upon the later of (i) one (1) day after receipt by \_\_\_\_\_ of a demand for payment executed by the Trustee certifying that provision for the payment of principal or interest on the Certificates when due has not been made, or (ii) the interest payment date specified in the Demand for Payment submitted to \_\_\_\_\_, \_\_\_\_\_ will promptly deposit funds with the Trustee sufficient to enable the Trustee to make such payments due on the Certificates, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by \_\_\_\_\_ under the terms of the Surety Bond, and the Obligor is required to reimburse \_\_\_\_\_ for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the Obligor is subordinate to the Obligor's obligations with respect to the Certificates.

In the event the amount on deposit, or credited to the Certificate Reserve Fund, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Certificate Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Certificate Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument" or "Reserve Facilities")), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Trust Agreement provides that the Certificate Reserve Fund shall be replenished in the following priority: 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.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Trustee.

### **Action on Default**

If the District defaults under the Facilities Lease, the Trustee, as assignee of the Corporation, may retain the Facilities Lease and hold the District liable for all Rental Payments thereunder on an annual basis and will have the right to re-enter and re-let the Facilities. If the Trustee re-lets the Facilities, the District would be liable for any resulting deficiency in Rental Payments. Alternatively, the Trustee may terminate the Facilities Lease and recover certain damages from the District. See Appendix A - "Summary of Principal Legal Documents – Facilities Lease – Remedies on Default." Acceleration of future Rental Payments is not a remedy available under the Facilities Lease. See "Risk Factors - Limited Recourse on Default; No Acceleration on Default."

### **Covenants to Insure**

The Facilities Lease requires the District to maintain casualty insurance insuring the Facilities against fire, lightning, and all other risks covered by an extended coverage endorsement (excluding earthquake and flood), subject to a \$5,000 loss deductible provision, in an amount equal to the full insurable value of the Facilities. The District does not currently maintain earthquake insurance with a commercial carrier and has no plans to do so. See "Risk Factors - Risk of Earthquake and Flood."

The Facilities Lease requires the District to maintain, throughout the term of the Facilities Lease, rental abatement insurance to cover the Corporation's loss, total or partial, of Rental Payments resulting from the loss of the use of any part of the Facilities as a result of any of the hazards covered in the casualty insurance required by the Facilities Lease, in an amount equal to the Rental Payments for the Facilities in the two-year period in which that amount is greatest.

The Facilities Lease requires the District to obtain title insurance on the Facilities, in an amount equal to the aggregate amount of principal evidenced by the Certificates.

## **INSURANCE**

The District has applied for insurance to guarantee the scheduled payment of principal and interest with respect to the Certificates and, if a commitment is issued to insure the Certificates, will be determined prior to the sale of the Certificates whether to obtain such insurance.

## **RISK FACTORS**

The following discussion sets forth some of the events that could affect the payment of Rental Payments. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Certificates and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information contained in this Official Statement in evaluating the Certificates. There can be no assurances that other risk factors will not become material in the future.

### **Limited Nature of the Obligation to Make Rental Payments**

The obligation of the District to make Rental Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the District to make Rental Payments constitutes an indebtedness of the District, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Facilities Lease does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Facilities Lease to make Rental Payments from any source of legally available funds, subject to abatement under certain circumstances (see “Abatement of Rental Payments” below), and the District has covenanted in the Facilities Lease to take such action as may be necessary to include all Rental Payments in its annual budget and annually to appropriate an amount necessary to make such Rental Payments.

### **Additional General Fund Obligations**

The District is currently liable on other obligations payable from general revenues. See “The District - District Debt.” The District has the right and authority to enter into other obligations that constitute additional charges against its general revenues without obtaining the consent of the Owners or the beneficial owners of the Certificates. To the extent that additional obligations are incurred by the District, the funds available to make Rental Payments may be decreased.

### **Abatement of Rental Payments**

The obligation of the District to make Rental Payments is in consideration for the right to use and occupy the Facilities. All or a portion of the Rental Payments due under the Facilities Lease will be abated during any period in which, by reason of material damage, destruction,

condemnation or a title defect, there is substantial interference with the District's use and occupancy of any portion of the Facilities.

If the damaged or destroyed portion of the Facilities cannot be replaced during the period of time in which proceeds of the District's rental abatement insurance will be available, plus the period for which other moneys in the funds held by the Trustee (including funds in the Certificate Reserve Fund) suffice to make Rental Payments, or if casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the Facilities or redemption of the Certificates, there could be insufficient funds to make payments to Owners in full.

### **Natural Disasters -- Earthquake and Flood**

The value of the Leased Property 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 Leased Property and the continued habitability and enjoyment of such improvements. The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity. Other natural disasters could include, without limitation, landslides, floods, droughts or tornadoes.

Under the Facilities Lease, the District is not required to maintain earthquake or flood insurance on the Facilities. The District currently carries earthquake and flood insurance with respect to the Facilities (i.e., \_\_\_\_\_ High School).

### **Limited Recourse on Default; No Acceleration on Default**

If the District defaults under the Facilities Lease, the Trustee, as assignee of the Corporation, may retain the Facilities Lease and hold the District liable for all Rental Payments on an annual basis and will have the right to re-enter and re-let the Facilities. If the Trustee re-lets the Facilities, the District would be liable for any resulting deficiency in Rental Payments. Alternatively, the Trustee may terminate the Facilities Lease and recover certain damages from the District.

Owing to the specialized nature of the Facilities, no assurance can be given that the Trustee will be able to re-let any portion of the Facilities so as to provide rental income sufficient to make payments of principal and interest evidenced by the Certificates in a timely manner. The Trustee is not empowered to sell the Facilities for the benefit of the Owners. Furthermore, owing to the governmental function of the Facilities, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against school districts in the State of California, including a limitation on the enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of the interest evidenced by the Certificates from federal income taxation.

### **No Acceleration Upon Default**

In the event of a default, acceleration of future Rental Payments is not a remedy available under the Facilities Lease. The District 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 defaulted Rental Payments.

### **Loss of Tax Exemption**

As discussed under the caption "Tax Matters," interest evidenced by the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates as a result of acts or omissions of the District in violation of its covenants in the Trust Agreement. Should such an event of taxability occur, the Certificates are not subject to special redemption and will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Trust Agreement.

### **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 District, or with respect to the performance by the District 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.

### **Bankruptcy and Equitable Limitations**

In addition to the limitations 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, the provisions of federal bankruptcy laws, as now or hereinafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights. The various legal opinions delivered concurrently with the delivery of the Certificates (including Special Counsel's approving legal opinion) will be qualified as to the enforceability of the Certificates, the Trust Agreement, the Facilities Lease and other related documents by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights, to the application of equitable principles, to the exercise of judicial discretion and to the limitation on legal remedies against public agencies in the State.

***Bankruptcy of the District.*** If the District were to file a petition under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), it may be able to reject the Ground Lease or the Facilities Lease or assume the Facilities Lease, despite any provision of the Facilities Lease that makes the bankruptcy or insolvency of the District an event of default thereunder.

If the District rejects the Facilities Lease, its obligation to pay Rental Payments will terminate. The Trustee, on behalf of the owners of the Certificates, would have a claim for damages, but this claim may be significantly limited. And, while the Corporation might be able

to recover possession of the Leased Property and re-let it, no assurance can be given that the new lease will provide for the same level of payments as the Facilities Lease. If the District rejects the Ground Lease, the rights of the Trustee and the owners of the Certificates to receive Rental Payments may terminate, even if the District remains in possession of the Leased Property. While the Trustee on behalf of the owners of the Certificates may have a claim in the District's bankruptcy, this claim for damages may be significantly limited. Whether the District rejects the Facilities Lease or the Ground Lease, the owners of the Certificates could suffer substantial losses.

If the District assumes the Facilities Lease, it may be able to assign the Facilities Lease to a third party, notwithstanding the provisions of the transaction documents, and thereby replace the obligation of the District to pay Rental Payments with the obligation of the third party assignee to make such payments. While there must be adequate assurances of the future performance of the assignee, that determination is made by the bankruptcy court, not the Trustee or the owners of the Certificates, and the determination may turn out to have been wrong. There may be adverse tax consequences of such an assignment.

The District may be able to obtain authorization from the bankruptcy court to sell the Leased Property to a third party; however, the owners of the Certificates may suffer substantial losses.

The Trustee and the owners of the Certificates would be prohibited from taking any action to enforce any of their rights or remedies against the District or its property, unless the permission of the bankruptcy court was first obtained. This could prevent the Trustee from making payments to the owners of the Certificates from funds in the possession of the Trustee.

Actions could be taken in a bankruptcy of the District that could adversely affect the exclusion of the interest evidenced by the Certificates from gross income for federal income tax purposes. There may also be other possible effects of the bankruptcy of the District that could result in delays or reductions in payments of the principal and interest evidenced by the Certificates, or in other losses to the owners of the Certificates,

Regardless of any specific adverse determinations in a bankruptcy case of the District, the existence of a bankruptcy case could have an adverse effect on the liquidity and value of the Certificates.

***Bankruptcy of the Corporation.*** The District and the Corporation intend the assignment to the Trustee of all of Corporation's right, title, and interest to receive the Rental Payments to be an absolute sale and not the grant of a security interest in such property to secure a borrowing of the Corporation. If, however, the Corporation were to become a debtor in a bankruptcy case, and a party in interest (including the Corporation itself) took the position that the transfer of the Rental Payments to the Trustee should be recharacterized as the grant of a security interest in such property, and a court were to adopt such a position, there could be delays or a reduction in the payments evidenced by the Certificates, or other losses to the Owners of the Certificates, could result.

Because the Corporation is not assigning all its rights under the Ground Lease and the Facilities Lease to the Trustee, if the Corporation goes into bankruptcy, the Corporation may be

able to obtain authorization from the bankruptcy court to sell to a third party all rights under the Ground Lease and the Facilities Lease, including the Rental Payments, free and clear of rights of the Trustee and the owners of the Certificates. While the Trustee (and thus the owners of the Certificates) should be entitled to receive the value of the Rental Payments as determined by the bankruptcy court, the bankruptcy court's valuation may be substantially different than the value placed on such payments by the owners of the Certificates, and the owners of the Certificates may suffer a loss.

Similarly, because the Corporation is not assigning all its rights under the Ground Lease and the Facilities lease, it may be able to reject the Ground Lease and the Facilities Lease or assume the Ground Lease or the Facilities Lease despite any provision of the Ground Lease or the Facilities Lease which makes the bankruptcy or insolvency of the Corporation an event of default thereunder. If the Corporation rejects the Ground Lease or the Facilities Lease, the rights of the Trustee and the owners of the Certificates to receive Rental Payments may be terminated. Under such circumstances, the owners of the Certificates could suffer substantial losses, and any claim for damages may be significantly limited. If the Corporation assumes the Ground Lease or the Facilities Lease, it may be able to assign them to a third party, notwithstanding the provisions of the transaction documents.

The Trustee and owners of the Certificates would be prohibited from taking any action to enforce any of their rights or remedies against the Corporation or its property, unless the permission of the bankruptcy court was first obtained. This could prevent the Trustee from making payments to the owners of the Certificates from funds in the possession of the Trustee. In addition, the provisions of the transaction documents that require the District to make payments directly to the Trustee, rather than to the Corporation, may no longer be enforceable, and all payments may be required to be made to the Corporation.

Actions could be taken in a bankruptcy case of the Corporation which could adversely affect the exclusion of interest evidenced by the Certificates from gross income for federal income tax purposes. There may also be other possible effects of the bankruptcy of the Corporation that could result in delays or reductions in payments of the principal and interest evidenced by the Certificates, or in other losses to the Owners of the Certificates.

Regardless of any specific adverse determinations in a bankruptcy case of the Corporation, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Certificates.

### **Pension Benefit Liability**

Many factors influence the amount of the District's pension benefit liability, including, without limitation, changes in statutory provisions of applicable law, changes in the levels of benefits provided or in the contribution rates of the District, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, inflationary factors, and differences between actual and anticipated investment experience of the California Public Employees' Retirement System ("PERS") and the California State Teachers' Retirement System ("STRS"). See, "The District – District Retirement Systems," herein. Any of these factors could create additional liability of the District to PERS and STRS and the District would be obligated

to make additional payments to PERS and STRS over the amortization schedule for full funding of those District's obligation.

### **Economic Conditions in California**

The District derives the majority of its revenues from or through the State of California. See "District Financial Information." Decreases in State revenues, or changes in the State's method of funding education, can significantly affect appropriations made by the legislature to school districts and, consequently, the funds available to the District to make Rental Payments. See "State Funding of Education."

### **THE CORPORATION**

The Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California. The Corporation was incorporated in 1996 under the Nonprofit Public Benefit Corporation Law of the State (Title 1, Division 2, Part 2 of the California Corporation Code), and was established for the purpose of providing financial assistance to the District by financing the design, development, acquisition, construction, improvement and remodeling of school buildings, facilities and equipment, including site acquisition and related facilities. The Board of Trustees of the District serves as the Board of Directors of the Corporation. The Corporation is not obligated in any manner whatsoever to make Rental Payments.

### **THE DISTRICT**

#### **General Information**

The Stockton Unified School District (the "District") was established on July 1, 1936, and is located in San Joaquin County (the "County"), in California's Central Valley. The boundaries of the District cover an area of approximately 55 square miles. The District is located approximately 58 miles south of Sacramento, the State Capitol, 78 miles east of the San Francisco Bay Area, and 337 miles north of Los Angeles. The District has fifty-four schools, including forty-one K-8 schools (including one K-5 school, and two charter schools (Pittman and Nightingale Elementary), eleven high schools (including four specialty high schools (Jane Fredrick, Weber Institute, Merlo Institute, and Stockton High) and three specialty charter high schools (Pacific Law Academy, Stockton Early College Academy, and Health Careers Academy)), one K-12 special education school, and one adult education school. The District also maintains an independent study program and a child development program. The Average Daily Attendance ("ADA") in the District was 32,699 students in 2014-15, 32,705 students in 2015-16, and is projected to be 33,087 students in 2016-17.



## Administration

**Board of Trustees.** The District is governed by a seven-member Board of Trustees (the “Governing Board”), each member of which is elected to a four-year term. Current members of the Governing Board, together with their office and the date their term expires, are listed below:

| Name                     | Office         | Term Expires  |
|--------------------------|----------------|---------------|
| Maria Mendez             | President      | December 2018 |
| Angela Phillips          | Vice President | December 2018 |
| Cecilia Mendez           | Clerk          | December 2020 |
| Dr. Andrea Burrise, J.D. | Member         | December 2018 |
| Kathy Garcia             | Member         | December 2020 |
| Lange P. Luntao          | Member         | December 2020 |
| Steve Smith              | Member         | December 2018 |

**Superintendent.** Dr. Eliseo Dávalos has been employed by the District since July 2016 and, prior to his appointment as Superintendent, was Director of Curriculum. Dr. Dávalos holds a Ph.D. in Education from The Claremont Graduate School.

**Chief Business Official.** Lisa Grant-Dawson has been employed as the Chief Business Official by the District since July 2015. She was previously the Assistant Superintendent of Business Services, Hayward Unified School District from July 2013- June 2015, and the Chief Business Official of Vallejo City Unified School District from January 2006 – June 2013. Prior to entering the Educational Industry, Ms. Grant-Dawson held progressive business/accounting positions in companies such as Johnson and Johnson and Fresh Express Foods. Ms. Grant-Dawson has earned a B.S. in Business Management (2004) and Masters in Business Administration (2006) from the University of Phoenix, after attending Tuskegee University from 1987 – 1991, where she majored in Accounting.

## Recent Enrollment Trends

The following table shows enrollment history for the District from fiscal year 2004-05 through 2015-16 and the projected enrollment through fiscal year 2016-17.

**STOCKTON UNIFIED SCHOOL DISTRICT**  
**Annual Enrollment**  
**Fiscal Years 2004-05 through 2016-17,**  
**and Projected Enrollment Fiscal Years 2017-18 through 2019-20**

| <u>Fiscal Year</u>     | <u>Enrollment</u> | <u>Annual Change</u> |
|------------------------|-------------------|----------------------|
| 2004-05                | 38,805            | --                   |
| 2005-06                | 38,322            | -483                 |
| 2006-07                | 37,835            | -487                 |
| 2007-08                | 37,520            | -315                 |
| 2008-09                | 36,481            | -1,039               |
| 2009-10                | 35,764            | -717                 |
| 2010-11                | 35,283            | -481                 |
| 2011-12                | 34,492            | -791                 |
| 2012-13                | 34,356            | -136                 |
| 2013-14                | 34,565            | 209                  |
| 2014-15                | 34,331            | 234                  |
| 2015-16                | 34,902            | 571                  |
| 2016-17                | 35,011            | 109                  |
| 2017-18 <sup>(1)</sup> | 35,516            | 505                  |
| 2018-19 <sup>(1)</sup> | 35,566            | 50                   |
| 2019-20 <sup>(1)</sup> | 35,616            | 50                   |

<sup>(1)</sup> Projected (as of June, 2016)

*Source: Stockton Unified School District*

**Average Daily Attendance**

A schedule of the District's Average Daily attendance ("A.D.A.") and base revenue limit/LCFF per A.D.A. since 1999-2000, as well as estimates for fiscal years 2017-18 through 2018-19, are shown on the following page.

**STOCKTON UNIFIED SCHOOL DISTRICT**  
**Average Daily Attendance**  
**Fiscal Years 1999-00 through 2016-17, and**  
**Estimated Fiscal Years 2017-18 through 2018-19**

| <u>Fiscal Year</u>     | <u>A.D.A.</u> | <u>Annual Change</u> | <u>Base Revenue Limit/LCFF per A.D.A.</u> |
|------------------------|---------------|----------------------|---|
| 1999-00                | 33,626        | --                   | \$4,354.41                                |
| 2000-01                | 34,365        | 739                  | 4,492.41                                  |
| 2001-02                | 35,939        | 1,574                | 4,666.41                                  |
| 2002-03                | 35,922        | -17                  | 4,459.41                                  |
| 2003-04                | 35,998        | 76                   | 4,847.41                                  |
| 2004-05                | 35,755        | -243                 | 4,977.62                                  |
| 2005-06                | 35,413        | -342                 | 5,188.62                                  |
| 2006-07                | 34,934        | -479                 | 5,543.16                                  |
| 2007-08                | 34,763        | -171                 | 5,795.34                                  |
| 2008-09                | 34,468        | -295                 | 6,124.34                                  |
| 2009-10                | 34,206        | -262                 | 6,386.34                                  |
| 2010-11                | 33,218        | -988                 | 6,397.99                                  |
| 2011-12                | 32,682        | -536                 | 6,504.34                                  |
| 2012-13                | 32,407        | -275                 | 6,716.34                                  |
| 2013-14 <sup>(2)</sup> | 32,492        | 85                   | 7,326.29                                  |
| 2014-15                | 32,699        | 261                  | 8,206.51                                  |
| 2015-16                | 32,705        | 6                    | 9,507.02                                  |
| 2016-17                | 32,087        | -7                   | 9,999.38                                  |
| 2017-18 <sup>(1)</sup> | 33,244        | -3                   | 10,374.00                                 |
| 2018-19 <sup>(1)</sup> | 33,223        | 43                   | 10,841.64                                 |

<sup>(1)</sup> Estimated

<sup>(2)</sup> Change in funding model, effective 2013-14. Rate is a district-wide average.

Source: Stockton Unified School District.

## Employee Relations

The District has eight recognized bargaining units which represent its non-management employees. The largest of these, the Stockton Unified School District Teachers' Association, represents the members of the District's certificated teaching staff. Other bargaining units include the Stockton Pupil Personnel Association, representing the District's psychologists and counselors; the California School Employees' Association, representing the District's classified personnel; the California School Employees' Association, representing the District's paraprofessionals; the California School Employees Association, representing the District transportation workers; the Operating Engineers Union, representing the District police unit; the Stockton Unified Supervisor's Union, representing the non-teaching supervisors of the District; and the United Stockton Administrators, representing principals and other administrators. The table on the following page shows the District's bargaining units, number of employees, and contract status:

**STOCKTON UNIFIED SCHOOL DISTRICT**  
**Bargaining Units, Number of Employees, and Contract Status**

| <u>Certificated</u>                  | <u>Number of Employees</u> | <u>Status</u>                |
|--------------------------------------|----------------------------|------------------------------|
| Stockton Teachers' Association       | 1,956                      | Contract 07/1/16 – 8/31/19   |
| United Stockton Administrators       | 106                        | Settled for 2015-18          |
| Stockton Pupil Personnel Association | 182                        | Contract 06/26/15 – 06/30/18 |

| <u>Classified</u>  | <u>Number of Employees</u> | <u>Status</u>  |
|--|----------------------------|--|
| California School Employees' Association, Chapter 821  | 1,007                      | Contract 7/1/13 – 6/30/16 – Currently in negotiation |
| California School Employees' Association, Chapter 318 (Paraprofessionals)                    | 618                        | Contract 7/1/15 – 6/30/18                            |
| Operating Engineers Local No. 3 (Police Unit)  | 29                         | Contract 7/1/15 - 6/30/18                            |
| Stockton Unified Supervisor's Union  | 24                         | Contract 7/1/16 – 6/30/19                            |
| California School Employees Association, Chapter 885 (Transportation Department Bus Drivers) | 70                         | Contract 7/1/16 – 6/30/19                            |

*Source: Stockton Unified School District.*

### **District Retirement Systems**

The District participates in the STRS. This plan covers basically all full-time certificated and part-time contracted employees. The District's contributions to STRS for fiscal years 2012-13, 2013-14, 2014-15 and 2015-16 were \$11,942,624, \$12,094,365, \$23,141,027, and \$26,059,823, respectively. The projected contribution for fiscal year 2016-17 is \$34,923,292. Each of these contributions equals 100% of the required contribution for such fiscal year.

The District also participates in the PERS. This plan covers all classified personnel who are employed four or more hours per day. The District's contributions to PERS for fiscal years 2012-13, 2013-14, 2014-15, and 2015-16 were, \$4,619,116, \$4,668,479, \$5,671,947, and \$6,212,060, respectively. The projected contribution for fiscal year 2016-17 is \$7,834,396. Each of these contributions equals 100% of the required contribution for such fiscal year. Both STRS and PERS are operated on a statewide basis. For more information on the District's retirement systems, see Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2016" – Note 8– Net Pension Liability – State Teachers' Retirement Plan; Note 9 – Net Pension Liability – Public Employers' Retirement Fund B, attached hereto.

The District is required by statute to contribute 12.58% of gross salary expenditures to STRS, and 13.888% to PERS for fiscal year 2016-17. Classic participants hired prior to January 1, 2013, are required to contribute 10.25% and 7% of applicable gross salary to STRS and PERS, respectively. Participants hired on or after January 1, 2013 are required to contribute 9.205% and 6% to STRS and PERS, respectively, due to the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). The District's employer contributions to STRS and to PERS meet the required contribution rates established by law.

Assembly Bill 1469 ("AB 1469") was signed into law by the Governor in connection with the State's adoption of the fiscal year 2014-15 budget. AB 1469 addresses the unfunded liabilities of the STRS pension plan by increasing contributions of plan members, employers (including the District), and the State. Pursuant to AB 1469, employer contribution rates to STRS will increase over the next seven years from 8.88% in fiscal year 2014-15 to 19.1% in fiscal year 2020-21, as shown in the following table. After fiscal year 2020-21, employer contribution rates will be determined by the STRS board to reflect the amount of contribution necessary to eliminate unfunded liabilities by June 30, 2046.

#### **AB 1469 STRS EMPLOYER CONTRIBUTION RATES**

| <b><u>Fiscal Year</u></b> | <b><u>% Increase from FY 2013-14 Rate*</u></b><br><b><u>Under AB 1469</u></b> | <b><u>Total Contribution Rate</u></b> |
|---------------------------|---|---------------------------------------|
| 2014-15                   | 0.63%   | 8.88%                                 |
| 2015-16                   | 2.48  | 10.73                                 |
| 2016-17                   | 4.33  | 12.58                                 |
| 2017-18                   | 6.18  | 14.43                                 |
| 2018-19                   | 8.03  | 16.28                                 |
| 2019-20                   | 9.88  | 18.13                                 |
| 2020-21                   | 10.85   | 19.10                                 |

*\*Fiscal year 2013-14 rate of 8.25%*

#### **State Pensions Trusts**

Both the PERS and STRS systems are operated on a statewide basis. District contribution rates to PERS vary annually depending on changes in actuarial assumptions and other factors, such as liability. Contributions to STRS can only be changed legislatively. Both PERS and STRS have substantial State unfunded actuarial liabilities.

On September 12, 2012, Governor Brown signed Assembly Bill 340 ("AB 340"), which enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and amended various sections of the California Education and Government Codes. AB 340 increased the retirement age for new State, school, and city and local agency employees depending on job function; capped the annual PERS and STRS pension benefit payouts; addressed numerous abuses of the system; and required State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA applies to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

AB 340 went into effect on January 1, 2013, with respect to new State, school, and city and local agency employees hired on and after that date. Existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of PERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas reduce retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. PERS further noted that changes resulting from AB 340 could have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, the provisions of AB 1469, as described above, addressed the contribution requirements of STRS members, employers, and the State.

More information about AB 340 can be accessed through the PERS' web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) and through the STRS' website at [www.calstrs.com](http://www.calstrs.com). The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

### **GASB Statement Nos. 67 and 68**

On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The Statements replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes included: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statements, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not

known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2016, the District's share of the net pension liabilities and deferred inflow and outflow of resources for STRS and PERS follows:

| <u>Pension Plan</u> | <u>Proportionate Share of Net Pension Liability</u> | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---------------------|---|--------------------------------------|-------------------------------------|
| STRS                | \$215,767,000                                       | \$17,509,201                         | \$23,824,000                        |
| PERS                | <u>78,908,000</u>                                   | <u>13,841,119</u>                    | <u>7,501,000</u>                    |
| Total               | \$294,675,000                                       | \$31,350,320                         | \$31,325,000                        |

*Source: Stockton Unified School District.*

### **Post-Retirement Health Care Obligations of District**

In addition to the STRS and PERS benefits described above, the District provides post-retirement health care benefits to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. As of June 30, 2016, 666 retirees met these eligibility requirements. Benefits are provided for retirees aged 55 to 65. The District pays up to \$1,095 per month for health benefits of retirees on a pay-as-you-go basis. The liability at June 30, 2016 is \$27,622,462. For more information on the District's post-retirement health care benefits, see Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2016" – Note 6 – Long-Term Liabilities – Post-Employment Healthcare Benefits, attached hereto.

### **Insurance**

The District maintains property insurance with the Northern California Regional Liability Excess Fund for claims up to \$250,000,000, with a self-insured retention (SIR) limit of \$150,000 per occurrence. The District maintains liability insurance through the Northern California Regional Liability Excess Fund for claims up to \$50,000,000, with a self-insured retention of \$100,000 per occurrence. The District is self-insured for dental and vision coverage for all employees, and is also self-insured for Workers Compensation, with a self-insured retention of \$1,500,000 per claim. Workers Compensation liability excess insurance is purchased above the retention level and meets the state statutory standards of coverage required. All property and liability claims are administered by Keenan and Associates. The self-insurance fund contains financial allocations to pay the self-insured retention limits for property and liability claims.

## District Debt

The following table summarizes the District's outstanding long-term debt as of June 30, 2016:

|                                       | <u>Balance on June 30, 2016</u> | <u>Amounts Due Within One Year</u> |
|---------------------------------------|---------------------------------|------------------------------------|
| <u>Governmental Activities:</u>       |                                 |                                    |
| General Obligation Bonds              | \$389,262,363                   | \$14,270,000                       |
| General Obligation Bonds Premium      | 35,425,669                      | 1,224,890                          |
| Accreted Interest                     | 17,437,666                      | --                                 |
| Certificates of Participation         | 34,240,000                      | 1,085,000                          |
| Certificates of Participation Premium | 119,875                         | 6,096                              |
| Capitalized Lease Obligations         | --                              | --                                 |
| Qualified Zone Academy Bonds          | 5,000,000                       | --                                 |
| Redevelopment Agency Repayment        | 242,185                         | 242,185                            |
| Net Pension Liability                 | 294,675,000                     | --                                 |
| Post-Employment Healthcare Benefits   | 27,622,462                      | --                                 |
| Compensated Absences                  | <u>2,343,240</u>                | <u>--</u>                          |
|                                       | \$806,368,460                   | \$16,828,171                       |

Payments on the District's outstanding general obligation bonds are made from property tax levies. Payments on the District's outstanding certificates of participation, Redevelopment Agency Repayment, and capitalized lease obligations are made from the general fund. Payments on the post-employment benefits and compensated absences are made from the fund for which the related employee worked.

### General Obligation Bonds

**2000 Authorization.** The District received authorization at the November 7, 2000, bond election to issue general obligation bonds in a principal amount not to exceed \$80,000,000 (the "2000 Authorization"). From the 2000 Authorization, the District issued (i) \$22,800,000 of its Election of 2000, Series 2001 Bonds (the "Series 2001 Bonds") on July 11, 2001; (ii) \$28,000,000 of its Election of 2000, Series 2003 Bonds (the "Series 2003 Bonds") on January 23, 2003; and (iii) \$29,200,000 of its Election of 2000, Series 2004 Bonds (the "Series 2004 Bonds") on January 22, 2004.

On June 2, 2011, the District issued refunding bonds in the principal amount of \$14,175,000 (the "Series 2011 Refunding Bonds"). On November 6, 2012, the District issued refunding bonds in the principal amount of \$43,570,000 (the "Series 2012 Refunding Bonds"). Proceeds from the sale of the Series 2011 Refunding Bonds and the Series 2012 Refunding Bonds were used to refund the Series 2001 Bonds, the Series 2003 Bonds, and the Series 2004 Bonds, and to pay costs of issuance.

Additional general obligation bonds cannot be issued under the 2000 Authorization.

**2005 Authorization.** The District received authorization at the November 8, 2005, bond election to issue general obligation bonds in a principal amount not to exceed \$120,000,000 (the "2005 Authorization"). From the 2005 Authorization the District issued (i) \$60,000,000 of its Election of 2005, Series 2006 Bonds (the "Series 2006 Bonds") on March 2, 2006; and



(ii) \$60,000,000 of its Election of 2005, Series 2007 Bonds (the “Series 2007 Bonds”) on July 31, 2007.

On February 2, 2016, the District issued refunding bonds in the principal amount of \$128,285,000 (the “2016 Refunding Bonds”). Proceeds of the sale of the 2016 Refunding Bonds were used to refund the outstanding Series 2006 Bonds and Series 2007 Bonds and pay costs of issuance.

Additional general obligation bonds cannot be issued under the 2005 Authorization.

**2008 Authorization.** The District received authorization at the November 4, 2008, bond election to issue general obligation bonds in a principal amount not to exceed \$464,500,000 (the “2008 Authorization”). From the 2008 Authorization, the District issued (i) \$65,000,000 of its Election of 2008, Series A Bonds (the “Series A Bonds”) on May 21, 2008; (ii) \$16,040,000 of its Election of 2008, Series B Bonds, Qualified School Construction Bonds (Tax Credit Bonds) (the “Series B Bonds”) on December 30, 2009; (iii) \$14,930,000 of its Election of 2008, Series C Bonds, Qualified School Construction Bonds (Federally Taxable Direct Subsidy Bonds) (the “Series C Bonds”) on August 5, 2010; and (iv) \$56,146,497 of its Election of 2008, Series D Bonds (the “Series D Bonds”) on June 2, 2011.

On September 11, 2014, the District issued tax-exempt refunding bonds in the principal amount of \$35,620,000 (the “Series 2014 A Refunding Bonds”) and federally taxable refunding bonds in the principal amount of \$1,485,000 (the “Series 2014 B Refunding Bonds”). Proceeds from the sale of the Series 2014 A Refunding Bonds were used to refund a portion of the outstanding Series D Bonds and to pay costs of issuance. The proceeds from the sale of the Series 2014 B Refunding Bonds were used to pay capitalized interest and to pay costs of issuance.

A portion of the 2016 Refunding Bonds (described above) were used to refund the outstanding Series A Bonds and pay costs of issuance.

**2012 Authorization.** At a bond election held on November 6, 2012, the qualified electors of the District approved the “reauthorization” of \$156,000,000 of the District's 2008 Authorization for the issuance of new general obligation bonds in a principal amount not to exceed \$156,000,000 (the “2012 Authorization”). From the 2012 Authorization, of the unissued general obligation bonds under the 2008 Authorization, the District issued \$65,000,000 of its Election of 2012, Series A Bonds (the “Election of 2012, Series A Bonds”) on March 6, 2014, and \$30,000,000 of its Election of 2012, Series B Bonds (the “Election of 2012, Series B Bonds”) on December 17, 2015.

**2014 Authorization.** The District received authorization at the November 4, 2014, bond election to issue general obligation bonds in a principal amount not to exceed \$114,000,000 (the “2014 Authorization”). Pursuant to the 2014 Authorization, the District issued its first series of bonds in the principal amount of \$8,600,000 on December 17, 2015 (the “Election of 2014, Series A Ed-Tech Bonds®”).

## **Certificates of Participation**

On March 7, 2007, the District executed and delivered the 2007 Certificates of Participation in the amount of \$45,050,000 (with interest rates ranging from 4.00% to 5.00%), of which \$35,275,000 is currently outstanding.

The Certificates will refund the outstanding 2007 Certificates.

## **Qualified Zone Academy Bonds**

On November 24, 2003, the District issued \$5,000,000 in Qualified Zone Academy Bonds ("QZABs") to finance the acquisition of certain improvements to the District's Stockton Center, Stagg, Edison and Franklin High Schools. The District has deposited \$2,729,105 as collateral for the QZABs, which is held in the form of a certificate of deposit bearing interest at 4.119 percent per annum, compounded monthly, and payable on November 24, 2018. The certificate of deposit together with interest earnings will be sufficient to repay the QZABs which mature on November 24, 2018.

## **Redevelopment Agency Repayment**

The District is required to make annual installment payments to the State of California for the excess apportionment received by the District in prior years. As of June 30, 2017, the scheduled payments are as follows:

|                                       | Year Ending<br><u>June 30, 2017</u> |
|---------------------------------------|-------------------------------------|
|                                       | \$248,240                           |
| Less amount representing interest     | <u>(6,055)</u>                      |
| Net present value of minimum payments | \$242,185                           |

## **Capital Leases**

The District has made use of various capital and bonded lease arrangements in the past under agreements which provide for title of items and equipment being leased to pass to the District upon expiration of the lease period. The District has promised to annually appropriate the amounts necessary to make all future lease payments from available revenues. The District has never defaulted on any of its lease obligations.

See Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2016" – Note 6 – Long-Term Liabilities" for summaries and expected debt service requirements of the above-listed long-term debt.

## ***Ad Valorem* Property Taxes**

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll

containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County 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, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, after 5:00 p.m. on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

### **Assessed Valuations**

The assessed valuation of property in the District is established by the San Joaquin County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see “Constitutional and Statutory Provisions Affecting District Revenues and Appropriations,” herein.

Certain classes of property such as churches, colleges, not-for-profit hospitals, and charitable institutions are exempt from property taxation and do not appear on the tax rolls.

Property within the District had a total assessed valuation for fiscal year 2016-17 of \$11,778,964,436, an increase of 3.65% from fiscal year 2015-16. Shown in the following table are the assessed valuations for the District for fiscal years 2003-04 through 2016-17. Notwithstanding the increase in the local real estate market, it is possible that the assessed valuation in the District could be reduced in future fiscal years. The reductions in assessed valuation in prior years incorporate the San Joaquin County Assessor’s review of properties eligible for a temporary reduction in assessed value under Proposition 8. Proposition 8 was a Constitutional amendment passed by the voters in 1978, which allows for a temporary reduction in assessed value when a property’s market value declines below its assessed value. The County Assessor initiated an annual review process in 2008 to identify and grant Proposition 8 reductions for eligible properties. For fiscal year 2016-17, their review included all single family residences and condominiums, most multi-family dwellings, apartments and commercial and industrial

properties. In the event of reductions in assessed valuation, the County is obligated to increase the tax levy to an amount sufficient to pay the District's outstanding bonds.

**Table No. 1**

**STOCKTON UNIFIED SCHOOL DISTRICT  
Assessed Valuation  
Fiscal Year 2003-04 through Fiscal Year 2016-17**

|         | <u>Local Secured</u>  | <u>Utility</u>   | <u>Unsecured</u>     | <u>Total Before<br/>Redevelopment<br/>Increment</u> | <u>Annual %<br/>Change</u> |
|---------|-----------------------|------------------|----------------------|---|----------------------------|
| 2003-04 | \$ 6,934,435,514      | \$19,475,505     | \$ 676,114,093       | \$ 7,630,025,112                                    | --                         |
| 2004-05 | 7,682,153,155         | 20,111,094       | 866,166,471          | 8,568,430,720                                       | 12.30%                     |
| 2005-06 | 8,767,760,092         | 19,918,158       | 951,429,087          | 9,739,107,337                                       | 13.66                      |
| 2006-07 | 10,367,473,365        | 17,992,173       | 971,381,470          | 11,356,847,008                                      | 16.61                      |
| 2007-08 | 11,343,010,193        | 5,870,578        | 978,402,377          | 12,327,283,148                                      | 8.54                       |
| 2008-09 | 11,137,725,075        | 5,863,182        | 1,313,924,394        | 12,457,512,651                                      | 1.06                       |
| 2009-10 | 9,821,585,043         | 7,324,121        | 1,361,388,657        | 11,190,297,821                                      | -10.17                     |
| 2010-11 | 9,033,956,644         | 7,362,580        | 1,278,728,559        | 10,320,047,783                                      | -7.78                      |
| 2011-12 | <b>8,648,164,266</b>  | 7,447,950        | 1,249,996,437        | <b>9,905,608,653</b>                                | <b>-4.02</b>               |
| 2012-13 | <b>8,469,726,547</b>  | <b>7,926,415</b> | <b>1,283,358,369</b> | <b>9,761,011,331</b>                                | <b>-1.46</b>               |
| 2013-14 | <b>8,758,773,565</b>  | <b>6,849,730</b> | <b>1,268,756,775</b> | <b>10,034,380,070</b>                               | <b>2.80</b>                |
| 2014-15 | <b>9,426,671,626</b>  | <b>6,831,572</b> | <b>1,364,575,260</b> | <b>10,798,078,458</b>                               | <b>7.61</b>                |
| 2015-16 | <b>9,973,673,108</b>  | <b>6,821,095</b> | <b>1,383,385,565</b> | <b>11,228,876,579</b>                               | <b>3.99</b>                |
| 2016-17 | <b>10,422,884,317</b> | <b>6,265,528</b> | <b>1,349,814,591</b> | <b>11,778,964,436</b>                               | <b>3.65</b>                |

Source: California Municipal Statistics, Inc.

Assessed valuation of parcels by land use in the District as of fiscal year 2016-17 is shown below.

**Table No. 2**

**STOCKTON UNIFIED SCHOOL DISTRICT  
Assessed Valuation and Parcels by Land Use  
Fiscal Year 2016-17**

|                                   | 2016-17<br>Assessed Valuation <sup>(1)</sup> | % of<br>Total  | No. of<br>Parcels | % of<br>Total  |
|-----------------------------------|--|----------------|-------------------|----------------|
| <b><u>Non-Residential:</u></b>    |  |                |                   |                |
| Agricultural                      | \$40,995,890                                 | 0.39%          | 81                | 0.14%          |
| Commercial                        | 1,109,298,237                                | 10.64          | 1,759             | 3.12           |
| Vacant Commercial                 | 75,122,286                                   | 0.72           | 546               | 0.97           |
| Office and Professional Buildings | 608,504,575                                  | 5.84           | 641               | 1.14           |
| Industrial                        | 1,567,810,530                                | 15.04          | 1,029             | 1.83           |
| Vacant Industrial                 | 126,883,169                                  | 1.22           | 499               | 0.89           |
| Recreational/Golf                 | 46,181,490                                   | 0.44           | 80                | 0.14           |
| Government/Social/Institutional   | 31,052,188                                   | 0.30           | 204               | 0.36           |
| Miscellaneous                     | <u>1,834,938</u>                             | <u>0.02</u>    | <u>46</u>         | <u>0.08</u>    |
| <b>Subtotal Non-Residential</b>   | <b>\$3,607,683,303</b>                       | <b>34.61%</b>  | <b>4,885</b>      | <b>8.67%</b>   |
| <b><u>Residential:</u></b>        |  |                |                   |                |
| Single Family Residence           | \$5,494,476,256                              | 52.72%         | 43,275            | 76.83%         |
| Condominium/Townhouse             | 97,887,270                                   | 0.94           | 1,405             | 2.49           |
| Mobile Home                       | 11,097,683                                   | 0.11           | 333               | 0.59           |
| Mobile Home Park                  | 34,506,756                                   | 0.33           | 30                | 0.05           |
| 2-4 Residential Units             | 559,088,778                                  | 5.36           | 3,331             | 5.91           |
| 5+ Residential Units/Apartments   | 520,905,239                                  | 5.00           | 569               | 1.01           |
| Vacant Residential                | <u>97,239,032</u>                            | <u>0.93</u>    | <u>2,499</u>      | <u>4.44</u>    |
| <b>Subtotal Residential</b>       | <b>\$6,815,201,014</b>                       | <b>65.39%</b>  | <b>51,442</b>     | <b>91.33%</b>  |
| <b>Total</b>                      | <b>\$10,422,884,317</b>                      | <b>100.00%</b> | <b>56,327</b>     | <b>100.00%</b> |

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

Source: California Municipal Statistics, Inc.

Set forth in the following table is the per parcel assessed valuation of single family homes in the District for year 2016-17.

**Table No. 3**

**STOCKTON UNIFIED SCHOOL DISTRICT  
Per Parcel Assessed Valuation of Single Family Homes  
Fiscal Year 2016-17**

| Single Family Residential | No. of<br><u>Parcels</u> | 2016-17<br><u>Assessed Valuation</u> | Average<br><u>Assessed Valuation</u> | Median<br><u>Assessed Valuation</u> |
|---------------------------|--------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
|                           | 43,275                   | \$5,494,476,256                      | \$126,967                            | \$114,425                           |

| 2016-17<br><u>Assessed Valuation</u> | No. of<br><u>Parcels</u> <sup>(1)</sup> | % of<br><u>Total</u> | Cumulative<br><u>% of Total</u> | Total<br><u>Valuation</u> | % of<br><u>Total</u> | Cumulative<br><u>% of Total</u> |
|--------------------------------------|---|----------------------|---------------------------------|---------------------------|----------------------|---------------------------------|
| \$0 - \$24,999                       | 697                                     | 1.611%               | 1.611%                          | \$13,393,368              | 0.244%               | 0.244%                          |
| \$25,000 - \$49,999                  | 4,902                                   | 11.328               | 12.938                          | 195,876,445               | 3.565                | 3.809                           |
| \$50,000 - \$74,999                  | 6,669                                   | 15.411               | 28.349                          | 413,930,308               | 7.534                | 11.342                          |
| \$75,000 - \$99,999                  | 5,994                                   | 13.851               | 42.200                          | 523,976,494               | 9.536                | 20.879                          |
| \$100,000 - \$124,999                | 5,925                                   | 13.692               | 55.891                          | 667,029,427               | 12.140               | 33.019                          |
| \$125,000 - \$149,999                | 5,354                                   | 12.372               | 68.263                          | 732,393,661               | 13.330               | 46.348                          |
| \$150,000 - \$174,999                | 4,261                                   | 9.846                | 78.110                          | 689,290,075               | 12.545               | 58.894                          |
| \$175,000 - \$199,999                | 3,199                                   | 7.392                | 85.502                          | 596,787,505               | 10.862               | 69.755                          |
| \$200,000 - \$224,999                | 2,240                                   | 5.176                | 90.678                          | 472,630,529               | 8.602                | 78.357                          |
| \$225,000 - \$249,999                | 1,353                                   | 3.127                | 93.805                          | 320,051,515               | 5.825                | 84.182                          |
| \$250,000 - \$274,999                | 917                                     | 2.119                | 95.924                          | 239,940,238               | 4.367                | 88.549                          |
| \$275,000 - \$299,999                | 594                                     | 1.373                | 97.296                          | 170,065,391               | 3.095                | 91.644                          |
| \$300,000 - \$324,999                | 385                                     | 0.890                | 98.186                          | 119,447,818               | 2.174                | 93.818                          |
| \$325,000 - \$349,999                | 241                                     | 0.557                | 98.743                          | 81,027,222                | 1.475                | 95.293                          |
| \$350,000 - \$374,999                | 129                                     | 0.298                | 99.041                          | 46,507,517                | 0.846                | 96.139                          |
| \$375,000 - \$399,999                | 90                                      | 0.208                | 99.249                          | 34,621,234                | 0.630                | 96.769                          |
| \$400,000 - \$424,999                | 66                                      | 0.153                | 99.402                          | 27,160,041                | 0.494                | 97.264                          |
| \$425,000 - \$449,999                | 50                                      | 0.116                | 99.517                          | 21,922,700                | 0.399                | 97.663                          |
| \$450,000 - \$474,999                | 36                                      | 0.083                | 99.600                          | 16,666,131                | 0.303                | 97.966                          |
| \$475,000 - \$499,999                | 30                                      | 0.069                | 99.670                          | 14,605,660                | 0.266                | 98.232                          |
| \$500,000 and greater                | 143                                     | 0.330                | 100.000                         | 97,152,977                | 1.768                | 100.000                         |
| Total                                | 43,275                                  | 100.000%             |                                 | \$5,494,476,256           | 100.000%             |                                 |

<sup>(1)</sup> Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

## Appeals and Adjustments of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "Constitutional And Statutory Provisions Affecting District Revenues And Appropriations – Article XIII A of the California Constitution" herein.

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

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

### **Teeter Plan**

The District's total secured tax collections and delinquencies are apportioned on a County-wide basis, according to the District's designated tax rate amount. Therefore, the total secured tax levies, as well as collections and delinquencies reported, do not represent the actual secured tax levies, collections and delinquencies of tax payers within the tax areas of the District. In addition, the District's total secured tax levy does not include special assessments, supplemental taxes or other charges which have been assessed on property within the District or other tax rate areas of the County.

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts, including the District, located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in the receipt of any penalties due to delinquent payments.

This method of tax collection and distribution is subject to future discontinuance at the County's option if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3% in any year, or if demanded by the participating taxing agencies. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collection of the *ad valorem* property taxes and the delinquency rates experienced with respect to the parcels within the District.

The following table shows the secured tax charges and delinquencies for the District for fiscal years 2009-10 through 2015-16.

**Table No. 4**

**STOCKTON UNIFIED SCHOOL DISTRICT  
Secured Tax Charges and Delinquencies  
Fiscal Year 2009-10 through 2015-16**

|         | <u>Secured<br/>Tax Charge<sup>(1)</sup></u> | <u>Amount<br/>Delinquent<br/>June 30</u> | <u>% Delinquent<br/>June 30</u> |
|---------|---|--|---------------------------------|
| 2009-10 | \$25,254,550.65                             | \$895,527.98                             | 3.55%                           |
| 2010-11 | 23,929,457.90                               | 632,646.25                               | 2.64                            |
| 2011-12 | 23,163,683.40                               | 522,446.74                               | 2.26                            |
| 2012-13 | 23,027,765.49                               | 443,545.18                               | 1.93                            |
| 2013-14 | 23,724,811.95                               | 361,955.15                               | 1.53                            |
| 2014-15 | 24,852,094.32                               | 338,519.20                               | 1.36                            |
| 2015-16 | 26,004,034.31                               | 312,577.74                               | 1.20                            |

<sup>(1)</sup> 1% general fund apportionment.

Source: California Municipal Statistics, Inc.

**District Tax Rates**

The table below summarizes the typical tax rates levied by all taxing entities in a typical Tax Rate Area (TRA 3-000) within the District.

**Table No. 5**

**STOCKTON UNIFIED SCHOOL DISTRICT  
Typical Total Tax Rates (TRA 3-000)  
Fiscal Year 2011-12 through 2016-17**

|  | <u>2011-12</u> | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| General                                      | 1.000          | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         |
| Stockton Unified School District             | .1880          | .1917          | .2105          | .2280          | .2710          | .2537          |
| San Joaquin Delta Community College District | <u>.0200</u>   | <u>.0202</u>   | <u>.0194</u>   | <u>.0233</u>   | <u>.0198</u>   | <u>.0180</u>   |
| <b>Total</b>                                 | <b>1.2080</b>  | <b>1.2119</b>  | <b>1.2299</b>  | <b>1.2513</b>  | <b>1.2908</b>  | <b>1.2717</b>  |

Source: California Municipal Statistics, Inc.



## Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2016-17.

*Table No. 6*

### STOCKTON UNIFIED SCHOOL DISTRICT Largest Local Secured Taxpayers Fiscal Year 2016-17

|     | <u>Property Owner</u>                       | <u>Primary Land Use</u> | <u>2016-17<br/>Assessed Valuation</u> | <u>% of<br/>Total (1)</u> |
|-----|---|-------------------------|---------------------------------------|---------------------------|
| 1.  | Prologis                                    | Industrial              | \$106,461,275                         | 1.02%                     |
| 2.  | Corn Products International                 | Industrial              | 77,865,447                            | 0.75                      |
| 3.  | Diamond Foods Inc.                          | Industrial              | 76,425,338                            | 0.73                      |
| 4.  | ARC BBSTNCA001                              | Industrial              | 65,534,490                            | 0.63                      |
| 5.  | California Water Service Co.                | Water Company           | 61,145,649                            | 0.59                      |
| 6.  | Central Valley Industrial Core Holdings LLC | Industrial              | 57,195,430                            | 0.55                      |
| 7.  | US Cactus Stockton LLC                      | Industrial              | 49,187,675                            | 0.47                      |
| 8.  | WTM Glimcher LLC                            | Shopping Center         | 46,682,726                            | 0.45                      |
| 9.  | Sherwood Mall LLC                           | Shopping Center         | 45,882,397                            | 0.44                      |
| 10. | Arch Road LP                                | Industrial              | 44,455,230                            | 0.43                      |
| 11. | Buzz Oates LLC                              | Industrial              | 42,636,273                            | 0.41                      |
| 12. | Tru Properties Inc.                         | Industrial              | 40,259,284                            | 0.39                      |
| 13. | Verde Gibraltar LLC                         | Industrial              | 40,001,004                            | 0.38                      |
| 14. | Stonecreek Village Shopping Center LLC      | Shopping Center         | 35,996,312                            | 0.35                      |
| 15. | 1909 Zephyr Street Investors LLC            | Industrial              | 35,500,000                            | 0.34                      |
| 16. | R&B Foods                                   | Industrial              | 29,326,780                            | 0.28                      |
| 17. | Pacific Town Center Stockton LP             | Shopping Center         | 29,132,350                            | 0.28                      |
| 18. | IPT Stockton DC LP                          | Industrial              | 26,816,651                            | 0.26                      |
| 19. | Applied Aerospace Structures                | Industrial              | 26,088,523                            | 0.25                      |
| 20. | Duraflame Inc.                              | Industrial              | 23,462,429                            | 0.23                      |
|     |   |                         | <u>\$960,055,263</u>                  | <u>9.21%</u>              |

<sup>(1)</sup> 2016-17 Local Secured Assessed Valuation: \$10,422,884,317

Source: California Municipal Statistics, Inc.

## Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., dated as of June 16, 2017. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

Table No. 7

**STOCKTON UNIFIED SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Bonded Debt**  
**Dated as of June 16, 2017**

2016-17 Assessed Valuation: \$11,778,964,436

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>                | <u>% Applicable</u> | <u>Debt 7/1/17</u>                  |
|---|---------------------|-------------------------------------|
| San Joaquin Delta Community College District                          | 16.228%             | \$20,547,077                        |
| <b>Stockton Unified School District</b>                               | <b>100.000</b>      | <b>374,992,362 <sup>(1)</sup></b>   |
| City of Stockton Community Facilities Districts                       | 100.000             | 22,995,000                          |
| City of Stockton 1915 Act Bonds                                       | 100.000             | <u>5,345,000</u>                    |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT                  |                     | \$423,879,439                       |
| <br><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>                  |                     |                                     |
| San Joaquin County Certificates of Participation                      | 17.720%             | \$22,136,710                        |
| <b>Stockton Unified School District Certificates of Participation</b> | <b>100.000</b>      | <b>38,155,000</b>                   |
| City of Stockton General Fund Obligations                             | 49.211              | 4,879,271                           |
| City of Stockton Pension Obligation Bonds                             | 49.211              | <u>26,351,037</u>                   |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT                        |                     | \$91,522,018                        |
| <br><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>         |                     | <b>\$64,213,693</b>                 |
| <br>COMBINED TOTAL DEBT   |                     | <b>\$579,615,150 <sup>(2)</sup></b> |

<sup>(1)</sup> Excludes the Certificates to be sold.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2016-17 Assessed Valuation:

|   |              |
|---|--------------|
| <b>Direct Debt (\$374,992,362)</b> .....          | <b>3.18%</b> |
| Total Overlapping Tax and Assessment Debt .....   | 3.60%        |
| <b>Combined Direct Debt (\$413,147,362)</b> ..... | <b>3.51%</b> |
| Combined Total Debt .....                         | 4.92%        |

Ratio to Redevelopment Incremental Valuation (\$1,917,160,487):

|  |       |
|--|-------|
| Total Overlapping Tax Increment Debt ..... | 3.35% |
|--|-------|

Source: California Municipal Statistics, Inc.

## **DISTRICT FINANCIAL INFORMATION**

*The information in this section concerning the operations of the District and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the Rental Payments for the Certificates are payable from the general fund of the District. See "Security and Sources of Payment for the Certificates" in the front half of this Official Statement.*

### **Accounting Practices**

The accounting practices of the District conform to generally accepted accounting principles in accordance with 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.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources, and all related liabilities, obligations, and equities. The major fund classification is the general fund which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the full accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, both measurable and available to finance expenditures for the current period. For more information on the District's accounting method, see Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2014" – Note 1 – Summary of Significant Accounting Policies.

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 District implemented Statement No. 34 for the fiscal year 2001-02 audited financial statements.

Effective beginning in fiscal year 2014-2015, GASB published its Statement No. 68 "Accounting and Financial Reporting for Pensions." Statement No. 68 requires state and local governments, and special purpose governments such as school districts and public utilities providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

## **Budget Process**

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (which required budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (which required budgets’ ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, which became State law on September 9, 2014 (which eliminated the dual budget cycle option for school districts).

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

On or before August 15, the county superintendent will approve, conditionally approve, or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the county superintendent’s recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than September 22, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budgets have been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent’s recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district’s budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

The District has never had an adopted budget disapproved by the county superintendent of schools. The District filed a "qualified" certification for its First Interim Financial Report, and its Second Interim Financial Report for fiscal year 2010-11; and filed a "positive" certification for its Third Interim Financial Report for fiscal year 2010-11. The District filed "positive" certification for fiscal years 2011-12 through 2016-17.

### **District's 2016-17 Budget**

The budget for the 2016-17 fiscal year was adopted by the District Board on June 28, 2017. In preparing the District's 2016-17 budget, the District followed guidelines provided by School Services of California, San Joaquin County Office of Education, and its internal budget assumptions and Local Control Accountability Plan (LCAP). This resulted in specific changes to revenue projections of approximately an average of \$7,300 per ADA and a COLA of 1.02% in the 2015-16 year, and \$7,500 per ADA and a COLA of 0% in the 2016-17 year. The District's budget, interim reports, and certifications are available on District's website using the following link: <https://www.stocktonusd.net/Page/757>, and from the Business Services Department, 701 North Madison Street, Stockton, California. The District may impose charges for copying, mailing, and handling.

### **Comparative Financial Statements**

The District's Audited Financial Statements for the fiscal year ended June 30, 2016, were prepared by Crowe Horwath, LLP, Sacramento, California (the "Auditor"). Audited financial statements for the District for the fiscal year ended June 30, 2016, and prior fiscal years are on file with the District and available for public inspection in the Business Services Department. See Appendix B – "Audited Financial Statements of the District for Fiscal Year Ended June 30, 2016." Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

*The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in the Official Statement.*

The following table shows the audited revenue and expenditure statements for the District for fiscal years 2011-12 through 2015-16; and the second interim projections for fiscal year 2016-17.

**STOCKTON UNIFIED SCHOOL DISTRICT**  
**Summary of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**for Fiscal Years 2011-12 through 2015-16 (Audited), and**  
**Fiscal Year 2016-17 (Second Interim)**

|  | Audited<br>2011-12   | Audited<br>2012-13   | Audited<br>2013-14   | Audited<br>2014-15    | Audited<br>2015-16    | Second<br>Interim<br>2016-17 |
|--|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------------|
| <b>REVENUE:</b>  |                      |                      |                      |                       |                       |                              |
| Revenue Limit Sources/LCFF Sources:                          |                      |                      |                      |                       |                       |                              |
| State Apportionments   | \$146,660,577        | \$148,338,224        | \$211,130,639        | \$245,238,955         | \$277,754,583         | \$290,526,885                |
| Local Sources  | 25,875,896           | 25,923,710           | 26,915,104           | 25,160,237            | 35,737,471            | 45,671,931                   |
| <b>Total Revenue Limit</b>                                   | <b>172,536,473</b>   | <b>174,261,934</b>   | <b>238,045,743</b>   | <b>270,399,192</b>    | <b>313,492,054</b>    | <b>336,198,816</b>           |
| Federal  | 45,899,198           | 46,979,118           | 42,888,276           | 41,898,337            | 39,085,796            | 56,660,295                   |
| Other State  | 79,464,792           | 79,769,317           | 43,350,730           | 50,267,226            | 68,095,365            | 62,258,500                   |
| Other Local  | 6,449,989            | 7,926,783            | 6,002,646            | 8,697,346             | 8,060,558             | 6,455,389                    |
| <b>Total Revenues</b>  | <b>\$304,350,452</b> | <b>\$308,937,152</b> | <b>\$330,287,395</b> | <b>\$371,262,101</b>  | <b>\$428,733,773</b>  | <b>\$461,573,000</b>         |
| <b>EXPENDITURES:</b>   |                      |                      |                      |                       |                       |                              |
| Certificated Salaries  | \$135,828,638        | \$140,106,693        | \$140,836,844        | \$153,906,268         | \$159,126,802         | \$179,947,075                |
| Classified Salaries  | 42,491,993           | 45,391,479           | 48,608,541           | 50,594,554            | 56,779,833            | 61,808,404                   |
| Employee Benefits  | 71,955,790           | 73,911,273           | 74,919,680           | 87,238,803            | 93,965,220            | 114,691,115                  |
| Books and Supplies   | 13,908,878           | 15,538,102           | 13,987,347           | 12,403,942            | 23,562,375            | 50,946,468                   |
| Services and Operating Expenses                              | 31,444,543           | 33,886,294           | 32,732,676           | 36,882,725            | 39,007,327            | 49,684,753                   |
| Capital Outlay   | 803,343              | 2,158,941            | --                   | 62,510                | 414,882               | 2,854,795                    |
| Other Outgo  | 153,456              | 118,557              | 499,580              | 707,829               | 1,038,431             | 49,704                       |
| Debt Service: Principal                                      | 283,838              | 648,733              | 1,090,020            | 1,126,984             | 6,490                 | --                           |
| Debt Service: Interest                                       | 24,575               | 30,272               | 48,641               | 66,131                | --                    | --                           |
| Transfers of Indirect/Direct Costs                           | --                   | --                   | --                   | --                    | --                    | --                           |
|  | <b>\$296,895,054</b> | <b>\$311,790,344</b> | <b>\$312,723,329</b> | <b>\$342,989,746</b>  | <b>\$373,901,360</b>  | <b>\$459,982,314</b>         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | \$7,455,398          | \$ (2,853,192)       | \$17,564,066         | \$28,272,355          | \$54,832,413          | (\$1,590,686)                |
| Other Financing Sources (Uses)                               |                      |                      |                      |                       |                       |                              |
| Operating Transfers In                                       | \$1,114,494          | \$3,352,390          | 1,030,320            | \$1,247,043           | \$1,871,733           | 270,323                      |
| Operating Transfers Out                                      | (660,242)            | (2,305,716)          | (4,733,973)          | (15,029,202)          | (16,735,745)          | 16,817,892                   |
| Debt Proceeds  | --                   | 2,029,347            | --                   | --                    | --                    | --                           |
| All Other Financing Sources                                  | --                   | --                   | --                   | --                    | --                    | --                           |
| Contributions  | --                   | --                   | --                   | --                    | --                    | --                           |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$454,252</b>     | <b>\$3,076,021</b>   | <b>\$(3,703,653)</b> | <b>\$(13,782,159)</b> | <b>\$(14,864,012)</b> | <b>\$(14,956,883)</b>        |
| <b>Change in Fund Balance</b>                                | <b>\$7,909,650</b>   | <b>\$222,829</b>     | <b>\$13,860,413</b>  | <b>\$14,490,196</b>   | <b>\$39,968,401</b>   | <b>(\$14,948,017)</b>        |
| Fund Balances/Equity, July 1                                 | \$43,097,749         | \$51,007,399         | \$51,230,228         | \$65,090,641          | \$79,580,837          | \$119,549,238                |
| <b>Fund Balances/Equity, June 30</b>                         | <b>\$51,007,399</b>  | <b>\$51,230,228</b>  | <b>\$65,090,641</b>  | <b>\$79,580,837</b>   | <b>\$119,549,238</b>  | <b>\$104,601,221</b>         |

Source: Stockton Unified School District.

## **Cap on School District Reserves**

State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. First, beginning in 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. Second, in a year immediately following a deposit into the Public School System Stabilization Account established in the State General Fund (see "Constitutional And Statutory Provisions Affecting District Revenues And Appropriations—Propositions 98 and 111," below), a school district's adopted or revised budget may not contain an ending fund balance higher than two to three times higher than the state's minimum recommended reserve for economic uncertainties. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The Public School System Stabilization Account appears to be intended to provide a substitute for local reserves in the event of a future economic downturn. However, there is no linkage between the sizes of the State and local reserves.

The District is required to maintain a reserve for economic uncertainties at least equal to 2% of general fund expenditures totaling \$7,792,332. On June 30, 2016, the District had unassigned available reserves of \$4,309,482. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

## **STATE FUNDING OF EDUCATION**

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

Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the A.D.A. for each school district by a base revenue limit per unit of A.D.A. See, "Revenue Limit Sources," below.

The adoption of the 2013-14 State Budget and its related legislation included significant reforms to education financing in the State. Beginning in fiscal year 2013-14, school districts are being funded based on uniform funding grants assigned to certain grade spans. Under the Local Control Funding Formula ("LCFF"), the emphasis shifted from funding based largely on A.D.A. and the revenue limit with numerous State-mandated categorical programs, to a locally-controlled system with a funding formula which attempts to better meet the needs of students, specifically low-income and English language learners who may require more support in order to be successful

in school. In addition, the LCFF provides local school officials with the ability to decide how best to meet the needs of their students. See “Revenue Sources - Local Control Funding Formula,” below.

## Revenue Sources

The District categorizes its general fund revenues into four sources: (i) LCFF sources (consisting of a mix of State and local revenues); (ii) federal revenues; (iii) other State revenues; and (iv) other local revenues. Each of these revenue sources is described on the next page.

### STOCKTON UNIFIED SCHOOL DISTRICT District Revenue Sources

|                            | <u>Percentage of Total District General Fund Revenues</u> |                |                |                |                |                |
|----------------------------|---|----------------|----------------|----------------|----------------|----------------|
| <u>Revenue Source:</u>     | <u>2010-11</u>  | <u>2011-12</u> | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> |
| Revenue Limit Sources/LCFF | 58.9%   | 56.7%          | 56.0%          | 72.1%          | 72.8%          | 73.1%          |
| Federal Revenues           | 12.5  | 15.1           | 15.0           | 13.0           | 11.3           | 9.1            |
| Other State Revenues       | 26.6  | 26.1           | 26.0           | 13.1           | 13.5           | 15.9           |
| Other Local Revenues       | 2.0   | 2.1            | 3.0            | 1.8            | 2.3            | 1.9            |

*Source: Stockton Unified School District*

**Revenue Limit Sources.** Prior to the implementation of the LCFF, each school district was determined to have a target funding level which consisted of a “base revenue limit” per student multiplied by the district’s A.D.A. 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. The base revenue limit was calculated from the district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. The amount of State funding allocated to each school district was generally the amount needed to reach that district’s base revenue limit after taking into account certain other revenues, such as local property taxes. This is referred to as State “equalization aid.” To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State’s contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit received no State equalization aid, and received only its special categorical aid, which is deemed to include the “basic aid” of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as “basic aid districts,” which are now referred to as “community funded districts.” School districts that received some equalization aid were commonly referred to as “revenue limit districts,” which are now referred to as “LCFF districts.” The District is an LCFF district.

**Local Control Funding Formula.** Legislation adopted in connection with the State’s 2013-14 budget included the implementation of the LCFF, which changed the formula by which school districts in California receive State funding. This funding model attempts to better meet the needs of students, particularly those students who come from low-income families or are English language learners, and which provides local school officials with the ability to decide how best to meet the needs of their students. Shifting from a State-controlled system that emphasized inputs (largely in the form of categorical funding which required funds to be spent on specific projects



and programs), the LCFF implements a locally-controlled system in which local agencies decide the best way to spend funds, focused instead on improved outcomes. In exchange for local control, school districts will be required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received.

The LCFF affects how much funding a district will receive, but generally not the source of such funding (i.e., its share of local property taxes together with the State funding provided in the LCFF). It changes the State funding system for school districts, charter schools and county offices of education by, among other changes, consolidating most categorical programs with the existing revenue limit structure to provide a new student formula (to be phased in over a span of eight fiscal years), and implementing supplemental and concentration grants to English language learners and economically disadvantaged students. The LCFF includes the following components:

- A base grant for each local education agency.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- **An additional concentration grant of up to 22.5% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.**
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

For fiscal year 2015-16, the base rates per unit of ADA for each grade span are as follows: (i) \$7,820 for grades K-3; (ii) \$7,189 for grades 4-6; (iii) \$7,403 for grades 7-8; and (iv) \$8,801 for grades 9-12. The base rates for grades K-3 and 9-12 are increased by 10.4% and 2.6%, respectively, to cover the costs of class size reduction in the early grades and to support college and career readiness programs in high schools. (Under full implementation of the LCFF, as a condition of receiving the K-3 base-rate adjustment, districts must maintain a K-3 school-site average class size of 24 or fewer students, unless collectively bargained otherwise.) These target base rates are to be updated each year for cost-of-living adjustments (COLAs).

The District has a high proportion of English language learners, students from low-income families and foster youth (88.3% in 2015-16). The District received LCFF funding in the amount of \$245,887,904 for 2014-15, \$313,492,054 for 2015-16 and expects to receive \$335,011,707 for 2016-17 based on LCFF gap funding at 56.08%. There are many variables which still remain to be finalized with respect to the LCFF model of education finance and the District is unable to predict at this time all of the impacts that this change in education funding will have on its finances.

All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans to identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate. County superintendents will review and provide support to the school districts under their jurisdiction, and

the Superintendent of Public Instruction will perform a corresponding role for county offices of education. In addition, the 2013-14 budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their accountability plans.

The State will continue to produce an Academic Performance Index for schools and subgroups of students, measure student achievement through statewide assessments, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

***Federal Revenues.*** The federal government provides funding for several District programs, including special education programs, programs under the Every Student Succeeds Act, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

***Other State Revenues.*** As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

The District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material. Lottery revenues generally comprise less than 1% of general fund revenues.

***Other Local Revenues.*** In addition to property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

## **State Budget Process**

The State Constitution requires the Governor to propose a budget to the State Legislature no later than January 10 of each year and requires the Legislature to adopt a final budget no later than June 15. The latter deadline was frequently missed when passage of the budget required a 2/3 majority of each house of the Legislature. In the first year operating under the new simple majority approval rule, the Legislature approved the budget on June 15, but the Governor vetoed it, and the Legislature then adopted a revised budget on June 28, which the Governor signed on June 30. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. School district budgets must be adopted by the district's governing board by July 1 and then revised within forty-five (45) days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

## **Possible Delays in Apportionments**

If the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding may be treated differently. In 2002, a California

Court of Appeal held in *White v. Davis* (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State constitution, such as appropriations for salaries of elected State officers, or (iii) required by federal law, such as payments to State workers (but at no more than minimum wage). The court specifically held that pre-budget disbursements of Proposition 98 funding for school districts were invalid. In 2003, the California Supreme Court upheld the decision of the Court of Appeal. During the 2003-04 State budget impasse, the State Controller nonetheless treated revenue limit apportionments to school districts as continuous legislative appropriations under statute. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 budget act was enacted.

### **Prior Years' Budgeting Techniques**

Commencing in fiscal year 2008-09, as a result of declining revenues and fiscal difficulties, the State undertook a number of budgeting strategies, which had subsequent impacts on local agencies within the State. Such techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions (i.e., budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met), and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. A balanced budget for fiscal year 2013-14 and fiscal year 2014-15 were approved by the Governor and balanced budgets are projected for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012 statewide election, as well as other spending cuts. Nevertheless, there can be no certainty that budget-cutting strategies such as those implemented in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

### **Fiscal Year 2017-18 State Budget**

On June 27, 2017, Governor Brown signed the budget for the State for fiscal year 2017-18 (the "2017-18 State Budget"). For the 2016-17 fiscal year, the 2017-18 State Budget increases revenues and transfers to \$118.5 billion (up \$3 billion from the 2016-17 State Budget) and revises expenditures downward approximately \$1.1 billion from the 2016-17 State Budget to \$121.4 billion.

For 2017-18, the 2017-18 State Budget includes general fund revenues and transfers of \$125.9 billion and expenditures of \$125.1 billion with a \$1.8 billion deposit to the Rainy Day Fund to bring the Rainy Day Fund balance to \$8.5 billion. A supplemental payment to PERS of \$6 billion through a loan from the Surplus Money Investment Fund is intended to reduce PERS' unfunded liabilities and stabilize the State's contribution rate to PERS. The 2017-18 State Budget expands the Earned Income Tax Credit by including self-employed individuals and expanding the income ranges for which the credit applies. Additionally, the 2017-18 Budget implements the Road Repair and Accountability Act of 2017 aimed at investing in transportation infrastructure repair and modernization.

With respect to K-12 education, total spending is projected to be \$92.5 billion in 2017-18. The Proposition 98 minimum funding guarantee for 2017-18 is increased by \$2.6 billion over the 2016-17 State Budget level to \$74.5 billion. LCFF funding under the 2017-18 State Budget is increased by \$1.4 billion bringing the LCFF to approximately 97% of full funding.

Significant provisions of the 2017-18 State Budget effecting K-12 education are as follows:

One-Time Discretionary Grants. \$877 million Proposition 98 funds to provide school districts, county offices of education, and charter schools with discretionary resources for deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards.

After School and Education Safety (ASES) Program. \$50 million Proposition 98 funds to increase provider reimbursement rates for the ASES program.

California Educator Development Program. \$11.3 million one-time federal Title II funds to assist local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high need subjects and schools.

Classified School Employees Credentialing Program. \$25 million one-time Proposition 98 funds, available for five years, to support recruitment of non-certificated school employees to participate in a teacher preparation program and become certificated classroom teachers.

Bilingual Professional Development Program. \$5 million one-time Proposition 98 funds for one time competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings.

Charter School Facility Grant Program. An increase in the per student funding rate to \$1,117 for the 2017-18 fiscal year and an ongoing COLA.

County Office of Education Accountability Assistance. \$7 million Proposition 98 funds to support county office LCAP review and technical assistance workload.

California Equity Performance and Improvement Program. An increase of \$2.5 million one-time Proposition 98 funds to support and promote equity.

Refugee Student Support. \$10 million one-time Proposition 98 General funds to provide services for refugee students transitioning to a new learning environment.

California-Grown Fresh School Meals Grants. \$1.5 million one-time Proposition 98 funds to incentivize the purchase of California-grown food by schools and expand the number of freshly prepared school meals.

District of Choice Program Extension. A six-year extension of the District of Choice program (set to sunset in 2018) and additional oversight and accountability requirements.

## **Factors Affecting the Budget and Projections**

Numerous factors, including, but not limited to: (i) shifting of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with spending reductions, including the elimination of redevelopment agencies, (iv) rising health care costs, (v) large unfunded liabilities for retired State employee's pensions and healthcare, (vi) deferred maintenance of State's critical infrastructure, and (vii) other factors, may cause the revenue and spending projections made in 2017-18 budget to be unattainable.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Consequently, the District cannot predict the impact that the 2017-18 budget, or subsequent budgets, will have on its own finances and operations. Additionally, the District cannot predict the accuracy of any predictions made in the 2017-18 budget.

## **Additional Information on State Finances**

Summaries of the enacted 2016-17 budget may be found at the internet website of the California Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California budget." The Legislative Analyst's Office's (the "LAO") overviews of the 2016-17 budget may be found at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). These websites are not incorporated herein by references thereto.

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 agencies maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

## **Future State Budgets**

The District cannot predict what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and state economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools as budgeted.

## **Legal Challenges to State's Funding Method**

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in recent years, and is likely to be further challenged in the future.

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

*The information in this section concerning certain provisions of Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 1A, 98, 111, 22, 218, 30, 39, 51 and 55, and certain other law is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. For specific financial information on the District, see "District Financial Information" herein.*

## **Constitutionally Required Funding of Education**

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues can significantly affect appropriations made by the State Legislature to school districts.

## **Article XIII A of the California Constitution**

**Basic Property Tax Levy.** Article XIII A of the State Constitution limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness approved by two-thirds of the voters on or after July 1, 1978, for the acquisition or improvement of real property, and (iii) bonded indebtedness approved by 55% of the voters of a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities, the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. The California Government Code provides that additional *ad valorem* taxes may be levied to pay debt service on bonds issued to refund voter-approved general obligation bonds.

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 permits reduction of the full cash value base in the event of a decline in property value caused by damage, destruction, or other factors. The full cash value base is not increased upon reconstruction of property damaged or destroyed in a disaster, if the fair market value of the property as reconstructed is comparable to its fair market value before the disaster. If the full cash value has been reduced owing to a decline in market value, the full cash value is restored to the full cash value base as quickly as the market price increases (without regard to the 2% limit on increases that otherwise applies).

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

Legislation Implementing 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 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 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.

### **Inflationary Adjustment of Assessed Valuation**

As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004, a petition for review was filed with the California Supreme Court. The petition was denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

### **Unitary Property**

Some amount of property tax revenue of the District is derived from utility property that is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or

personal property. State assessed unitary and certain other property is allocated to the counties by SBE, taxed at special countywide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

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

Under Article XIII B of the California Constitution, state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain monies that 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 that are excluded from the definition of “appropriations subject to limitation,” such as appropriations for voter approved debt service, appropriations required to comply with certain mandates of the courts or the federal government, and appropriations for qualified capital outlay projects (as defined by the Legislature).

The appropriations limit for each agency in each year is based on the agency’s limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted where applicable for transfer to or from another governmental entity of financial responsibility for providing services. With respect to school districts, “change in cost of living” is defined as the change in percentage change in California per capita income from the preceding year and “change in population” means the percentage change in average daily attendance for the preceding year.

The appropriations limit is tested over consecutive two year periods. Any excess of the aggregate “proceeds of taxes” received by an agency over such two year period above the combined appropriations limit for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Under current statutory law, a school district that receives any proceeds of taxes in excess of the allowable limit need only notify the State Director of Finance and such district’s appropriations limit is increased and the State’s limit is correspondingly decreased by the amount of the excess.

### **Article XIII C and Article XIII D of the California Constitution**

Articles XIII C and XIII D of the California Constitution, adopted by Proposition 218 in November 1996, impose certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The District does not impose any such taxes, assessments, fees or charges; and, with the exception of *ad valorem* property taxes levied and collected by the County under Article XIII A of the California Constitution and allocated to the District, no such taxes, assessments, fees or charges are imposed on behalf of the District. Accordingly, while the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Certificates.



Article XIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution's prohibition against state or local laws "impairing the obligation of contracts." The District's general obligation bonds represent a contract between the District and the bondholder secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that, once the District issues general obligation bonds, the taxes needed to pay debt service on the bonds issued would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIID deals with assessments and property-related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however, it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

The interpretation and application of Proposition 218 and the U.S. Constitution's contracts clause will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

### **Propositions 98 and 111**

Proposition 98, a constitutional and statutory amendment adopted by California voters in 1988 and amended by Proposition 111 in 1990, guarantees a minimum level of funding for public education from kindergarten through community college (K-14).

Proposition 98 guarantees a level of funding based on the greater of two amounts determined under three different methods of calculation. The first amount is based on a percentage of State general fund revenues. This amount is defined under "Test 1" as the amount produced by applying the same percentage of State general fund revenues appropriated to K-14 education in 1986-87, or about 40.7%. (This percentage has been adjusted to approximately 41.2% to account for subsequent redirection of local property taxes, since such property tax shifts affect the share of districts' revenue limits that are to be provided by State general fund revenues.) The second amount is determined under one of two methods, "Test 2" or "Test 3," the choice of which is determined based on the relative growth of per capita income and general fund revenues.

In years of high or normal growth of general fund revenues, Test 2 applies. Test 2 is designed to maintain prior-year service levels. The amount determined under Test 2 is the amount required to ensure that K-14 schools receive from State funds and local tax revenues the same amount received in the prior year, adjusted for changes in enrollment and for increases in per capita personal income. Test 3 is operative in years in which general fund revenue growth per capita is more than 0.5% below growth in per capita personal income. The amount determined under Test 3 is the prior-year total level of funding from state and local sources, adjusted for enrollment growth and for growth in general fund revenues per capita, plus 0.5% of the prior year level. If Test 3 is used in any year, the difference between the amount determined under Test 3 and Test 2 will

become a credit (called the “maintenance factor”) to be paid to K-14 schools in future years when State general fund growth exceeds personal income growth.

The State’s estimate of the total guaranteed amount varies through the stages of the annual budgeting process, from the Governor’s initial budget proposal to actual expenditures to post-year-end revisions, as various factors change. The guaranteed amount will increase as enrollment and per capita personal income grow. If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as “settle-up.” If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State general fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

Proposition 2, approved at the November 4, 2014, statewide election, among other things, revises the operation of Proposition 98 in some years. The measure creates a new State budget stabilization fund known as the “Public School System Stabilization Account.” In years where capital gains tax revenues exceed 8% of total General Fund revenues, if a number of conditions are satisfied (including that Test 1 is operative, all maintenance factor obligations have been satisfied, and the Proposition 98 funding level is higher than the previous year), that part of the “excess” capital gains tax revenues accruing to the Proposition 98 guarantee, instead of being appropriated, would be deposited in the Public School System Stabilization Account, provided that the amount spent on schools and community colleges grows along with the number of students and the cost of living. The State would spend money out of the reserve in order to maintain spending on schools and community colleges in budgetary years in which such spending would otherwise decline from the prior year’s level (adjusted for student population and cost of living). Proposition 2 thus changes when the State would otherwise be required to spend money on schools and community colleges but not the total amount of State spending for schools and community colleges over the long run.

### **Proposition 39**

On November 7, 2000, California voters approved an amendment (commonly known as “Proposition 39”) to the California Constitution. This amendment allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds; and changes existing statutory law regarding charter school facilities. The local school jurisdictions affected by Proposition 39 are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for any local government debts approved by the voters prior to July 1, 1978, or bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only

for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value.

### **Proposition 30 and 55**

Guaranteed Local Public Safety Funding Initiative Constitutional Amendment approved by voters on November 6, 2012 (“Proposition 30”) temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed 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 imposed 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. This excise tax is levied at a rate of 0.25% of the sales price of the property so purchased.

Beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for head of household filers and over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers).

The revenues generated from these temporary tax increases has been included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “Propositions 98 and 111” above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State created Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding; however, no school district will receive less than \$200 per unit of A.D.A. and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district was granted sole authority for determining how the moneys received from the EPA are spent, provided the appropriate governing board made these spending determinations in open session at a public meeting and such local governing boards did not use any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

## **Proposition 51**

The California Public School Facility Bonds Initiative (“Proposition 51”) was approved by the voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds to fund the construction and modernization of facilities for both K-12 schools and community colleges. The revenues from the sale of the bonds will be allocated as follows:

- \$3 billion for construction of new K-12 school district facilities.
- \$3 billion for the modernization of K-12 public school sites, which includes repairing outdated facilities to increase earthquake and fire safety, removing asbestos, upgrading technology, and other health and safety improvements.
- \$500 million for charter school facilities.
- \$500 million for career technical education facilities.
- \$2 billion for the construction and modernization of community college facilities.

The impact that Proposition 51 will have on school districts is unclear. Some school districts may increase the number of facility projects and spend more local funds, knowing that additional state funding could be available. Other school districts may spend less local funds due to the greater support of state funding. It is also possible that the number of school district proposals for construction and modernization projects will not change.

## **Proposition 1A and Proposition 22**

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended 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, a constitutional initiative entitled the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature

from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

### **Future Initiatives**

Articles XIII A, XIII B, XIII C and XIII D of the California Constitution and Propositions 1A, 98, 111, 22, 218, 30, 39, 51, and 55 (discussed above) were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted, further affecting the District's revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

### **SAN JOAQUIN COUNTY INVESTMENT POOL**

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer or finance director serves as ex officio treasurer for those school districts located within the county. Each county treasurer or finance director has the authority to invest school district funds held in the county treasury. Generally, the county treasurer or finance director pools county funds with school district funds and funds from certain other public agencies within the County and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 et seq. In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. The County's investment policy can be accessed by calling the office of the County Treasurer at (209) 468-2133. The County's current investment policy and investment report for the month June 30, 2017, are shown in Appendix G – "San Joaquin County Investment Pool Monthly Report Dated June 30, 2017."

## **LEGAL OPINION**

Dannis Woliver Kelley, 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 is set forth in Appendix D. Copies of the approving opinion will be available at the time of delivery of the Certificates. Special Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will also be passed upon for the District by Dannis Woliver Kelley, as Disclosure Counsel and for Underwriters by \_\_\_\_\_, \_\_\_\_\_, California, as Underwriters' Counsel.

## **TAX MATTERS**

*The following discussion of federal income tax matters written to support the promotion and marketing of the Certificates was not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding federal tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

In the opinion of Dannis Woliver Kelley, Sacramento, California, Special Counsel, based upon an analysis of existing statutes, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest evidenced by 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, interest evidenced by the Certificates is not a specific item of tax preference for purposes of the federal individual or corporate alternative minimum taxes, nor is such interest included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of Opinion of Special Counsel is set forth in Appendix D hereto.

Special Counsel's opinion as to the exclusion from gross income of interest evidenced by the Certificates is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the execution and delivery of the Certificates to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest evidenced by the Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Certificates. The District has covenanted to comply with all such requirements.

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur.

Although Special Counsel has rendered an opinion interest evidenced by the Certificates is excludable from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership or disposition of, or the accrual or receipt of interest evidenced by, the Certificates may otherwise affect an Owner's tax liability. The nature and extent of these other tax consequences will depend on the particular tax status of

the Owner or the Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

No assurance can be given that any future legislation or clarification of the Code, if enacted into law, will not cause interest evidenced by the Certificates to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or action of the Internal Revenue Service (the "IRS"), including but not limited to selection of the Certificates for audit examination, or the course or result of any IRS examination of the Certificates, or bonds that present similar tax issues, will not affect the market price of the Certificates. Prospective purchasers of the Certificates should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Special Counsel expresses no opinion.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and target audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar bonds).

### **CONTINUING DISCLOSURE**

The District has covenanted for the benefit of holders and Beneficial Owners of the Certificates to provide certain financial information and operating data relating to the District (the "Annual Report") not later than 290 days after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2016-17 fiscal year, and to provide notices of the occurrence of certain enumerated significant events. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA System"). The notices of significant events will be filed by the District in the same manner as an Annual Report. The specific nature of the information to be contained in the Annual Report and in the notices of significant events is summarized under the caption Appendix E – "Form Of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of the District's outstanding general obligation bonds and refunding general obligation bonds. During the last five years, each of the annual reports to be filed with respect to the District's continuing disclosure undertakings were filed in a complete and timely manner. However, event notices regarding changes to the underlying ratings of certain of its bonds, and downgrades of bond insurance companies that insured bonds related to such undertakings, were not filed in a timely manner. Notices of the rating changes have been made as of this date. Accordingly, the District is presently in compliance with its existing continuing disclosure undertakings. In order to assist it in complying with its disclosure undertakings for its outstanding bonds, the District has engaged Dale Scott & Company, its Financial Advisor, to serve as its dissemination agent with respect to each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Certificates.

## **ABSENCE OF MATERIAL LITIGATION**

At the time of delivery of and payment for the Certificates, the District will 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 District threatened, against the District (i) that seeks to restrain or enjoin the execution or delivery of the Certificates, the Facilities Lease, the Ground Lease, or the Trust Agreement, (ii) contesting the validity of Certificates, the Facilities Lease, the Ground Lease, or the Trust Agreement, or the power of the District to perform its obligations thereunder, or (iii) that, if determined adversely to the District, would materially impair the District's ability to perform its obligations under the Facilities Lease or materially and adversely affect the District's financial condition.

## **RATINGS**

Standard & Poor's Global Ratings, a division of Standard and Poor's Financial Services LLC ("Standard & Poor's") has assigned their underlying rating of "\_\_\_" to Certificates, with the understanding that \_\_\_\_\_ will issue the Policy. There is no assurance the credit ratings given to the Certificates will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by Standard & Poor's if, in its 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. Such ratings reflect only the views of Standard & Poor's, and an explanation of the significance of such ratings may be obtained from Standard & Poor's.

## **UNDERWRITING**

The Certificates are being purchased by \_\_\_\_\_ (the "Underwriters"). The Underwriter has agreed to purchase the Certificates at a purchase price of \$ \_\_\_\_\_ (representing the aggregate principal amount evidenced by the Certificates of \$ \_\_\_\_\_, plus an original issue premium of \$ \_\_\_\_\_, and less underwriter's discount of \$ \_\_\_\_\_). The purchase agreement with the District provides that the Underwriter will purchase all of the Certificates if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase agreement.

The Underwriters may offer and sell the Certificates to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed by the Underwriters.

## **FINANCIAL ADVISOR**

Dale Scott & Co., Inc. is serving as Financial Advisor to the District with respect to the Certificates. The Financial Advisor has assisted the District in the matters relating to the planning, structuring, execution and delivery of the Certificates. Because of its limited participation in reviewing this Official Statement, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein.



### **ESCROW VERIFICATION**

Causey Demgen & Moore P.C. will deliver a report on the mathematical accuracy, as of the date of closing, of certain computations based upon certain information and assertions provided to them by the Underwriters relating to (a) the adequacy of the amounts held by the Escrow Agent under the Escrow Agreement, together with earnings on the investment of such amounts in certain United States Treasury Securities, will be sufficient to enable the District to pay the redemption price of and interest on the 2007 Certificates, and (b) the computations of yield of the Certificates which support Special Counsel's opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes.

### **COMPENSATION OF PROFESSIONALS**

Payment of the fees and expenses of Special Counsel, Disclosure Counsel, and Financial Advisor is contingent upon issuance of the Certificates.

### **ADDITIONAL INFORMATION**

References herein to the Trust Agreement, the Ground Lease, the Facilities Lease, the Escrow Agreement and the Continuing Disclosure Certificate and other legal documents 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.

Copies of the documents are available from the Underwriter prior to initial sale of the Certificates and following delivery of the Certificates will be on file at the offices of the Trustee in San Francisco, California.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Certificates.

The execution and delivery of this Official Statement have been duly authorized by the District.

**STOCKTON UNIFIED SCHOOL DISTRICT**

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

Title:\_\_\_\_\_

# **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 a full and complete statement of their provisions. All capitalized terms not defined in this Official Statement have the meanings set forth in the Trust Agreement.*

## DEFINITIONS

**2007 Certificates** means the Stockton Unified School District 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) in the aggregate principal amount of \$45,050,000.

**Additional Payments** means the additional payments payable by the District 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 redemption) 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** means the governing board of the District.

**Bond Year** means the period ending on February 1 of each year with the first Bond Year beginning on the Closing Date and ending on February 1, 2018, 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 Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation authorized by, and at any time Outstanding pursuant to, the Trust Agreement.

**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 the Stockton Unified School District Facilities Finance Corporation, 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 Corporation or the District 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, surety bond providers and letter of credit banks, the Insurer, 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.

**County** means San Joaquin County.

**Defeasance Securities** means the following:

1. Cash (insured at all times by the Federal Deposit Insurance Corporation),
2. Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

**District** means the Stockton Unified School District, a school district duly organized and existing under the Constitution and laws of the State.

**Escrow Agent** means U.S. Bank National Association.

**Escrow Fund** means the Escrow Fund established pursuant to the Escrow Agreement dated as of \_\_\_\_\_, 1 2017, by and between the District and the Escrow Agent, relating to the 2007 Certificates.

**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.).

**Insurer** means \_\_\_\_\_, a \_\_\_\_\_ insurance company, or any successor thereto or assignee thereof.

**Interest Payment Date** means February 1 and August 1 in each year, commencing February 1, 2018.

**Mandatory Sinking Account Payment** means, with respect to Certificates of any maturity, the amount required by the Trust Agreement or a Supplemental Trust Agreement thereto to be deposited by the District 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.

**Net Proceeds** means any insurance proceeds or condemnation award, paid with respect to the Facilities, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

**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, including those Certificates with respect to which all liabilities have been discharged by Insurer, 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 District 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 District 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 District 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 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.

**Policy** means the financial guaranty insurance policy issued by the Insurer insuring the payment when due of principal and interest with respect to the Certificates, as provided therein.

**Principal Payment Date** means February 1 in each year, commencing February 1, 2018.

**Rating Agency** means S&P 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 the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and the Trust Agreement.

**Rental Payments** means the Rental Payments payable by the District pursuant to the provisions of the Facilities Lease.

**Reserve Facilities** means any letter of credit, insurance policy, surety bond or other credit source, including the Surety Bond, deposited with the Trustee pursuant to the Trust Agreement.

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

**Series**, when used with respect to the Certificates, mean all the Certificates designated as being of the same series, executed and delivered in a simultaneous transaction, and any Certificates thereafter executed and delivered upon a transfer or exchange or in lieu of or in substitution for such Certificates as herein provided.

**Sinking Accounts** mean the accounts in the Principal Fund so designated and established pursuant to provisions of the Trust Agreement for the payment of Term Certificates.

**State** means the State of California.

**Statement, Certificate, Request, Requisition, and Order of the District** mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the District by the Superintendent and/or Chief Business Official of the Stockton Unified School District, and/or the President, Vice President, and/or clerk of the Board, or designee, or any other person authorized by the District 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) of the Trust Agreement, 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 the Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized in the Trust Agreement.



**Surety Bond** means the surety bond issued by the Insurer guaranteeing certain payments into the Certificate Reserve Fund with respect to the Certificates, as provided therein and subject to the limitations set forth therein.

**Term Certificates** mean 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.

**Trustee** means U.S. Bank National Association, a national banking association, or its successor as Trustee as provided in provisions of the Trust Agreement.

## **GROUND LEASE**

Under the Ground Lease, the District will lease the Facilities to the Corporation for an advance rental equal to \$\_\_\_\_\_, which constitutes a portion of the proceeds of the sale of the Certificates. The term of the Ground Lease will commence on the Closing Date and will terminate on February 1, 2036, 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 District 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 February 1, 2036, unless such term is extended or sooner terminated. If on February 1, 2036, the Certificates have not been fully paid, there are payments due the Insurer, 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 the Certificates have been fully paid, or provision therefor made, the term of the Facilities Lease shall end 10 days thereafter or upon 10 days written notice by the District to the Corporation, whichever is earlier.

### **Substitution, Addition or Deletion**

The District and the Corporation may substitute, add to or delete property as part of the Facilities for purposes of the Ground Lease and the Facilities Lease, but only after the District 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 District 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 County of San Joaquin;

*Rental Value.* An appraisal showing that the annual fair rental value for the property that will constitute the Facilities after such substitution, addition or deletion will be at least equal to 100% of the maximum amount of Rental Payments becoming due in the current Fiscal Year or in any subsequent Fiscal Year;

*Title Insurance.* A[n] \_\_ LTA leasehold owner's 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, or deletion is at least equal to the amount of such insurance with respect to the Facilities prior to the substitution, addition, or deletion. 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 substituted or added property, subject only to the following exceptions: (i) Permitted Encumbrances, (ii) exceptions that do not substantially interfere with the District's right to use and occupy the substituted or added property, and (iii) exceptions that will not result in an abatement of Rental Payments;

*No Effect on Occupancy; Useful Life.* A Statement of the District certifying that such substitution, addition, or deletion does not adversely affect the District'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 District certifying that the property that will constitute the Facilities after the substitution, addition, or deletion 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 District certifying that the property that will constitute the Facilities after the substitution, addition, or deletion is essential to the fulfillment of the District's governmental purposes;

*Opinion of Special Counsel.* An Opinion of Special Counsel stating that amendments to the Ground Lease and the Facilities Lease that implement the substitution (i) are authorized or permitted by and comply with the Constitution and laws of the State of California and the Trust Agreement; (ii) upon execution and delivery will be valid obligations of the District and the Corporation; and (iii) will not cause the interest component of the Rental Payments to be includable in gross income for federal income tax purposes;

*Notice to Rating Agencies.* Evidence of delivery of written notice of the proposed substitution, addition, or deletion to each Rating Agency then rating the Certificates;

*Consent of Insurer.* So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Insurer to the substitution, addition, or deletion, which consent shall not be unreasonably withheld.

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

### **Rental Payments; Additional Payments**

Under the Facilities Lease, the District will pay Rental Payments for the use of the Facilities. Rental Payments will be payable on January 15 and July 15 in each year, continuing to and including the date of termination of the Facilities Lease. The District 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) all amounts necessary to replenish amounts withdrawn from the Certificate Reserve Fund; (iii) amounts required to be deposited in the Rebate Fund; and (iv) all other amounts owed by the District to the Insurer pursuant to the Facilities Lease or the Trust Agreement.

### **Allocation of Rental Payments**

All Rental 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, 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

### **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 District 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 Lease, the uses and purposes that may be served by the Facilities, and the benefits therefrom that will accrue to the District and the general public.

### **Covenant to Budget and Appropriate**

The District 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 30 days of the adoption of the budget, the District will furnish to the Trustee a Statement of the District certifying that such budget contains the necessary appropriation for all Rental Payments and Additional Payments. If requested in writing by the Trustee, the District will furnish a copy of such budget.

### **No Offsets; Net Lease**

The District 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 District, 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 District 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, 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 District’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 District 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 District may prepay, from any source of available funds, such part of the Rental Payments as specified by the District by depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to make such Rental Payments when due. The District agrees that, if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid 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 prepay Certificates if such Certificates are subject to prepayment pursuant to the terms of the Trust Agreement.

### **Covenants of the District**

***Maintenance of the Facilities.*** The District agrees that, at all times during the term of the Facilities Lease, the District will, at the District’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 District will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals.

***Taxes and Other Governmental Charges; Utility Charges.*** If the use, possession, or acquisition by the District 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 District 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 District 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 District shall be obligated to pay only such installments as are accrued during such time as the Facilities Lease is in effect. The District 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.

***Liens.*** In the event the District 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 District shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or for the District in, upon or about the 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 District shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so in good faith. If any such lien 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 District shall forthwith pay and discharge such judgment.

***Environmental Covenants.*** The District 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.

***Assignment and Subleasing.*** Neither the Facilities Lease nor any interest of the District thereunder shall be mortgaged, pledged, assigned, sublet, encumbered (except for Permitted Encumbrances) or transferred by the District by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation and Insurer, 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 District thereunder. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the District to make the Rental Payments and Additional Payments required under the Facilities Lease.

## **Insurance**

### ***Fire and Extended Coverage Insurance.***

1. **Coverage.** The District 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 \$150,000), 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 District, 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 District, 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 District has elected to acquire casualty insurance only in an amount sufficient to prepay all the Certificates Outstanding, the District 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 District may, subject to the written approval of the Insurer, provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar plans or methods of protection adopted by public entities in the State of California other than the District. So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the District shall not self-insure for this risk unless the Insurer approves such self-insurance in writing.

***Public Liability and Property Damage Insurance.*** Except as described below, the District 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 \$150,000) 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 District may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability, and similar plans or methods of protection adopted by public entities in the State of California other than the District. So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the District shall not self-insure for this risk unless the Insurer approves such self-insurance in writing.

***Rental Abatement Insurance.*** The District 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 any of the hazards covered by fire and extended coverage insurance. Such insurance shall be maintained in an amount sufficient to pay the Rental Payments during the two-year period in which the total of such Rental Payments is greatest.

***Workers' Compensation Insurance.*** The District 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 District as part of or in conjunction with any other insurance maintained by the District. As an alternative to providing such insurance, the District may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the District to be legally self-insured against workers' compensation claims and may maintain that status; provided that the District shall employ an actuary to review the District's workers' compensation claims experience and project future claims exposure. The District covenants to budget the amounts and comply with the other actions recommended by the actuary. The District 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.

***Title Insurance.*** The District 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[n] \_\_LTA leasehold title policy 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 District.

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 District, 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 District 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 District 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 District to pay any Rental 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 District 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 District for a period of 30 days after notice of the same has been given to the District by the Corporation, the Trustee, or the Insurer.

***Transfer of District's Interest.*** Assignment or transfer of the District'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 District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within 60 days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

***Abandonment of the Facilities.*** Abandonment by the District of any part of the Facilities (except any portion thereof for which a substitution, addition, or deletion of 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, may, with the consent of the Insurer, and shall, at the direction of the Insurer, do any of the following:



***Termination of Lease.*** By written notice to the District, terminate the Facilities Lease and 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 the event of such termination, the District 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 District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the 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 District, regardless of whether or not the District 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 in the preceding paragraph, the District agrees to keep or perform all covenants and conditions contained in the Facilities Lease. If the Facilities are not re-let, the District 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 District agrees to pay any deficiency in rent that results therefrom. The District 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 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 Certificate Reserve Fund, and the Redemption Fund, which are to be held by the Trustee.

***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 sixty days following the Closing Date shall be transferred to the Principal Fund.

***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.

***Allocation of Rental Payments.*** The Trustee will transfer from the Certificate Fund and deposit in the following respective funds the following amounts on the dates described. 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 February 1, 2018, 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.

2. ***Principal Fund; Sinking Accounts.*** On or before each Principal Payment Date, commencing February 1, 2018, 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 Serial Certificates, plus the aggregate amount of the Mandatory Sinking Account Payments to be paid on such date into the respective Sinking Account 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.

3. ***Redemption Fund.*** The Trustee, on the date specified in a Written Request of the District 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 to the District on February 2 of each year. The District may use and apply any moneys when received by it for any lawful purpose of the District, including the prepayment 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.

***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).

***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, except that all amounts in the Sinking Accounts shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity Term Certificates.

***Certificate Reserve Fund.***

1. Use of Amounts in Certificate Reserve Fund. 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 solely for the purpose of making up any deficiency in the Interest Fund or the Principal Fund, or (together with any other moneys available therefor) for the payment or redemption of all Certificates then Outstanding, or 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 Permitted Investments and then, on a *pro rata* basis with respect to those 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 interest represented by the Certificates when due.

In the event that the Trustee has notice that any payment of principal or interest represented by a Certificate has been recovered from an Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable 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 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 Permitted Investments 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 Permitted Investments 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).

2. Replenishment of Certificate Reserve Fund. Upon the occurrence of any deficiency because of a draw on the Certificate Reserve Fund, the Trustee will, in order to replenish the Certificate Reserve Fund, deposit the first Rental Payment not needed to pay principal and interest evidenced by the Certificate on the next payment date into the Certificate Reserve Fund. Upon the occurrence of a deficiency due to a required valuation of investment in the Certificate Reserve Fund, the District shall pay to the Trustee one-fourth of the amount of any such deficiency as an Additional Payment, which the Trustee will deposit into the Certificate Reserve Fund until the balance in the Certificate Reserve Fund, when added to the amount available under all Reserve Facilities, is at least equal to the Certificate Reserve Requirement.

3. Letter of Credit.

a. In lieu of making the Certificate Reserve Requirement deposit as described in (2) above, or in replacement of moneys then on deposit in the Certificate Reserve Fund, the District may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's, in an amount, together with moneys, Permitted Investments or 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 years or, if less, the maturity of the Certificates. If a drawing is made on the letter of credit, the District 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 be reinstated in the amount of such drawing within one year of the date of such drawing.

b. At least one year prior to the stated expiration of such letter of credit, the District 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 satisfying the requirements described in (4) below. If the District fails to deposit a replacement letter of credit, extended letter of credit or other Reserve Facility with the Trustee, the District 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.

4. Insurance Policy or Surety Bond. In lieu of making the Certificate Reserve Requirement deposit described in (2) above, or in replacement of moneys then on deposit in the Certificate Reserve Fund, the District may also deliver to the Trustee an insurance policy or surety bond securing an amount, together with moneys, Permitted Investments 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 in one of the two highest Rating Categories of Moody's and 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 District shall immediately implement (i) or (iii) described in the preceding paragraph or make the required deposits to the Certificate Reserve Fund.

***Redemption Fund.*** All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Certificates or for the purchase of Certificates by the District at public or private sale, in the manner, at the times and upon the terms and conditions specified in the Trust Agreement.

***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 District, solely in Permitted Investments.

Moneys in the Certificate Reserve Fund shall be invested in Permitted Investments maturing or available on demand within 5 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 Permitted Investments 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, other than the Rebate Fund, shall be transferred to the Certificate Fund.

### **Redemption; Selection of Certificates for Redemption**

The Certificates are subject to optional and mandatory redemption in accordance with the terms of the Trust Agreement. Whenever less than all of the Certificates are to be prepaid, the Trustee shall select the Certificates to be prepaid (in whole or in part) from all Outstanding Certificates that have not been previously called for prepayment, in minimum denominations of \$5,000, at random in any manner which the Trustee in its sole discretion shall deem appropriate and fair.

### **Notice of Redemption**

Notice of redemption shall be mailed by first-class mail, postage prepaid, by the Trustee not fewer than 30 days, and in each case not more than 60 days, prior to such redemption date, to the respective Owners of any Certificates designated for redemption at their addresses appearing on the Certificate Register. If the Certificates are not registered to a Securities Depository, the Trustee shall also give notice of redemption of the Certificates to the Securities Depository and the Information Service (at the same time it mails notice of redemption to the Owners) by registered or overnight mail.

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 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 District 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 District nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Securities Depositories 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. 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.

### **Events of Default; Remedies of Owners**

***Events of Default.*** The following events shall be Events of Default:

***Payment Default.*** Default in the due and punctual payment of any Rental Payment when and as the same shall become due and payable;

***Breach of Covenant.*** Default by the District 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 District by the Trustee; and

***Facilities Lease Default.*** An event of default as defined under the Facilities Lease.

***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 District, 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 District 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:

1. by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Corporation or the District or any director, member, officer or employee thereof, and to compel the Corporation or the District 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;
2. by suit in equity to enjoin any acts or things which 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 District and any directors, members, officers and employees thereof to account as the trustee of an express trust.

***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.

***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 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 District, 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 District, 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 District 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 District 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 District 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 Agreement 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 redemption 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 District, 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 District 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, which consent 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 District 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 District, 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 or letters 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, or extend the time of payment 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 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.

#### **Additional Certificates**

*Subsequent to the execution and delivery by the Trustee of the Certificates, the Trustee shall, upon written request or requests of the District, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Certificates:*

1. The parties to the Trust Agreement shall have executed a Supplemental Trust Agreement setting forth the terms and provisions of such Additional

Certificates, including the establishment of such funds and accounts, separate and apart from the funds and accounts established hereunder for the Certificates executed and delivered on the Closing Date, as shall be necessary or appropriate, which Supplemental Trust Agreement shall require that prior to the delivery of such Additional Certificates, the Certificate Reserve Requirement with respect to such Additional Certificates shall be on deposit in the Certificate Reserve Fund established hereunder or in a reserve fund established under such Supplemental Trust Agreement;

2. The principal and interest payable with respect to such Additional Certificates and any premium payable upon redemption of such Additional Certificates shall be payable only on such Principal Payment Dates and Interest Payment Dates applicable to the Certificates;
3. The Facilities Lease shall have been amended by the parties thereto if necessary to (i) increase or adjust the Rental Payments due and payable on each Rental Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including all Additional Certificates as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then in the Certificate Reserve Fund or otherwise on deposit with the Trustee in accordance with the Trust Agreement), (ii) if appropriate, amend the definition of "Facilities" to include as part of the Facilities all or any portion of additions, betterments, extensions, improvements or replacements, or such other real or personal property (whether or not located upon the Facilities as such Facilities are constituted as of the date of the Trust Agreement), to be financed, acquired or constructed by the preparation, execution and delivery of such Additional Certificates; and (iii) make such other revisions to the Facilities Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of the Trust Agreement);
4. There shall have been delivered to the Trustee a counterpart of the amendments required by the preceding paragraph;
5. The Trustee shall have received a certificate of the Corporation that there exists on the part of the Corporation no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);
6. The Trustee shall have received a certificate of the District that (i) there exists on the part of the District no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default), and (ii) the Rental Payments as increased or adjusted do not

exceed in any year the fair rental value of the Facilities (as such term is defined in the amended Lease);

7. The Trustee shall have received an opinion of Special Counsel substantially to the effect that (i) said Supplemental Trust Agreement and said amendments to the Facilities Lease comply in all respects with the requirements of the Trust Agreement regarding Additional Certificates; (ii) said Supplemental Trust Agreement and said amendments to the Facilities Lease have been duly authorized, executed and delivered by each of the respective parties thereto (provided that said opinion of Special Counsel, in rendering the opinions set forth in this clause (ii), shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said Supplemental Trust Agreement or said amendments to the Facilities Lease); (iii) assuming that no Event of Default has occurred and is continuing, the Trust Agreement, as amended by said Supplemental Trust Agreement, and the Facilities Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the respective parties thereto, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding); and (iv) the execution of such Supplemental Trust Agreement and said amendments to the Facilities Lease, and performance by the parties thereunder, will not result in the inclusion of the interest portion of any Rental Payments payable with respect to any Certificates, including Additional Certificates, theretofore prepared, executed and delivered, in the gross income of the Owners of the Certificates for purposes of federal income taxation;
8. The District shall have provided the Insurer and any Rating Agency then rating the Certificates, written notice of the proposed execution and delivery of such Additional Certificates and shall have received prior written consent of the Insurer with respect to such Additional Certificates; provided that any Additional Certificates being delivered to refund any outstanding Certificates shall not require the prior written consent of the Insurer if the aggregate maximum annual debt service with respect to the Certificates and the Additional Certificates during any remaining year that the Certificates will be outstanding does not exceed maximum annual debt service with respect to the Certificates prior to such refunding;
9. There shall have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under the Facilities Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the Certificates and Additional Certificates outstanding upon the execution and delivery of such Additional Certificates;

10. Upon the execution and delivery of such Additional Certificates, the amount on deposit in the Certificate Reserve Fund, together with the amount available under the Surety Bond and all Reserve Facilities, shall be equal to the Certificate Reserve Requirement, taking into account the execution of the Additional Certificates; and
11. Such other conditions shall have been satisfied, and such other instruments shall have been duly executed and delivered to the Trustee (with a copy to Standard & Poor's), as the District or the Corporation shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall cause to be executed and delivered Additional Certificates representing the aggregate principal amount specified in such Supplemental Trust Agreement, and such Additional Certificates shall be equally and ratably secured with all Certificates, including any Additional Certificates, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment (if any)) of any one Certificate, including Additional Certificates, over any other; provided, however, that no provision of the Trust Agreement shall require the District to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the District to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the District.

#### **Discharge of Trust Agreement**

***Discharge of Trust Agreement.*** Certificates may be paid by the District in any of the following ways:

1. by paying or causing to be paid the principal and interest represented by all Certificates Outstanding, as and when the same become due and payable;
2. by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem all Certificates Outstanding; or
3. by delivering to the Trustee, for cancellation by it, all Certificates then Outstanding.

If the District shall pay all Certificates that are Outstanding and also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District, evidenced by a Statement of the District filed with the Trustee signifying the intention of the District 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 District 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 District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District 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 District 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, escrow agent, or other fiduciary, in trust, 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 District 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 District and the District 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 District may at any time surrender to the Trustee for cancellation by it any Certificates previously executed and delivered, which the District may have acquired in any manner whatsoever, and such Certificates, upon such surrender and cancellation, shall be deemed to be paid and retired.

#### **Consent of Insurer**

So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the following provisions shall be in effect:

1. **Control of Remedies.** Any provision of the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners under the Trust Agreement; and the Insurer shall also be entitled to approve all waivers of Events of Default concerning the Certificates.

2. **Amendments and Supplements.** The Insurer's consent shall be required (in lieu of the consent of the Owners when required) for the execution and delivery of any Supplemental Trust Agreement that requires the consent of Owners.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2016**

## APPENDIX C

### GENERAL INFORMATION ABOUT THE COUNTY OF SAN JOAQUIN AND THE CITY OF STOCKTON

*The following information concerning the County of San Joaquin (the “County”) and the City of Stockton (the “City”) is included only for the purpose of supplying general information regarding the community in and around the Stockton Unified School District (the “District”). The Certificates are not a debt of the County, the City, the State of California (the “State”), or any of the State’s political subdivisions; and neither the County, the City, the State, nor any of the State’s political subdivisions (other than the District) is liable for the Certificates.*

The City boundaries encompass 55.1 square miles within California’s San Joaquin Valley, located 78 miles east of San Francisco, 345 miles north of Los Angeles, and 45 miles south of Sacramento. The Stockton Metropolitan Statistical Area, which encompasses the entire County, covers approximately 1,400 square miles. The City is a municipal corporation and a charter city, duly organized and existing under the constitution and laws of the State.

#### Population

The historic population estimates of the City, the County, and the State for the last six years are shown in the following table.

| Calendar<br>Year | City of<br>Stockton | County of<br>San Joaquin | State of<br>California |
|------------------|---------------------|--------------------------|------------------------|
| 2011             | 294,236             | 691,818                  | 37,536,835             |
| 2012             | 298,227             | 698,412                  | 37,881,357             |
| 2013             | 302,227             | 704,700                  | 38,239,207             |
| 2014             | 304,994             | 711,850                  | 38,567,459             |
| 2015             | 312,990             | 723,761                  | 38,907,642             |
| 2016             | 315,592             | 733,383                  | 39,255,883             |

*Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark. Sacramento, California, May 2016.*

#### Transportation

Stockton is located on Interstate 5, the West Coast’s major route from Canada to Mexico. The City’s Crosstown Freeway connects Interstate 5 with State Route 99, the State’s other principal north-south freeway. Other freeway connections provide convenient access to the San Francisco Bay area and Reno. Thirty-five major transcontinental truck lines and nearly 200 contract carriers serve the City. The City is also served by Greyhound and the San Joaquin Regional Transit District.

The Port of Stockton, the largest inland deep water seaport in the State, is served by numerous international shipping companies through the Stockton Channel to the San Francisco Bay. The modern port facility handles dry and liquid bulk commodities and general cargo.

The Stockton Metropolitan Airport serves the San Joaquin Valley with passenger and air freight facilities.

Railroad service is provided to the City by Burlington Northern, Santa Fe and the Union Pacific railroads. Daily passenger service by Amtrak is available to San Francisco, Los Angeles and Sacramento.

### **Employment and Industry**

The City boundaries include approximately 3,000 acres which are zoned for light and heavy industry. Within this acreage are 15 industrial parks with all on-site improvements, six of which parks are served by rail.

The largest manufacturing and non-manufacturing employers in the City and in the County as of June 30, 2016, are shown below.

**CITY OF STOCKTON  
Major Employers  
Fiscal Year Ending June 30, 2016**

| <u>Employer</u>                  | <u>Number of<br/>Employees</u> | <u>Percent of Total<br/>City<br/>Employment</u> |
|----------------------------------|--------------------------------|---|
| San Joaquin County               | 6,000                          | 1.93%   |
| St. Joseph's Medical Center      | 4,600                          | 1.48  |
| Stockton Unified School District | 3,894                          | 1.25  |
| City of Stockton                 | 1,862                          | 0.60  |
| Dameron Hospital                 | 1,200                          | 0.39  |
| Pacific Gas and Electric         | 1,100                          | 0.35  |
| Kaiser Permanente                | 1,065                          | 0.34  |
| San Joaquin Delta College        | 967                            | 0.31  |
| University of the Pacific        | 900                            | 0.29  |
| Lincoln Unified School District  | <u>765</u>                     | <u>0.25</u>                                     |
| Total                            | 22,353                         | 7.19%   |

Note: Principal employers are based on best available information.

Source: *City of Stockton, Comprehensive Annual Financial Report for fiscal year ended June 30, 2016*



The following table lists the major employers within the County.

**COUNTY OF SAN JOAQUIN  
Major Employers**

| <b>Employer Name</b>                | <b>Location</b> | <b>Industry</b>                          |
|-------------------------------------|-----------------|--|
| Blue Shield of California           | Lodi            | Insurance                                |
| Dameron Hospital                    | Stockton        | Hospitals                                |
| Derby International                 | Not Available   | Telecommunications Services              |
| Deuel Vocational Institution        | Tracy           | City Govt-Correctional Institutions      |
| Division of Juvenile Justice        | Stockton        | State Govt-Correctional Institutions     |
| Foster Care Services                | Stockton        | County Government Social/Human Resources |
| Inland Flying Svc                   | Stockton        | Aircraft Servicing and Maintenance       |
| Leprino Foods Co                    | Tracy           | Cheese Processors (Mfrs)                 |
| Lodi Memorial Hospital Home Health  | Lodi            | Home Health Services                     |
| Lodi Memorial Hospital              | Lodi            | Hospitals                                |
| M&R Co                              | Lodi            | Fruits & Vegetables-Growers & Shippers   |
| Morada Produce Co                   | Stockton        | Fruits & Vegetables-Growers & Shippers   |
| North California Correctional Youth | Not Available   | Police Departments                       |
| O-G Packing & Cold Storage Co       | Stockton        | Fruits & Vegetables-Growers & Shippers   |
| Pacific Coast Producers             | Lodi            | Canning (Mfrs)                           |
| Prima Frutta Packing Inc            | Linden          | Fruit & Produce Packers                  |
| Safeway Distribution Center         | Tracy           | Distribution Centers (Whls)              |
| San Joaquin County Human Services   | Stockton        | County Government Social/Human Resources |
| San Joaquin County School Board     | Stockton        | Schools                                  |
| San Joaquin General Hospital        | French Camp     | Hospitals                                |
| San Joaquin Sheriff's Office        | French Camp     | Government Offices-County                |
| St. Joseph's Cancer Center          | Stockton        | Cancer Treatment Centers                 |
| Stockton Police Department          | Stockton        | Police Department                        |
| University of the Pacific           | Stockton        | Schools-Universities & Colleges Academic |
| Waste Management                    | Lodi            | Consultants – Business NEC               |

*Source: California Employment Development Department, extracted from America's Labor Market Information System (ALMIS) Employer Database 2017 2<sup>nd</sup> Edition*

The following table summarizes employment and unemployment rates in San Joaquin County and historical numbers of workers in San Joaquin County by industry.

**COUNTY OF SAN JOAQUIN**  
**(Stockton-Lodi Metropolitan Statistical Area)**  
**Civilian Labor Force, Employment and Unemployment,**  
**And Unemployment by Industry**  
**(Annual Averages)**

| <u>Civilian Labor Force</u>                      | 2012    | 2013    | 2014    | 2015    | 2016    |
|--|---------|---------|---------|---------|---------|
| Civilian Labor <sup>(1)</sup>                    | 311,800 | 313,100 | 312,600 | 315,200 | 319,200 |
| Employment                                       | 267,100 | 274,600 | 279,700 | 287,300 | 293,500 |
| Unemployment                                     | 44,800  | 38,500  | 32,900  | 27,900  | 25,700  |
| Unemployment Rate                                | 14.4%   | 12.3%   | 10.5%   | 8.9%    | 8.1%    |
| <u>Wage and Salary Employment <sup>(2)</sup></u> |         |         |         |         |         |
| Agriculture                                      | 15,700  | 16,100  | 15,700  | 16,700  | 16,600  |
| Mining and Logging                               | 100     | 100     | 100     | 100     | 100     |
| Construction                                     | 7,600   | 8,800   | 8,900   | 10,100  | 11,100  |
| Manufacturing                                    | 17,800  | 17,900  | 18,500  | 18,600  | 18,700  |
| Wholesale Trade                                  | 10,800  | 11,100  | 11,100  | 11,400  | 11,600  |
| Retail Trade                                     | 24,900  | 25,600  | 25,700  | 26,000  | 26,600  |
| Transportation, Warehousing & Utilities          | 16,000  | 17,200  | 18,300  | 20,400  | 22,800  |
| Information                                      | 2,100   | 2,100   | 2,100   | 1,900   | 2,000   |
| Financial Activities                             | 7,500   | 7,600   | 7,500   | 7,400   | 7,500   |
| Professional and Business Services               | 16,600  | 17,400  | 18,300  | 19,400  | 19,400  |
| Educational and Health Services                  | 34,000  | 35,500  | 35,900  | 36,500  | 37,200  |
| Leisure and Hospitality                          | 17,000  | 18,200  | 19,100  | 19,700  | 20,300  |
| Other Services                                   | 6,500   | 6,600   | 6,900   | 7,200   | 7,600   |
| Federal Government                               | 3,900   | 3,500   | 3,100   | 3,000   | 3,000   |
| State Government                                 | 3,600   | 4,300   | 5,800   | 6,200   | 6,400   |
| Local Government                                 | 28,600  | 29,300  | 29,600  | 30,400  | 31,500  |
| Total All Industries <sup>(3)</sup>              | 212,700 | 221,200 | 226,700 | 234,800 | 242,200 |

<sup>(1)</sup> Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike

<sup>(2)</sup> Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike

<sup>(3)</sup> Totals may not add due to rounding

Source: California Employment Development Department, Labor Market Information, March 2016 Benchmark

## Commercial Activity

A summary of the most recent historic annual taxable sales within the City is shown below.

**CITY OF STOCKTON**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

|                     | <u>Retail and Food Services</u> |                                 | <u>Total All Outlets</u>     |                                 |
|---------------------|---------------------------------|---------------------------------|------------------------------|---------------------------------|
|                     | <u>Number<br/>of Permits</u>    | <u>Taxable<br/>Transactions</u> | <u>Number<br/>of Permits</u> | <u>Taxable<br/>Transactions</u> |
| 2009                | 3,351                           | \$2,209,264                     | 4,874                        | \$2,844,988                     |
| 2010                | 3,511                           | 2,248,782                       | 5,051                        | 2,867,407                       |
| 2011                | 3,427                           | 2,397,288                       | 4,956                        | 3,133,324                       |
| 2012                | 3,611                           | 2,500,195                       | 5,110                        | 3,316,162                       |
| 2013                | 3,741                           | 2,590,622                       | 5,204                        | 3,393,791                       |
| 2014                | 3,748                           | 2,682,926                       | 5,157                        | 3,553,304                       |
| 2015 <sup>(1)</sup> | 3,935                           | 2,766,604                       | 5,724                        | 3,708,571                       |
| 2016 <sup>(2)</sup> | --                              | 674,693                         | --                           | 886,289                         |

<sup>(1)</sup> Beginning in 2015, the outlet counts show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

<sup>(2)</sup> Includes taxable transactions data from the first quarter of 2016. Number of permits data not available.

Source: California State Board of Equalization

A summary of the most recent historic annual taxable sales within the County is shown below.

**COUNTY OF SAN JOAQUIN**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

|                     | <u>Retail and Food Services</u> |                                 | <u>Total All Outlets</u>     |                                 |
|---------------------|---------------------------------|---------------------------------|------------------------------|---------------------------------|
|                     | <u>Number<br/>of Permits</u>    | <u>Taxable<br/>Transactions</u> | <u>Number<br/>of Permits</u> | <u>Taxable<br/>Transactions</u> |
| 2009                | 8,203                           | \$4,974,437                     | 12,297                       | \$7,260,073                     |
| 2010                | 8,534                           | 5,213,982                       | 12,633                       | 7,602,090                       |
| 2011                | 8,337                           | 5,740,948                       | 12,450                       | 8,426,952                       |
| 2012                | 8,542                           | 6,124,321                       | 12,613                       | 9,010,930                       |
| 2013                | 8,754                           | 6,519,537                       | 12,752                       | 9,466,015                       |
| 2014                | 8,900                           | 6,780,160                       | 12,865                       | 10,031,845                      |
| 2015 <sup>(1)</sup> | 4,958                           | 6,986,878                       | 14,255                       | 10,467,213                      |
| 2016 <sup>(2)</sup> | --                              | 1,708,491                       | --                           | 2,488,928                       |

<sup>(1)</sup> Beginning in 2015, the outlet counts show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

<sup>(2)</sup> Includes taxable transactions data from the first quarter of 2016. Number of permits data not available.

*Source: California State Board of Equalization*

## Income

Total personal income in the County increased by 29.07% between 2009 and 2015. Per capita personal income in the County grew by 20.48% between 2009 and 2015.

### COUNTY OF SAN JOAQUIN

#### Personal Income

2009-2015

(in thousands)

| <u>Year</u> | <u>County of<br/>San Joaquin</u> | <u>Annual %<br/>Change</u> |
|-------------|----------------------------------|----------------------------|
| 2009        | \$21,809,859                     | --%                        |
| 2010        | 22,214,161                       | 1.9                        |
| 2011        | 23,017,690                       | 3.6                        |
| 2012        | 23,810,691                       | 3.4                        |
| 2013        | 24,680,980                       | 3.7                        |
| 2014        | 26,089,638                       | 5.7                        |
| 2015        | 28,150,538                       | 7.9                        |

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

### COUNTY OF SAN JOAQUIN

#### Per Capita Personal Income

2009-2015

(in dollars)

| <u>Year</u> | <u>County of<br/>San Joaquin</u> | <u>Annual %<br/>Change</u> |
|-------------|----------------------------------|----------------------------|
| 2009        | \$32,180                         | --                         |
| 2010        | 32,314                           | 0.4%                       |
| 2011        | 33,098                           | 2.4                        |
| 2012        | 33,944                           | 2.6                        |
| 2013        | 35,026                           | 3.2                        |
| 2014        | 36,483                           | 4.2                        |
| 2015        | 38,769                           | 6.3                        |

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

## Construction Activity

The following table summarizes building permits and construction valuation in the County since 2011. The number of residential building units issued in the County in 2016 was 162% higher than in 2011.

### COUNTY OF SAN JOAQUIN Building Permit Activity 2011-2016

|                 | <u>2011</u>        | <u>2012</u>        | <u>2013</u>        | <u>2014</u>        | <u>2015</u>        | <u>2016</u>        |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Valuation       |                    |                    |                    |                    |                    |                    |
| Residential     | \$202,186,210      | \$272,583,955      | \$301,127,785      | \$401,998,076      | \$547,434,803      | \$633,339,138      |
| Non-Residential | <u>187,753,071</u> | <u>240,289,306</u> | <u>237,314,398</u> | <u>203,784,262</u> | <u>500,627,042</u> | <u>607,993,597</u> |
| TOTAL           | \$389,939,281      | \$512,873,261      | \$538,442,183      | \$605,782,338      | \$1,048,061,845    | \$1,241,332,735    |
| Dwelling Units  |                    |                    |                    |                    |                    |                    |
| Single Family   | 728                | 1,052              | 1,062              | 1,214              | 1,698              | 1,754              |
| Multiple Family | <u>152</u>         | <u>0</u>           | <u>74</u>          | <u>19</u>          | <u>387</u>         | <u>550</u>         |
| TOTAL           | 880                | 1,052              | 1,136              | 1,233              | 2,085              | 2,304              |

Source: California Homebuilding Foundation.

The following table summarizes building permits and building valuation in Stockton since 2011.

### CITY OF STOCKTON Building Permit Activity 2011-2016

|                 | <u>2011</u>       | <u>2012</u>       | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       | <u>2016</u>        |
|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Valuation       |                   |                   |                   |                   |                   |                    |
| Residential     | \$39,077,500      | \$32,028,964      | \$41,507,516      | \$33,724,620      | \$75,421,857      | \$149,038,470      |
| Non-Residential | <u>52,371,954</u> | <u>57,071,324</u> | <u>45,882,748</u> | <u>87,732,272</u> | <u>78,556,509</u> | <u>122,974,891</u> |
| TOTAL           | \$91,449,454      | \$89,100,288      | \$87,390,264      | \$121,456,892     | \$153,978,366     | \$272,013,361      |
| Dwelling Units  |                   |                   |                   |                   |                   |                    |
| Single Family   | 127               | 122               | 96                | 75                | 123               | 215                |
| Multiple Family | <u>0</u>          | <u>0</u>          | <u>70</u>         | <u>4</u>          | <u>257</u>        | <u>25</u>          |
| TOTAL           | 127               | 122               | 166               | 79                | 380               | 240                |

Source: California Homebuilding Foundation.

## APPENDIX D

### FORM OF OPINION OF SPECIAL COUNSEL

[Date]

Governing Board  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202

**Re:   \$ \_\_\_\_\_**  
Stockton Unified School District  
San Joaquin County, California  
2017 Refunding Certificates of Participation  
**Final Opinion of Special Counsel**

Dear Board Members:

We have acted as special counsel in connection with the execution and delivery of \$ \_\_\_\_\_ aggregate principal amount of the Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the "Certificates") evidencing and representing proportionate interests of the registered owners thereof in rental payments to be made by the Stockton Unified School District (the "District") pursuant to a facilities lease dated as of \_\_\_\_\_, 1 2017 (the "Facilities Lease"), by and between the District and the Stockton Unified School District Facilities Finance Corporation (the "Corporation"). The Certificates have been executed and delivered pursuant to a trust agreement dated as of \_\_\_\_\_, 1 2017 (the "Trust Agreement"), by and among U.S. Bank National Association, as trustee (the "Trustee"), the District and the Corporation. In connection therewith, the District and the Corporation have also executed and entered into a ground lease dated as of \_\_\_\_\_, 1 2017 (the "Ground Lease"). Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Trust Agreement.

As to questions of fact material to our opinion, we have relied upon the representations of the District 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.

Attention is called to the fact that we have not been requested to examine, and have not examined, any documents or information relating to the District other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Certificates.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

Based upon the foregoing, we are of the opinion that, under existing law:

1. The District is duly created and validly existing as a school district 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 District and assuming due authorization, execution, and delivery by and enforceability against the other parties thereto, constitute valid and binding obligations of the District 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 District to make Rental Payments pursuant to the Facilities Lease does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District 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.

5. The portion of the Rental Payments designated as and constituting interest paid by the District 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 and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the District 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 District 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 District 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. This opinion is given as of the date hereof, and we disclaim any obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Dannis Woliver Kelley

## APPENDIX E

### § STOCKTON UNIFIED SCHOOL DISTRICT SAN JOAQUIN COUNTY, CALIFORNIA 2017 REFUNDING CERTIFICATES OF PARTICIPATION

#### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Stockton Unified School District (the “District”) in connection with the issuance of the \$\_\_\_\_\_ aggregate principal amount of the Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the “Certificates”) pursuant to a Trust Agreement dated as of \_\_\_\_\_, 1 2017 (the “Trust”), by and between the District and U.S. Bank National Association, (the “Trustee”). The District covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being delivered by the District for the benefit of the Certificateholders and Beneficial Owners of the Certificates and to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**Section 2. Definitions.** Unless the context otherwise requires, the definitions set forth in the Paying Agent Agreement apply to this Disclosure Certificate. The following additional capitalized terms shall have the following meanings:

**Annual Report** means any Annual Report provided by the District 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** mean 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 District, Dale Scott & Company Inc., or such other Dissemination Agent designated in writing by the District and that has filed with the District a written acceptance of such designation.

**MSRB** means the Municipal Securities Rulemaking Board.

**Official Statement** means the final Official Statement dated \_\_\_\_\_, 2017 relating to the Certificates.

**Opinion of Counsel** means a written opinion of a law firm or attorney experienced in matters relating to interpretation of the Rule.

**Participating Underwriter** means \_\_\_\_\_, underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

**Repository** shall mean 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.

**Significant Event** means any of the events listed in subsection (a) of Section 5 (Reporting of Significant Events) of this Disclosure Certificate.

### **Section 3. Provision of Annual Reports.**

a. Delivery of Annual Report to Repository. The District shall, or shall cause the Dissemination Agent to, not later than 290 days after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2016-2017 fiscal year, 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 District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

b. Change of Fiscal Year. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c) (Notice of Significant Events).

c. Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (Delivery of Annual Report to Repository) for providing the Annual Report to the Repository, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

d. Report of Non-Compliance. If the District is unable to provide an Annual Report to the Repository by the date required in subsection (a) (Delivery of Annual Report to Repository), the Dissemination Agent shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A.

e. Annual Compliance Certification. The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District 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 District's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) (Delivery of Annual Report to Repository), 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 District's approved annual budget for the then-current fiscal year;

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities that have been submitted to each of the Repositories 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 District 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 District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates not later than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes; or
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person.

b. Significant Events If Material. The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material, not later than 10 business days after the occurrence of the event:

- (i) unless described in paragraph 5(a)(v) hereof, 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 status of the Certificates;
- (ii) modifications to rights of Certificateholders;
- (iii) optional, unscheduled or contingent Certificate calls;
- (iv) release, substitution, or sale of property securing repayment of the Certificates;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or appointment of a successor or additional paying agent or the change of name of a paying agent.

c. Notice of Significant Events. Whenever the District obtains knowledge of the occurrence of a Significant Event as described in Section 5(a) hereof, or determines that knowledge of the occurrence of a listed event described in Section 5(b) hereof would be material under applicable Federal securities law, the District shall file, or shall cause the Dissemination Agent (if not the District) to file, a notice of such occurrence with the Repository, in an electronic format as prescribed by the Repository, in a timely manner not in excess of 10 business days after the occurrence.

**Section 6. Filings with the Repository.** All documents provided to the Repository under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by the Repository and shall be accompanied by identifying information as prescribed by the Repository.

**Section 7. Termination of Reporting Obligation.** The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates or upon the delivery to the District of an Opinion of Counsel to the effect that continuing disclosure is no longer required by the Rule. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b) (Notice of Significant Events).

**Section 8. Dissemination Agent.**

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

b. Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District 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 District, Certificateholders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an Opinion of Counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a. Change in Circumstances. If the amendment or waiver relates to the provisions of Sections 3(a) (Delivery of Annual Report to Repository), 4 (Content of Annual Reports), or 5(a) (Significant Events), 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 the type of business conducted;

b. Compliance as of Issue Date. The undertaking, as amended or taking into account such waiver, would, based upon an Opinion of Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c. Consent of Certificateholders; Non-impairment Opinion. The amendment or waiver either (i) is approved by the Certificateholders in the same manner as provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of Certificateholders, or (ii) does not, based on an Opinion of Counsel, materially impair the interests of the Certificateholders or Beneficial Owners.

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

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

**Section 11. Default.** If the District fails to comply with any provision of this Disclosure Certificate, any Certificateholder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate if the District fails 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 District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable 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 not be deemed to be acting in any fiduciary capacity for the District, the Certificateholders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an Opinion of Counsel. The obligations of the District 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 District, the Dissemination Agent, the Participating Underwriters and Certificateholders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

**IN WITNESS WHEREOF** the District has caused this Continuing Disclosure Certificate to be signed by its authorized officer on the date written below.

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

## EXHIBIT A

### FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: Stockton Unified School District

Name of Certificates: Stockton Unified School District  
San Joaquin County, California  
2017 Refunding Certificates of Participation

Date of Delivery: \_\_\_\_\_, 2017

NOTICE IS HEREBY GIVEN that the Stockton Unified School District (the "District") has not provided an Annual Report with respect to the above-named Certificates as required by a Continuing Disclosure Certificate executed \_\_\_\_\_, 2017, with respect to the above-captioned certificate issue. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

STOCKTON UNIFIED SCHOOL DISTRICT

[SAMPLE ONLY]

\_\_\_\_\_

## APPENDIX F

### BOOK-ENTRY-ONLY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest, and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates, and other related transactions by and between DTC, the DTC Participants, and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Trustee takes any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Certificates, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://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 (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 DTC nominee do not affect 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to

those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

## APPENDIX G

### SAN JOAQUIN COUNTY INVESTMENT POOL MONTHLY REPORT DATED JUNE 30, 2017

The investment pool policy is available from the County of San Joaquin, Office of the Treasurer-Tax Collector. Neither the District nor the Underwriter has independently verified the investment pool policy information and neither guarantees the completeness or accuracy thereof. Information regarding the San Joaquin County investment pool policy and monthly report may be obtained by contacting the County of San Joaquin, Office of the Treasurer-Tax Collector, 44 North San Joaquin Street, Suite 150, Stockton, California 95202, Telephone (209) 468-2133, Facsimile (209) 468-2158.

The following table reflects the balance in the San Joaquin County investment pool dated as of June 30, 2017:

#### SAN JOAQUIN COUNTY INVESTMENT POOL

|                                     |                        |
|-------------------------------------|------------------------|
| Currency in Vault                   | \$68,086.91            |
| <b>Investments</b>                  |                        |
| BOTW Money Market Plus              | \$50,000,000.00        |
| BOTW Sweep                          | \$89,261,130.36        |
| Commercial Paper                    | \$398,357,865.29       |
| L.A.I.F.                            | \$65,000,000.00        |
| Medium Term Notes                   | \$30,083,114.51        |
| California GO Refunding Bonds       | \$69,567,751.25        |
| Federal Agencies                    | \$2,274,131,507.13     |
| US Treasury                         | \$138,667,996.11       |
| <br>BOTW Closing Ledger Balance     | <br>\$27,132,633.00    |
| BOTW Transactions not in CAPS (net) | \$ <u>7,992,710.26</u> |
| <br>TOTAL TREASURY BALANCE          | <br>\$3,150,262,794.82 |

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Source: San Joaquin County Treasurer-Tax Collector

**APPENDIX H**  
**SPECIMEN INSURANCE POLICY**

**SUBJECT:** Approval of Resolution 17-06 via a Special Meeting of the Directors of the Stockton Unified School District Facilities Finance Corporation (Corporation) Authorizing the Form, Execution, and Delivery of the Termination Agreement, the Ground Lease, the Facilities Lease, the Trust Agreement, the Escrow Agreement, the Certificate Purchase Agreement and the Continuing Disclosure Certificate; Approving the Form of and Authorizing the Execution and Distribution of the Official Statement; Authorizing the Sale of the 2017 Refunding Certificates of Participation; and Authorizing Certain Additional Actions

### INTRODUCTION

The District has an opportunity to refund its outstanding 2007 Certificates of Participation valued at approximately \$33,000,000. The 2007 COP's were originally refunded from COP's issued in 1997. The original project scope was as follows to include the creation of the Stockton Unified School District Facilities Finance Corporation:

This agenda item coincides with Agenda Item 9.1, where the approval of this recommendation was posed to the Governing Board of the Stockton Unified School District. The governing Board also serves as the Directors of the Stockton Unified School District Facilities Finance Corporation, which was established as a non-profit benefit corporation in 1996.

### **THE CORPORATION**

The Stockton Unified School District Facilities Finance Corporation, a nonprofit public benefit corporation, was incorporated in 1996 under the Nonprofit Public Benefit Corporation Law of the State (Title 1, Division 2, Part 2 of the California Corporation Code). The Corporation was established for the purpose of providing financial assistance to the District by financing the design, development, acquisition, construction, improvement and remodeling of school buildings, facilities and equipment, including site acquisition and related facilities. The Board of Trustees of the District serves as the Board of Directors of the Corporation.

### ANALYSIS

The District has worked with its Financial Advisor, Dale Scott & Company and its legal counsel, Dannis Woliver Kelly, to analyze and assess the strategy and value of refunding the Certificates of Participation. The District is recommending that we refund these COP's which require the Governing Board's approval to execute the following actions, agreements, and documents:

1. the Termination Agreement;
2. the Ground Lease;
3. the Facilities Lease;
4. the Trust Agreement;
5. the Escrow Agreement;
6. the Certificate Purchase Agreement;
7. the Continuing Disclosure Certificate; and
8. the Preliminary Official Statement and the final Official Statement to be created therefrom.



Pending the Governing Board's approval of Item 9.1, The District is recommending that the Corporation also approve the recommendation for the refunding. The District will be providing a presentation to the Governing Board prior to 9.1 and has attached the templates of the aforementioned documents which will be completed once the refunding process is complete.

The original 1997 COPS project plan was included in Item 9.1 and the attached project scope was included in the 2007 Refunding:

**The Project**

In addition to the refunding described above, a portion of the proceeds of the Certificates will be deposited into the Project Fund which is established and held by the Trustee under the Trust Agreement. Amounts on deposit in the Project Fund will be applied to finance the acquisition of certain school facilities for the District. Such facilities include the following:

- Additional classrooms to house future student growth at designated schools
- Energy conservation projects to reduce energy consumption and improve comfort at district schools
- Modernization of classrooms and other facilities at designated schools
- Other miscellaneous facility projects such as teacher-training classrooms

Refunding these COP's provides an opportunity for the District to save approximately \$5,000,000 and reduce the long term liability by three years. The District's diligence in managing its municipal instruments, which are designed to support the ongoing maintenance and support of District facilities, is a best business practice and key strategic advantage. The District confers with its financial advisors and legal counsel to assess the viability of such adjustments in financial strategy. The District is pleased to present this opportunity for approval.

FUNDING SOURCE: N/A

RECOMMENDATION

It is recommended the Corporation approve the recommendation to enter into a lease transaction for the purpose of refund the remaining \$33,000,000 in 2007 Certificates of Participation (COPS), which will yield a savings of \$5,000,000 and reduce the long term debt by approximately three years.

Prepared by: Ms. Lisa Grant-Dawson, Chief Business Official

Approved by: Mr. Dan Wright, Acting Superintendent

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES FINANCE CORPORATION**

**RESOLUTION NO. 17-06**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES FINANCE CORPORATION  
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND  
DELIVERY OF THE TERMINATION AGREEMENT, THE GROUND LEASE, THE  
FACILITIES LEASE, THE TRUST AGREEMENT, AND THE CERTIFICATE  
PURCHASE AGREEMENT; AND AUTHORIZING ADDITIONAL ACTIONS  
RELATING TO THE  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

**WHEREAS**, a nonprofit corporation has been established for the purpose of assisting in the financing of facilities for public schools within the Stockton Unified School District known as the Stockton Unified School District Facilities Finance Corporation (the "Corporation"); and

**WHEREAS**, the Corporation and the Stockton Unified School District (the "District") desire to enter into a lease transaction for the purpose of facilitating the refunding of the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the "2007 Certificates"), and pay for associated costs of issuance.

**NOW, THEREFORE**, it is hereby resolved by the Board of Directors of the Corporation as follows:

1. The Termination Agreement (the "Termination Agreement") by and among the District, the Corporation, and Wells Fargo Bank, National Association, in substantially the form submitted to this meeting, be and it is hereby approved, and the officers and/or Directors of this Corporation be and they are hereby authorized to execute and deliver such Termination Agreement in the name and on behalf of this Corporation and to approve with the consent of the District any additions to or changes in the form of the Termination Agreement subsequent to this meeting that they may deem necessary or desirable, their approval of such additions or changes to be conclusively evidenced by their execution of such Termination Agreement so added to or changed.

2. The Ground Lease by and between the District and the Corporation, in substantially the form submitted to this meeting, be and it is hereby approved, and the officers and/or Directors of this Corporation be and they are hereby authorized to execute and deliver such Ground Lease in the name and on behalf of this Corporation and to approve with the consent of the District any additions to or changes in the form of the Ground Lease subsequent to this meeting that they may deem necessary or desirable, their approval of such additions or changes to be conclusively evidenced by their execution of such Ground Lease so added to or changed.

3. The Facilities Lease by and between the Corporation and the District, in substantially the form submitted to this meeting, be and it is hereby approved, and the officers and/or Directors of this Corporation be and they are hereby authorized to execute and deliver

such Facilities Lease in the name and on behalf of this Corporation and to approve, with the consent of the District, any additions to or changes in the form of the Facilities Lease subsequent to this meeting that they may deem necessary or desirable, their approval of such additions or changes to be conclusively evidenced by their execution of such Facilities Lease so added to or changed.

4. The Trust Agreement by and among the District, the Corporation, and U.S. Bank National Association (the "Trustee"), in substantially the form submitted to this meeting, be and it is hereby approved, and the officers and/or Directors of this Corporation be and they are hereby authorized to execute and deliver such Trust Agreement in the name and on behalf of this Corporation and to approve, with the consent of the District, any additions to or changes in the form of the Trust Agreement subsequent to this meeting that they may deem necessary or desirable, their approval of such additions or changes to be conclusively evidenced by their execution of such Trust Agreement so added to or changed.

5. The Certificate Purchase Agreement by and among the District, the Corporation, and an underwriter (the "Underwriter"), in substantially the form submitted to this meeting, be and it is hereby approved, and the officers and/or Directors of this Corporation be and they are hereby authorized to execute and deliver such Certificate Purchase Agreement in the name and on behalf of this Corporation and to approve, with the consent of the District, any additions to or changes in the form of Certificate Purchase Agreement subsequent to this meeting which they may deem necessary or desirable, their approval of such additions or changes to be conclusively evidenced by their execution of such Certificate Purchase Agreement so added to or changed.

6. The Secretary of this Corporation be and is hereby directed to file copies of the aforementioned documents with the minutes of this meeting.

7. The officers and/or Directors of this Corporation, and each of them individually, be and they are hereby authorized and directed, in the name and on behalf of the Corporation, to cause to be executed and delivered any and all certificates, agreements, and other documents, including but not limited to a signature certificate, a "no litigation" certificate, and a "no arbitrage" certificate, and to take any and all steps that they might deem necessary or appropriate in order to consummate the lawful sale and delivery of certain 2017 certificates of participation, the proceeds of which will be applied to refund the District's outstanding 2007 Certificates and pay costs of issuance.

**RECORDING REQUESTED BY:**

Dannis Woliver Kelley  
for the benefit of the Stockton Unified School District

**WHEN RECORDED RETURN TO:**

Dannis Woliver Kelley  
555 Capitol Mall, Suite 645  
Sacramento, CA 95814  
Attn: Sandy Self

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**TERMINATION AGREEMENT**

**dated as of \_\_\_\_\_ 1, 2017**

**by and among the**

**STOCKTON UNIFIED SCHOOL DISTRICT,**

**the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION,**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as trustee for the Stockton Unified School District  
San Joaquin County, California  
2007 Certificates of Participation  
(Current and Crossocor Refundings and Capital Projects)**

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This document is recorded for the benefit of the Stockton Unified School District and the recording is exempt from fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11928.

## **TERMINATION AGREEMENT**

This TERMINATION AGREEMENT (the "2007 Termination Agreement"), dated as of \_\_\_\_\_ 1, 2017 and effective as of \_\_\_\_\_, 2017, is by and among the STOCKTON UNIFIED SCHOOL DISTRICT (the "District"), the STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES FINANCE CORPORATION (the "Corporation"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, (the "2007 Trustee") which served as the trustee for the Stockton Unified School District, San Joaquin County, California, 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects).

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

**WHEREAS**, pursuant to a trust agreement, dated March 1, 2007, by and among the District, the Corporation, and the 2007 Trustee (the "2007 Trust Agreement"), the 2007 Trustee has heretofore executed and delivered \$45,050,000 principal amount of Stockton Unified School District, San Joaquin County, California, 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the "2007 Certificates");

**WHEREAS**, pursuant to the 2007 Trust Agreement, the Corporation assigned to the Trustee, for the benefit of the owners of the 2007 Certificates, its rights to receive Rental Payments from the District under a facilities lease, dated March 1, 2007, between the Corporation, as lessor, and the District, as lessee (the "2007 Lease Agreement"), and the right to exercise such rights and remedies conferred on the Corporation under the 2007 Lease Agreement to enforce payment of the Rental Payments when due and to otherwise protect the interest of the owners of the 2007 Certificates;

**WHEREAS**, the District, the Corporation, and U.S. Bank National Association (the "2017 Trustee"), have entered into a trust agreement, dated as of \_\_\_\_\_ 1, 2017 (the "2017 Trust Agreement"), pursuant to which the 2017 Trustee has executed and delivered \$ \_\_\_\_\_ principal amount of Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation (the "2017 Certificates"); and

**WHEREAS**, in order to discharge and satisfy its obligations under the 2007 Trust Agreement, the District has deposited, or has caused to be deposited, funds with the 2017 Trustee in an amount that is sufficient to pay the 2007 Certificates on September 4, 2017.

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree:

**Section 1.    Termination.** By virtue of the deposit of money and/or securities for the payment of the 2007 Certificates and the discharge of the 2007 Trust Agreement, the District, the Corporation, and the 2007 Trustee agree that their respective interests in the following agreements are hereby terminated and are of no further force or effect, except to the extent expressly provided in such agreements:

- a. Ground Lease by and between District, as lessor, and Corporation, as lessee, recorded on March 7, 2007, as Instrument No. 2007-047336, and re-recorded August 20, 2014, as Instrument No. 2014-082607, respectively, of Official Records of San Joaquin County;
- b. Memorandum of Lease by and between Corporation as Lessor and District as Lessee, recorded on March 7, 2007, as Instrument No. 2007-047337, and re-recorded August 20, 2014, as Instrument No. 2014-082608, respectively, of Official Records of San Joaquin County; and
- c. Memorandum of Trust Agreement by and between Corporation, District, and 2007 Trustee, recorded on March 7, 2007, as Instrument No. 2007-047338, and re-recorded August 20, 2014, as Instrument No. 2014-082609, respectively, of Official Records of San Joaquin County.

**Section 2. Confirmation of Title.** Title to the property described on Exhibit A hereto is hereby confirmed as transferred to and vested in the Stockton Unified School District of San Joaquin County.

**Section 3. Execution in Counterparts.** This 2007 Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 4. Choice of Law.** This 2007 Termination Agreement shall be governed by the laws of the State of California.

**Section 5. Severability.** If one or more clauses, sentences, paragraphs, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is hereby agreed by the District, the Corporation, and the 2007 Trustee that the remainder of this 2007 Termination Agreement shall not be affected thereby.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this 2007 Termination Agreement.

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Authorized Officer

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE SITE**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

A-1



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

---

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

---

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**CERTIFICATE OF ACCEPTANCE**

California Government Code  
Section 27281

Dated: \_\_\_\_\_ 1, 2017

This is to certify that the leasehold interest in real property conveyed pursuant to the Termination Agreement dated as of \_\_\_\_\_ 1, 2017, by and among the Stockton Unified School District (the "District"), the Stockton Unified School District Facilities Finance Corporation (the "Corporation"), and Wells Fargo Bank, National Association, as trustee (the "2007 Trustee"), to the District is hereby accepted by the undersigned officer on behalf of the District pursuant to authority conferred by resolution of the District adopted on September 12, 2017, and the District consents to recordation thereof by its duly authorized officer.

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**RECORDING REQUESTED BY:**

Dannis Woliver Kelley  
for the benefit of the Stockton Unified School District

**WHEN RECORDED RETURN TO:**

Dannis Woliver Kelley  
555 Capitol Mall, Suite 645  
Sacramento, CA 95814  
Attn: Sandy Self

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**GROUND LEASE**

**by and between the**

**STOCKTON UNIFIED SCHOOL DISTRICT**

**and the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

**\$ \_\_\_\_\_**

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This document is recorded for the benefit of the Stockton Unified School District 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.

## GROUND LEASE

This Ground Lease, dated as of \_\_\_\_\_ 1, 2017, is by and between the Stockton Unified School District, a school district duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "District"), as lessor, and the Stockton Unified School District Facilities Finance Corporation, 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 District to refund the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects), and pay associated costs of issuance of the certificates of participation, as described in a trust agreement dated as of \_\_\_\_\_ 1, 2017, by and among U.S. Bank National Association, as trustee (the "Trustee"), the Corporation, and the District (the "Trust Agreement"); and

**WHEREAS**, such financing will be accomplished by (i) the Corporation's entering into this lease with the District and then subleasing the property leased hereunder to the District pursuant to the Facilities Lease dated as of \_\_\_\_\_ 1, 2017, under which the District will be obligated to make Rental Payments to the Corporation; (ii) the Corporation's assignment without recourse of all rights to receive such Rental Payments to the Trustee pursuant to the Trust Agreement; 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 as described in the preceding paragraph.

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

**Section 1. Demised Premises.** The District hereby leases to the Corporation, and the Corporation hereby hires from the District, on the terms and conditions hereinafter set forth, the real property located in the County of San Joaquin, State of California, described in *Exhibit A* attached hereto and made a part hereof (the "Demised Premises") and the improvements located thereon.

**Section 2. Term.** The term of this lease shall commence on the Closing Date, as that term is defined in the Trust Agreement, and shall end on February 1, 2036, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 2036, 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 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 lease shall end ten (10) days thereafter or upon ten (10) days written notice by the District to the Corporation, whichever is earlier.

**Section 3. Rental.** The Corporation shall pay to the District as and for advance rental hereunder for the entire term hereof the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), on or before the date of commencement of the term of this 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. Amounts paid to the District under this Section 3 shall be applied solely for capital outlay purposes in accordance with the requirements of Section 17456(c) of the Education Code of the State of California.

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

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

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

**Section 7. Assignment and Subleases.** The Corporation may not assign its rights under this lease or sublet the Demised Premises, except pursuant to the Trust Agreement, without the written consent of the District for so long as the Certificates are outstanding.

**Section 8. Right of Entry.** The District 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 lease and on the first date on which the Certificates are no longer outstanding, to quit and surrender the Demised Premises to the District, 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 lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the District shall have no power to terminate this lease by reason of any default on the part of the Corporation if any Certificate remains Outstanding or if such termination would otherwise 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 District under the Facilities Lease). So long as any such assignee or subtenant of the Corporation shall duly perform the terms and conditions of this 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 District hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any 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 lease, subject to the provisions of Section 8 hereof, shall peaceably and quietly have, hold and enjoy all of the Demised Premises.

**Section 12. Waiver of Personal Liability.** All liabilities under this lease on the part of the Corporation shall be solely liabilities of the Corporation as a corporation, and the District hereby releases each and every incorporator, director and officer of the Corporation of and from any personal or individual liability under this 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 lease to the District or to any other party whomsoever for anything done or omitted to be done by the Corporation hereunder.

**Section 13. Taxes.** The District covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the 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 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, provision, covenants and conditions of this lease shall be affected thereby, and each provision of this lease shall be valid and enforceable to the fullest extent permitted by law.

**Section 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 delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the District, addressed to the District as follows:

Stockton Unified School District  
701 N. Madison Street  
Stockton, CA 95202  
*Attention:* Chief Business Official

or, if to the Corporation, addressed to the Corporation as follows:

Stockton Unified School District Facilities Finance Corporation  
c/o Stockton Unified School District  
701 N. Madison Street  
Stockton, CA 95202  
*Attention:* Secretary



in either case 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 lease.

**Section 18. Execution in Counterparts.** This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the District and the Corporation, all with the same force and effect as though the same counterpart had been executed by both the District and the Corporation.

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A**

**DEMISED PREMISES**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

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**FACILITIES LEASE**

**by and between the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

**and the**

**STOCKTON UNIFIED SCHOOL DISTRICT**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION  
\$ \_\_\_\_\_**

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## FACILITIES LEASE

This Facilities Lease, dated as of \_\_\_\_\_ 1, 2017, is entered into by and between the Stockton Unified School District Facilities Finance Corporation, 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 Stockton Unified School District, a school district 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 "District"), as lessee.

### WITNESSETH:

**WHEREAS**, the Corporation is authorized to render financial assistance to the District by, among other things, financing the acquisition of real property and construction and acquisition of facilities for the District and, accordingly, has agreed to assist the District in refunding the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects), and paying associated costs, by entering into this Lease, pursuant to which the District will lease the real property described on ***Exhibit A*** attached hereto and all improvements located thereon (the "Facilities") for the Rental Payments described herein;

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

**WHEREAS**, the District is authorized under the laws of the State of California to enter into this 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 Lease shall have the meanings indicated in that certain Trust Agreement dated as of \_\_\_\_\_ 1, 2017, by and among U.S. Bank National Association, as trustee, the District, and the Corporation, hereinafter referred to as the "Trust Agreement."

**Section 1.2. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to:

**District:** Stockton Unified School District  
701 N. Madison Street  
Stockton, CA 95202  
*Attention: Chief Business Official*



**Corporation:** Stockton Unified School District Facilities Finance Corporation  
701 N. Madison Street  
Stockton, CA 95202  
*Attention: Secretary*

**Trustee:** U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
*Attention: Corporate Trust Services*

The District, 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 Lease either the District 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 Lease contained by or on behalf of the District 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 Lease expressed or implied is intended or shall be construed to give to any person other than the District and the Corporation any legal or equitable right, remedy, or claim under or in respect of this 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 District, the Corporation, and the Insurer.

**Section 1.5. Amendments.** This Lease may be altered, amended, or modified in writing as may be mutually agreed by the Corporation, the District, and the Insurer, 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 Lease.

**Section 1.7. Validity and Severability.** If any one or more of the provisions contained in this 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 Lease and such invalidity, illegality, or unenforceability shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District and the Corporation hereby declare that they would have adopted this 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 Lease may be held illegal, invalid, or unenforceable.

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

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

## **ARTICLE 2 REPRESENTATIONS AND COVENANTS OF THE DISTRICT; REPRESENTATIONS OF THE CORPORATION**

**Section 2.1. Representations and Covenants of the District.** The District represents and covenants for the benefit of the Corporation and its assignees as follows:

(A) Valid Existence. The District is a school district 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 District is authorized under the laws of the State of California to enter into the Ground Lease and this Lease and perform all of its obligations thereunder and hereunder.

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

(D) Enforceability of Lease. The District represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of the Ground Lease and this 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 Lease, the Facilities will be used by the District only for the purpose of performing one or more governmental functions of the District consistent with the permissible scope of the District's authority.

(F) Essential Facilities. The District 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 District 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 the Ground Lease and this Lease and perform all of its obligations thereunder and hereunder.

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

(D) Enforceability of Lease. The Corporation represents, covenants, and warrants that the Ground Lease and this Lease are valid and binding obligations 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.

### **ARTICLE 3 LEASE OF FACILITIES**

**Section 3.1. Lease of Facilities**. The Corporation hereby demises and leases to the District, and the District hereby rents and hires from the Corporation, the Facilities in accordance with the provisions of this Lease, to have and to hold for the term of this 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 District of the Facilities pursuant to this Lease shall not effect or result in a merger of the District'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 Lease. As to the Facilities, this Lease shall be deemed and constitute a sublease.

**Section 3.3. Lease Term; Occupancy**. (A) Term. The term of this Lease shall commence on the Closing Date and shall end on February 1, 2036, unless such term is extended or sooner terminated as hereinafter provided. If on February 1, 2036, the Certificates shall not be fully paid, there are payments due the Insurer, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this Lease shall be extended for a period equal to the period of such abatement, up to ten (10) years. If, prior to February 1, 2036, the Certificates shall be fully paid, or provision therefor made, the term of this Lease shall end ten

(10) days thereafter or ten (10) days after written notice by the District to the Corporation, whichever is earlier.

(B) Occupancy. The District will take possession of the Facilities upon commencement of the term of the Lease. If the Corporation, for any reason whatsoever, cannot deliver possession of the Facilities or any part thereof to the District on this date, this Lease shall not be void or voidable, nor shall the Corporation be liable to the District 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 District and the Corporation may substitute, add to, or delete property as part of the Facilities for purposes of the Ground Lease and this Lease, or alter the term of this Lease as to any portion of the property constituting the Facilities, but only after the District 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 District 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 County of San Joaquin.

(C) Rental Value. An appraisal showing that the annual fair rental value of the property that will constitute the Facilities after such substitution, addition, or deletion will be at least equal to 100% of the maximum amount of Rental Payments becoming due in the current Fiscal Year or in any subsequent Fiscal Year.

(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, or deletion is at least equal to the amount of such insurance with respect to the Facilities prior to the substitution, addition, or deletion. 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 substituted or added property, subject only to the following exceptions: (1) Permitted Encumbrances, (2) exceptions that do not substantially interfere with the District's right to use and occupy the substituted or added property, and (3) exceptions 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 District certifying that such substitution, addition, or deletion does not adversely affect the District'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 Lease.

(F) No Prior Liens. A Statement of the District certifying that the property that will constitute the Facilities after the substitution, addition, or deletion 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 Lease.

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

(H) Opinion of Bond Counsel. An Opinion of Bond Counsel stating that the amendments to the Ground Lease and this Lease that implement the substitution (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 District 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, or deletion to each Ratings Agency then rating the Certificates.

(J) Consent of the Insurer. So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the written consent of the Insurer to the substitution, addition, or deletion, which consent shall not be unreasonably withheld.

Upon such substitution, addition, or deletion, the property released herefrom shall be conveyed to the District, and the Corporation shall execute all documents necessary or appropriate to convey or reconvey such property to the District, free of all restrictions and encumbrances imposed or created by this Lease, the Ground Lease, or the Trust Agreement. Property that is no longer a part of the Facilities as a result of a substitution of property completed in accordance with this Section is released from the lien of this Lease.

**Section 3.5. Title to the Facilities.** During the term of this 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 District 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 District; provided, however, that such actions by the District shall not materially adversely affect the value of the Facilities.

Upon termination of this Lease, the District may remove any fixture, structure, or sign added by the District, but such removal shall be accomplished so as to leave the Facilities, except for ordinary wear and tear, in substantially the same condition as they were in before the fixture, structure, or sign was attached.

**Section 3.7. Installation of District Equipment.** The District and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment in or upon the Facilities. All such items shall remain the sole property of such party, in which neither the Corporation nor the Trustee shall have any 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 Lease shall prevent the District 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 District 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) The aggregate principal amount of the Rental Payments to be paid by the District to the Corporation hereunder is \_\_\_\_\_ dollars (\$\_\_\_\_\_). The District shall pay rental payments, comprising principal and interest components, in 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 interest components of the Rental Payments shall be paid by the District as and constitute interest paid on the principal components of the Rental Payments.

(B) Extension of Lease Term. If the term of this 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 February 1 and ending on January 31. Rental Payment installments shall continue to be payable in installments on February 1 (principal and interest) and August 1 (interest) in each year, continuing to and including the date of termination of this Lease, in an aggregate amount equal to the amount of Rental Payments payable for the twelve-month period commencing February 1, 2035. Upon such extension of this 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 on February 1, 2036, 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 towards 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 the February 1 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.** All Rental 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, 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 Lease shall constitute the total rental for such rental period. The District 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 and the estimated value thereof, other obligations of the parties under this Lease, the uses and purposes that may be served by the Facilities, and the benefits therefrom that will accrue to the District and the general public.

**Section 4.4. No Offsets.** Notwithstanding any dispute between the Corporation and the District, the District 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 District 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 District, 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 Lease shall be deemed and construed to be a "net-net-net lease" and the District 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 District 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 days of the adoption of the budget, the District will furnish to the Trustee a Statement of the District certifying that such budget contains the necessary appropriation for all Rental Payments and Additional Payments. If requested in writing by either the Corporation or the Trustee, the District will furnish a copy of such budget.

The agreements and covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the agreements and covenants in this Lease agreed to be carried out and performed by the District.

**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, 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 District'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 District 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 Lease by virtue of any such damage or destruction.

**Section 4.8. Additional Payments.** (A) Amount. The District shall pay to the Corporation, its successor or assigns such amounts (herein called the "Additional Payments") in each year as shall be required by the Corporation:

(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 Lease or any assignment hereof, the Trust Agreement, and the lease of the Facilities to the District, 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 Valuation Replenishment; Policy Cost Payments: Amounts required to be paid to the Trustee for deposit in the Certificate Reserve Fund or paid to the Insurer as Policy Costs pursuant to the Trust Agreement, except that no payment is required to be made to replenish a deficiency in the Certificate Reserve Fund due to a draw thereon in the event Rental Payments are abated hereunder.

(3) Rebate Amounts: for deposit into the Rebate Fund as required under Section 6.8 (Rebate Fund) of the Trust Agreement, and

(4) Other Amounts: for the payment of any other amounts owed by the District to the Insurer hereunder or under the Trust Agreement.

(B) Billing. Such Additional Payments shall be billed to the District 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 District. Amounts so billed shall be paid by the District within fifteen (15) days after receipt of the bill by the District. The District shall pay Policy Cost payments either to the Trustee or directly to the Insurer in accordance with Section 6.6(I) (Funding and Application of Certificate Reserve Fund – Repayment of Draws Under the Surety Bond) of the Trust Agreement and without the need for the statement described herein.

**Section 4.9. Contributions/Advances.** Nothing contained in this Lease shall prevent the District 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 District 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 District may prepay, from any source of available funds, such part of the Rental Payments as specified by the District by depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to make such Rental Payments when due. The District agrees that, if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Rental Payments and shall not be entitled to any reimbursement of such Rental Payments. Any such redemption shall be applied by the Trustee to pay the principal and interest components of the Certificates and to prepay Certificates if such Certificates are subject to prepayment pursuant to the terms of the Trust Agreement. Exercise of the District's option to prepay all of the Rental Payments shall constitute the District'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 District 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 not be less than sixty (60) days from the date such notice is given, unless a shorter notice shall be satisfactory to the Corporation. The District 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 for 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 District 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 District 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 District to have such moneys and such Investment Securities applied to the payment of the Rental Payments).

In such event, if requested by the District, the Corporation shall (1) cause an accounting for such period or periods to be prepared and filed with the District, (2) prepare and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and (3) pay over to the District 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 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 District and the Corporation agree that the proceeds of the Certificates will be used to provide the money necessary to (a) establish the Escrow Fund to refund the District's obligations with respect to the District's 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects), and (b) establish the Costs of Issuance Fund to pay the costs of issuing the Certificates and incidental and related expenses.

**Section 5.2. Corporation's Disclaimer of Warranties.** THE CORPORATION MAKES NO AGREEMENT, WARRANTY, OR REPRESENTATION, EITHER EXPRESSED 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 DISTRICT ACKNOWLEDGES THAT THE CORPORATION HAS NOT CONSTRUCTED THE FACILITIES AND IS NOT A REAL ESTATE BROKER, THAT THE DISTRICT LEASES THE FACILITIES AS-IS, ITS BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. 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 Lease or the existence, furnishing, functioning, or the District's use of the Facilities or any item or products or services provided for in this Lease.

## ARTICLE 6 COVENANTS

**Section 6.1. Quiet Enjoyment.** The Corporation hereby covenants to provide the District during the term of this Lease with quiet use and enjoyment of the Facilities and the District shall during the term of this Lease peaceably and quietly have, hold, and enjoy the Facilities without suit, trouble, or hindrance from the Corporation, so long as the District 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 District's rights or obligations under this Lease, and (c) for all other lawful purposes.

**Section 6.3. Maintenance of the Facilities by the District.** The District agrees that, at all times during the term of this Lease, the District will, at the District'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 District 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 Lease contemplate that the Facilities will be used for governmental purposes of the District 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 District 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 District will pay during the term of this 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 District 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 District shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect.

(B) Lease-Related Taxes Imposed on Corporation. The District 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 District 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 Lease, the Rental Payments, and other payments required hereunder or any parts thereof or interests of the District or the Corporation therein by any governmental authority.

(C) Utility Charges. The District 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 District may, at the District'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 unless the Corporation or the Trustee shall notify the District 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, in which event the District shall promptly pay such taxes, assessments, or charges or provide the Corporation with full security against any loss that may result from nonpayment, in form satisfactory to the Corporation.

**Section 6.5. Liens.** In the event the District shall at any time during the term of this 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 District shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or for the

District in, upon or about the 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 District shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the District desires to contest any such lien it may do so in good faith. If any such lien 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 District shall forthwith pay (or cause to be paid) and discharge such judgment. The District 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 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 District 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. In the event the District breaches this provision, the District hereby agrees to indemnify the Insurer for any injury or loss associated therewith.

(B) Notification. The District 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 District 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 District will permit the Corporation and the Trustee, its successors, assigns, agents, or any experts designated by the Corporation and the Trustee 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 District.** Neither this Lease nor any interest of the District hereunder shall be mortgaged, pledged, assigned, sublet, encumbered (except for Permitted Encumbrances), or transferred by the District by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation and the Insurer, 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 District hereunder. No such mortgage, pledge, assignment, sublease or

transfer shall in any event affect or reduce the obligation of the District to make the Rental Payments and Additional Payments required hereunder.

**Section 6.8. District Consent to Assignment by Corporation.** Certain of the Corporation's rights under this 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 District has consented to such assignment in the Trust Agreement. The District 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 Lease. The District further agrees it shall not have the right to terminate this 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 District or to any other party whomsoever for any death, injury, or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities.

The District 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, 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 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 District 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 Lease or the termination of the term of this Lease for any reason. The District 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 District 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 Lease.

**Section 6.11. Eminent Domain.** The District 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 District will not exercise the power of condemnation with respect to the Facilities. The District further stipulates 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 District should fail or refuse to abide by such covenant and condemns the Facilities, the value of the leased property 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.

**Section 6.12. Restrictions Relating to the Facilities.** So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, any sale, substitution, release, transfer, lease, assignment, mortgage, or encumbrance with respect to the Facilities shall be subject to the prior written consent of the Insurer.

## **ARTICLE 7 INSURANCE; EMINENT DOMAIN**

**Section 7.1. Fire and Extended Coverage Insurance.** (A) Coverage. The District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. 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 District.

(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 \$150,000.00) 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 District, 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 District, stating that the District 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 District, 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 2.6 (Temporary 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 District 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 District 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 District 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 District, to prepay all Outstanding Certificates if such use of such disaster aid is permitted.

(E) Alternative Risk Management. As an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, and with the prior written consent of the Insurer, the District 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 District.

**Section 7.2. Public Liability and Property Damage Insurance.** (A) Coverage. Except as hereinafter provided, the District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this 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 District.

(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 \$150,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the District.

(C) Alternative Risk Management. As an alternative to providing the insurance required by subsection (A) of this Section or any portion thereof, the District, 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 District.

**Section 7.3. Rental Abatement Insurance.** (A) Coverage. The District shall procure or cause to be procured from a reputable commercial insurer and maintain or cause to be maintained, throughout the term of this 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 any of the hazards covered by the insurance required by Section 7.1 (Fire and Extended Coverage Insurance) hereof. The policy shall specifically cite the Facilities.

(B) Amount. Such insurance shall be maintained in an amount sufficient to pay the Rental Payments hereunder during the two-year period in which the total of such Rental Payments is greatest.

(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 District any Rental

Payments theretofore paid by the District under this 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 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 District 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 District as part of or in conjunction with any other insurance maintained by the District.

(B) Self-Insurance. As an alternative to providing the insurance described in subsection (A) of this Section, the District may file a resolution with the State Department of Industrial Relations, Division of Self-Insurance Plans, declaring the District to be legally self-insured against workers' compensation claims and may maintain that status; provided that the District shall employ an actuary to review the District's workers' compensation claims experience and project future claims exposure. The District covenants to budget the amounts and comply with the other actions recommended by the actuary. The District 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 District 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 title policy, 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 District agrees to deliver to the Trustee all proceeds received by the District pursuant to any policy of title insurance with respect to the Facilities under which the District is 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 required by Sections 7.1 (Fire and Extended Coverage Insurance), 7.2 (Public Liability and Property Damage Insurance), 7.3 (Rental Abatement Insurance), and 7.5 (Title Insurance) hereof shall name the Corporation and the Trustee as additional insureds. All policies of insurance required by Sections 7.1 (Fire and Extended Coverage Insurance), 7.3 (Rental Abatement Insurance), and 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, adjust, and receive all moneys that may become due and

payable under any such policies, may compromise any and all claims thereunder, and shall apply the proceeds of such insurance as provided in this Article. All policies of insurance required by this 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 District shall pay when due the premiums for all insurance policies required by this Lease, and shall promptly furnish evidence of such payments in the form of a certificate of insurance to the Trustee.

(D) Alternative Risk Management. So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the District shall not adopt an alternative risk management program for the risk of rental abatement or for the risks described in Sections 7.1 (Fire and Extended Coverage Insurance) and 7.2 (Public Liability and Property Damage Insurance), unless the Insurer approves such alternative risk management program in writing. Before any alternative risk management program permitted by this Article may be provided by the District, 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 District hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method. If the self-insurance program is discontinued, the District shall maintain the actuarial soundness of the self-insurance reserve fund.

(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. The District will deliver to the Corporation, the Insurer, and the Trustee in the month of August in each year a Statement of the District certifying that such policies satisfy the requirements of this Lease, setting forth the insurance policies then in force pursuant to this Article, the names of the insurers that have issued the policies, the amounts thereof, and the property and risks covered thereby. So long as any self-insurance method or plan is being used to satisfy the requirements of this Lease, the District 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 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 District shall also deliver to the Trustee

certificates or duplicate originals or certified copies of each insurance policy described in the District officer's certificate.

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

(H) Cooperation. The Corporation shall cooperate fully with the District 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 District shall fail to maintain the full insurance coverage required by this 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 District 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 District 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 District.

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 District, shall be taken under the power of eminent domain, the term of this 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 District 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 District at the time of such taking, then this 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 District to pay any Rental Payments payable hereunder when the same become due and payable, time being expressly declared to be of the essence of this Lease.

(B) Breach of Covenant. Failure of the District 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 District for a period of thirty (30) days after notice of the same has been given to the District by the Corporation, the Trustee, or the Insurer.

(C) Transfer of the District's Interest. Assignment or transfer of the District's interest in this 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 District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

(E) Abandonment of the Facilities. Abandonment by the District 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 Lease; provided that the Corporation shall take such actions at the direction, or with the prior consent, of the Insurer. Upon an Event of Default, the Corporation, in addition to all other rights and remedies it may have at law may, with the consent of the Insurer, and shall, at the direction of the Insurer, do any of the following:

(A) Termination of Lease.

(1) Notice of Termination; Re-entry. By written notice to the District, to terminate this 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 San Joaquin County, State of California. In the event of such termination, the District 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 District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the 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 Lease shall of itself operate to terminate this Lease. No termination of this Lease on account of default by the District 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 District of the election on the part of the Corporation to terminate this Lease. The District covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this 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 Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the District, regardless of whether or not the District has abandoned the Facilities, and/or (ii) to 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) District to Remain Liable. If the Corporation does not elect to terminate this Lease in the manner provided for in subsection (A) hereof, the District shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the District. If the Facilities are not re-let, the District agrees to pay the full amount of the rent to the end of the term of this Lease; if the Facilities are re-let, the District agrees to pay any deficiency in rent that results therefrom. The District 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 District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District 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 District 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 San Joaquin County, California, for the account of and at the expense of the District. The District 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 District agrees that the terms of this 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 Lease, and further agrees that no acts of the Corporation in attempting such re-letting shall constitute a surrender or termination of this 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 District the right to terminate this 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 District 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 District 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 District of the completion and installation of such additions or repairs or alterations.

The District 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 District, 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; District 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 District to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

(B) District 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 District. 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 District 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 Lease, the District 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 District 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 Lease be construed to waive or to lessen the right of the Corporation to insist upon performance by the District 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 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 District hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners as provided in the Trust Agreement.



**IN WITNESS WHEREOF**, the Corporation and the District have caused this Lease to be executed by their duly authorized officers, all as of the date first above written.

**STOCKTON UNIFIED SCHOOL DISTRICT  
FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**EXHIBIT A**

**FACILITIES**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

**EXHIBIT B****SCHEDULE OF PRINCIPAL AND INTEREST  
COMPONENTS OF RENTAL PAYMENTS**

Rental Payments are due on or before the 15<sup>th</sup> day of the month prior to the respective Payment Dates set forth below.

| <b><u>Principal Payment Date</u></b> | <b><u>Principal Amount</u></b> | <b><u>Interest Amount</u></b> | <b><u>Total</u></b> |
|--------------------------------------|--------------------------------|-------------------------------|---------------------|
| February 1, 2018                     |                                |                               |                     |
| August 1, 2018                       |                                |                               |                     |
| February 1, 2019                     |                                |                               |                     |
| August 1, 2019                       |                                |                               |                     |
| February 1, 2020                     |                                |                               |                     |
| August 1, 2020                       |                                |                               |                     |
| February 1, 2021                     |                                |                               |                     |
| August 1, 2021                       |                                |                               |                     |
| February 1, 2022                     |                                |                               |                     |
| August 1, 2022                       |                                |                               |                     |
| February 1, 2023                     |                                |                               |                     |
| August 1, 2023                       |                                |                               |                     |
| February 1, 2024                     |                                |                               |                     |
| August 1, 2024                       |                                |                               |                     |
| February 1, 2025                     |                                |                               |                     |
| August 1, 2025                       |                                |                               |                     |
| February 1, 2026                     |                                |                               |                     |
| August 1, 2026                       |                                |                               |                     |
| February 1, 2027                     |                                |                               |                     |
| August 1, 2027                       |                                |                               |                     |
| February 1, 2028                     |                                |                               |                     |
| August 1, 2028                       |                                |                               |                     |
| February 1, 2029                     |                                |                               |                     |
| August 1, 2029                       |                                |                               |                     |
| February 1, 2030                     |                                |                               |                     |
| August 1, 2030                       |                                |                               |                     |
| February 1, 2031                     |                                |                               |                     |
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| February 1, 2032                     |                                |                               |                     |
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| August 1, 2033                       |                                |                               |                     |
| February 1, 2034                     |                                |                               |                     |
| August 1, 2034                       |                                |                               |                     |
| February 1, 2035                     |                                |                               |                     |
| August 1, 2035                       |                                |                               |                     |
| February 1, 2036                     |                                |                               |                     |

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**TRUST AGREEMENT**

**by and among**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee,**

**the STOCKTON UNIFIED SCHOOL DISTRICT**

**and the**

**STOCKTON UNIFIED SCHOOL DISTRICT FACILITIES  
FINANCE CORPORATION**

**Dated as of \_\_\_\_\_ 1, 2017**

**Relating to the  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

**\$ \_\_\_\_\_**

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## **TRUST AGREEMENT**

This Trust Agreement, dated as of \_\_\_\_\_ 1, 2017, is by and among U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, as trustee (the "Trustee"), the Stockton Unified School District, a school district duly established and validly existing as a political subdivision of the State of California under the Constitution and laws of the State of California (the "District"), and the Stockton Unified School District Facilities Finance Corporation, 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 District have entered into a lease entitled "Facilities Lease" and dated the date hereof (the "Facilities Lease");

**WHEREAS**, under the Facilities Lease, the District 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 Stockton Unified School District, San Joaquin County, California, 2017 Refunding 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 purpose of the issuance of the Certificates is to refund all Outstanding Stockton Unified School District 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) (the "2007 Certificates"), to acquire a security bond to satisfy the reserve requirements with respect to the Certificates, and to pay for costs of issuance of the Certificates, and thereby realize financial savings to the District;

**WHEREAS**, a portion of the proceeds of the Certificates will be deposited into irrevocable escrow funds which are sufficient to pay the redemption price of the Outstanding 2007 Certificates on \_\_\_\_\_, 2017;

**WHEREAS**, the District 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 District and the Corporation; and



**WHEREAS**, the District 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, premium (if any), 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 District 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.

**2007 Certificates** means the Stockton Unified School District 2007 Certificates of Participation (Current and Crossover Refundings and Capital Projects) in the aggregate principal amount of \$45,050,000.

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

***Additional Certificates*** means the additional certificates executed by the Trustee pursuant to Section 10.7 (Additional Certificates) herein.

***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 redemption) 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 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 February 1 of each year with the first Bond Year beginning on the Closing Date and ending on February 1, 2018, 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 Fund*** means the Certificate Fund established pursuant to Section 6.2 (Pledge of Rental Payments; Certificate Fund).

***Certificate Obligation*** means, as of any date with respect to any Outstanding Certificate, the principal amount of such Certificate.

***Certificate Register*** has the meaning stated in Section 2.7 (Registration, Transfer, and Exchange).

***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 Stockton Unified School District, San Joaquin County, California, 2017 Refunding 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 \_\_\_\_\_, 2017, by the District, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

***Corporate Trust Office*** or corporate trust office means the corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, California 94111, Attention: Corporate Trust Services, provided that for purposes of payment, redemption, transfer, exchange, surrender and cancellation of Certificates, such term means the corporate trust office in St. Paul, Minnesota, or such other or additional offices as may be designated by the Trustee.

***Corporation*** means the Stockton Unified School District Facilities Finance Corporation, 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 Corporation or the District 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, surety bond providers and letter of credit banks, the Insurer, 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 3.3 (Establishment and Application of Costs of Issuance Fund).

***County*** means San Joaquin County.

***Defeasance Securities*** means the following:

1. Cash (insured at all times by the Federal Deposit Insurance Corporation),
2. Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

***District*** means the Stockton Unified School District, a school district duly organized and existing under the Constitution and laws of the State.

***Escrow Agent*** means U.S. Bank National Association.

***Escrow Fund*** means the Escrow Fund established pursuant to the Escrow Agreement dated as of \_\_\_\_\_ 1, 2017, by and between the District and the Escrow Agent, relating to the 2007 Certificates.

***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 District, dated as of \_\_\_\_\_ 1, 2017, wherein the Corporation leased the Facilities to the District, 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 District.

**Ground Lease** means that certain lease entitled “Ground Lease” by and between the District and the Corporation, dated as of \_\_\_\_\_ 1, 2017, 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 (the “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 bonds, or no such services, as the District may designate in a Request of the District 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 District, selected by the District.

**[Insurer** means \_\_\_\_\_, a \_\_\_\_\_ insurance company, or any successor thereto or assignee thereof.]

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

**Interest Payment Date** means February 1 and August 1 in each year, commencing February 1, 2018.

**Late Payment Rate** means the lesser of: (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank) plus 3% and (ii) the then applicable highest rate of interest on the Certificates; and (b) the maximum rate permissible under the applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JP Morgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

**Mandatory Sinking Account Payment** means, with respect to Certificates of any maturity, the amount required by this Trust Agreement or a Supplemental Trust Agreement

hereto to be deposited by the District 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.

**Net Proceeds** means any insurance proceeds or condemnation award, paid with respect to the Facilities, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

**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 District.

**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, including those Certificates with respect to which all liabilities have been discharged by Insurer, 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 District 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.

**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 District 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 District 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.

***Permitted Investments***<sup>1</sup> means the following:

A. The following obligations for all purposes, including defeasance investments in refunding escrow accounts.

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation;
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
  - U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

B. The following obligations for all purposes other than defeasance investments in refunding escrow accounts.

- (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHA's)
  - Federal Housing Administration
  - Federal Financing Bank;

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<sup>1</sup> Any requirement that an Investment Security be rated by Standard & Poor's, Moody's, or Fitch only applies if such rating agency is then rating the Certificates.

To the extent that any of the requirements concerning Investment Securities embodies a legal conclusion (e.g., that a security interest is perfected), the Trustee shall be entitled to conclusively rely upon a certification from the appropriate party or an opinion from counsel to such party, in form and content satisfactory to the Trustee, that such requirement has been met, in accordance with Section 9.4 (Certain Rights of Trustee; Liability of Trustee).

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Insurer;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase;

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and maturing no more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services;

(6) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal



Obligations meeting the requirements of subsection (B) hereof may be used as Investment Securities for annual appropriation lease transactions.

(7) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of at least “A2/A” or higher by both Moody’s and S&P.

(8) Investment agreements approved in writing by the Insurer, supported by appropriate opinions of counsel;

(9) The Local Agency Investment Fund referred to in Section 16429.1 of the California Government Code to the extent held in the name and to the credit of the Trustee.

(10) Other forms of investments (including repurchase agreements) approved in writing by the Insurer.

C. The value of the above investments shall be determined as follows:

a) For purposes of determining the amount in any fund, all Investment Securities credited to such funds shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets, Inc., Bear Stearns, or Lehman Brothers.

b) As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest; and

c) As to any investment not specified above: the value thereof established by prior agreement between the District, the Trustee and the Insurer.

**Person** means 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.

**[Policy** means the financial guaranty insurance policy issued by the Insurer insuring the payment when due of the principal and interest with respect to the Certificates as provided therein.]

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

**Principal Payment Date** means February 1 in each year, commencing February 1, 2018.

**Rating Agency** means 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 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 District pursuant to the provisions of the Facilities Lease.

***Reserve Facility*** means any letter of credit, insurance policy, surety bond or other credit source, including the Surety Bond, 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 vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee 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.

***Securities Depositories*** means the following: The Depository Trust Company, 55 Water Street, New York, NY 10041 tel: (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 District may designate in a Request of the District delivered to the Trustee.

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

***Series***, when used with respect to the Certificates, mean all the Certificates designated as being of the same series, executed and delivered in a simultaneous transaction, and any Certificates thereafter executed and delivered upon a transfer or exchange or in lieu of or in substitution for such Certificates as herein 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.

***S&P or Standard & Poor's*** means Standard & Poor's 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" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

***State*** means the State of California.

***Statement, Certificate, Request, Requisition, and Order of the District*** mean, respectively, a written statement, certificate, request, requisition, or order signed in the name of the District by the Superintendent, and/or Chief Business Official of the Stockton Unified School District, and/or the President, Vice President, and/or clerk of the Governing Board, or designee, or any other person authorized by the District 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.

***Surety Bond*** means the surety bond issued by the Insurer guaranteeing certain payments into the Certificate Reserve Fund with respect to the Certificates, as provided therein and subject to the limitations set forth therein.

***Term Certificates*** mean 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.

***Treasurer-Tax Collector*** means the Treasurer-Tax Collector of the County of San Joaquin, California.

***Trust Agreement*** means this trust agreement, dated as of \_\_\_\_\_ 1, 2017, by and among the Trustee, the Corporation, and the District, 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 U.S. Bank National Association, 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 District, 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 District 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 District 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 District in accordance therewith or reliance thereon.

**Section 1.4. Notices, etc., to the District, Corporation, and Trustee.** All written notices to be given hereunder shall be given by first-class mail 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:

|                    |  |
|--------------------|--|
| If to the Trustee: | U.S. Bank National Association<br>One California Street, Suite 1000<br>San Francisco, CA 94111<br>Telephone: (415) 677-3599<br>Facsimile: (415) 677-3768<br>Attention: Global Corporate Trust Services |
|--------------------|--|

|                     |  |
|---------------------|--|
| If to the District: | Stockton Unified School District<br>701 North Madison Street<br>Stockton, CA 95202<br>Telephone: (209) 933-7000<br>Facsimile: (209) 933-7071 |
|---------------------|--|

Attention: Chief Business Official

If to the Corporation: Stockton Unified School District Facilities Finance  
Corporation  
701 North Madison Street  
Stockton, CA 95202  
Telephone: (209) 933-7000  
Facsimile: (209) 933-7071  
Attention: President

If to the Insurer:

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**Section 1.5. Notices to Owners; Waiver.** Where this Trust Agreement provides for publication of 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 Certificate Register, 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 District 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 District 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 District) upon a certificate or opinion of or representation by an officer of the District, 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 District, 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 District, 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 District, 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 District.

**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 District, the Corporation, the Trustee, the Insurer, 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 District, the Trustee, the Insurer, 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 District, 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 District or the Trustee from the performance of any official duty provided by law or by this Trust Agreement.

**Section 1.12. Separability 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 District, 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 District hereby authorizes the Trustee to execute and deliver the Certificates representing an aggregate amount of principal components of Rental Payments of \$ \_\_\_\_\_. The title of the Certificates shall be "Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation."

**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 issued as current interest Certificates, delivered in fully registered form, in Authorized Denominations, 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 Trustee.

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

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



| <b><u>Maturity Date</u></b><br><b><u>(February 1)</u></b> | <b><u>Principal</u></b><br><b><u>Amount</u></b> | <b><u>Interest</u></b><br><b><u>Rate</u></b> | <b><u>CUSIP</u></b> |
|---|---|--|---------------------|
| 2018  |   |  |                     |
| 2019  |   |  |                     |
| 2020  |   |  |                     |
| 2021  |   |  |                     |
| 2022  |   |  |                     |
| 2023  |   |  |                     |
| 2024  |   |  |                     |
| 2025  |   |  |                     |
| 2026  |   |  |                     |
| 2027  |   |  |                     |
| 2028  |   |  |                     |
| 2029  |   |  |                     |
| 2030  |   |  |                     |
| 2031  |   |  |                     |
| 2032  |   |  |                     |
| 2033  |   |  |                     |
| 2034  |   |  |                     |
| 2035  |   |  |                     |
| 2036  |   |  |                     |

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 depository. Interest represented by the Certificates shall be payable on February 1, 2018, and thereafter semiannually on February 1 and August 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 District 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 District that it is in the best interests of the District 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 subsection 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 District to the Trustee, a single new Certificate shall be executed and delivered, 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 District. In the case of any transfer pursuant to clause (3) of subsection 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 District 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 District, subject to the limitations of Section 2.7 (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 District.

(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 District 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 District; and the District 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 District 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 District 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 District 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 or in part (pro rata among maturities and at random within a maturity) on any date, from prepaid Rental Payments made by the District from funds received by the District 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 redemption 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 Certificates. The Certificates maturing on or after February 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity) on any date, on or after February 1, 2027, at the redemption price of par (computed upon the principal represented by the Certificates called for redemption), plus accrued interest to the date fixed for redemption, without premium.

(D) Mandatory Redemption. The Certificates which are also Term Certificates that mature on February 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

| <b>Mandatory<br/>Redemption Dates<br/>(February 1)</b> | <b><u>Principal<br/>Amount</u></b> |
|--|------------------------------------|
| 20__   |                                    |
| 20__   |                                    |
| 20__ *   |                                    |

\* Final Maturity

**Section 2.6. Temporary Certificates.** Pending the preparation of definitive Certificates, upon the District's request, the Trustee shall execute and deliver temporary Certificates that are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, in registered form, and containing such references to any of the provisions of this Trust Agreement as the officers of the District may determine. A temporary Certificate may be in the form of a single Certificate payable in installments, each on the date, in the amount and at the rate of interest established for the Certificates maturing on such date.

If the Trustee delivers temporary Certificates, the District will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the Corporate Trust Office, without charge to the Owner. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute and deliver in exchange therefor an equal aggregate principal amount of definitive Certificates of authorized denominations of the same, tenor, and maturity or maturities. Until so exchanged, the temporary Certificates shall be entitled to the same benefits under this Trust Agreement as definitive Certificates executed and delivered hereunder.

**Section 2.7. Registration, Transfer, and Exchange.** The Trustee will keep or cause to be kept, at its Corporate Trust Office, a register (herein sometimes referred to as the "Certificate Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration and transfer of Certificates. The Certificate Register shall at all times be open to inspection during normal business hours by the District.

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 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 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 2.11 (Cancellation).

All Certificates delivered upon any transfer or exchange of Certificates shall be the valid obligations of the District, 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.

**Section 2.8. Mutilated, Destroyed, Lost, or Stolen Certificates.** If (i) any mutilated Certificate is surrendered to the Trustee, or the District 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 District 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 District 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 District, 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 District 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 2.9. 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 2.10. Persons Deemed Owners.** The District 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 District. The ownership of Certificates shall be proved by the Certificate Register. 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 2.11. 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 District shall deliver to the Trustee for cancellation any Certificates acquired in any manner by the District, 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 (in the presence of an officer of the District, if the District shall so require).

**Section 2.12. Validity of Certificates.** The District 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.**

(A) Application of Proceeds by the Trustee. The proceeds of the sale of the Certificates that are received by the Trustee (excluding the portion of the proceeds used to pay the premium for the Policy (in the amount of \$\_\_\_\_\_) and the Surety Bond (in the amount of \$\_\_\_\_\_) having been paid directly to the Insurer by the Underwriter on behalf of the District) shall be deposited with the Trustee and shall be held in trust and set aside or paid by the Trustee as follows:

(1) The Trustee shall transfer to the Escrow Agent for deposit in the Escrow Fund \$\_\_\_\_\_ to refund the 2007 Certificates pursuant to the terms of the Escrow Agreement; and

(2) The Trustee shall deposit in the Costs of Issuance Fund (referred to in Section 3.2 (Establishment and Application of Costs of Issuance Fund)) \$\_\_\_\_\_.

(B) Temporary Funds or Accounts. The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate the transfers set forth in subsection A, above.

**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. Any amounts remaining in the Costs of Issuance Fund sixty (60) days following the Closing Date shall be transferred to the Principal Fund and the Trustee shall close the Costs of Issuance 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 District of less than all the Outstanding Certificates (other than for a sinking fund redemption), the District shall, at least sixty (60) 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.** If less than all the Outstanding Certificates of any maturity are to be redeemed, prior to the redemption date 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, at random in any manner that the Trustee in its sole discretion shall deem appropriate and fair. For purposes of selection, each \$5,000 of Certificates shall be deemed to be a separate Certificate.

The Trustee shall promptly notify the District 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) by the Trustee, not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date, to the respective Owners of any Certificates designated for redemption at their addresses appearing on the Certificate Register. If the Certificates are not registered to a Securities Depositories, the Trustee shall also give notice of redemption of the Certificates to the Securities Depositories and the Information Service (at the same time it mails notice of redemption to the Owners) by registered or overnight mail.

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 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 District 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 District nor the Trustee shall be liable for any inaccuracy in such numbers.

Failure by the Trustee to give notice to any one or more of the Information Services or Securities Depositories 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. 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. Deposit of Redemption Price.** Prior to any date for mailing funds for redemption, the District 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 4.6. 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 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 of Section 2.9 (Interest Rights Preserved).

**Section 4.7. 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 District, 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 or an escrow agent in an irrevocable escrow, at or before maturity, money or 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 Certificates to the Trustee for cancellation.

(B) Consequence of Payment of Certificates. If the District shall pay all Certificates that are Outstanding and also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District, evidenced by a Statement of the District filed with the Trustee signifying the intention of the District 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 District 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 2.7 (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 District 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 District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District 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 District 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 2.7 (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 or an escrow agent in an irrevocable escrow, 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 District 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 District and the District 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 2.7 (Registration, Transfer, and Exchange).

The District may at any time surrender to the Trustee for cancellation by it any Certificates previously executed and delivered, which the District 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 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 to the redemption date and any redemption premium thereon; 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 to the redemption date, as the case may be, represented by (and any redemption premium on) 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 provision 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 District) 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 premium on) any Certificates and remaining unclaimed for two 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 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 District, be repaid to the District 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 District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owners of any Certificates remaining unpaid at the addresses shown on the Certificate Register 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 District 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, acceleration, 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 (other than the District) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the District 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 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 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 in the Ground Lease.

(B) Actions of Trustee. Subject to the provisions of Article 9 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. 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. Investment income on amounts held by the Trustee hereunder (other than amounts held in the Rebate Fund or for which particular instructions are provided in a Supplemental Trust Agreement) shall also be deposited in the Certificate Fund. 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).

**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 February 1, 2018, 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 February 1, 2018, 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 Serial Certificates, plus the aggregate amount of the Mandatory Sinking Account Payments to be paid on such date into the respective Sinking Account 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 District 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 and interest accrued of Certificates to be redeemed.

(B) Any moneys remaining in the Certificate Fund after the transfers described in (1), (2) and (3) of Subsection (A), above, shall be transferred to the District on February 2 of each year. The District may use and apply such moneys when received by it for any lawful purpose of the District, 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 they shall become due and payable (including accrued interest represented by any Certificates purchased or redeemed 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, except that all amounts in the Sinking Account shall be used and withdrawn by the Trustee solely to purchase or redeem or pay Certificates at maturity, 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 District, 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 District, 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 District 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 District to be used for any lawful purpose.

All Certificates purchased from a Sinking Account or deposited by the District with the Trustee in a twelve-month period ending February 1, 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 may be specified in a Request of the District. 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 may be specified in a Request of the District.

**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 the Surety Bond, which shall be in the amount of the Certificate Reserve Requirement.

(B) Substitution of Cash. Provided that there are no outstanding and unpaid Policy costs, the District may at any time substitute cash for all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy the Certificate Reserve Requirement.

(C) 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 (together with any other moneys available therefor) for the payment or redemption of all Certificates then Outstanding, or 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 Permitted Investments 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 interest represented by the Certificates when due.

(2) Repayment of Amounts Recovered as Preferences in Bankruptcy. In the event that the Trustee has notice that any payment of principal or interest represented by a Certificate has been recovered from a Certificateowner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable

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 Permitted Investments 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 Permitted Investments 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. If a drawing is made on a Reserve Facility, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the District following such draw first to make the payments required by the terms of the 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, acceptable to the Insurer, that satisfied 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. After such reinstatement, the Trustee shall use amounts deposited in the Certificate Reserve Fund by the District for the replenishment of the portion of Certificate Reserve Fund held in cash or Permitted Investments.

(D) 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 first payment of Rental Payments thereafter received from the District under the Facilities Lease and not needed to pay the principal or interest evidenced by the Certificates on the next Interest Payment Date or Principal Payment Date, 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 Permitted Investments 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 District 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 – Amount -- Certificate Reserve Fund Valuation Replenishment; Policy Cost Payments) 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.

(E) Letter of Credit.

(1) Provided that there are no outstanding and unpaid Policy costs, in lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (D) (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 District), the District may deliver to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's and Standard & Poor's, in an amount, together with moneys, Permitted Investments, 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. In addition, the letter of credit must be acceptable to the Insurer. If a drawing is made on the letter of credit, the District 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 year of the date of such drawing.

(2) At least one year prior to the stated expiration of such letter of credit, the District shall either (i) deliver a replacement letter of credit acceptable to the Insurer, (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 (F) (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 District. If the District shall fail to deposit a replacement letter of credit, extended letter of credit, or other Reserve Facility with the Trustee, the District 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.

(F) Insurance Policy or Surety Bond. Provided that there are no outstanding and unpaid Policy costs, in lieu of making the Certificate Reserve Requirement replenishment deposits in compliance with subsection (D) (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 District), the District may also deliver to the Trustee an insurance policy or surety bond securing an amount, together with moneys, Permitted Investments 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 in one of the two highest Rating Categories of Moody's and 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 addition, the insurance policy or surety bond must be acceptable to the Insurer. In the event that such insurance policy or surety bond for any reason lapses or expires, the District shall immediately implement (i) or (iii) of the preceding paragraph or make the required deposits to the Certificate Reserve Fund.

(G) Transfer of Excess Amounts. Any amounts in the Certificate Reserve Fund in excess of the Certificate Reserve Requirement (as calculated by the District and confirmed in writing to the Trustee) shall be transferred by the Trustee to the Certificate Fund on the last Business Day of February of each year; provided that such amounts shall be transferred only from the portion of the Certificate Reserve Fund held in the form of cash or Permitted Investments and further provided that the District is not then in default hereunder.

**Section 6.7. Application of Redemption Fund.** The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the District with the Trustee for the purpose of redeeming Certificates shall, unless otherwise directed by the District, 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 District, 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 District, 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 District.

**Section 6.8. Rebate Fund.** The Trustee shall establish 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 District. 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 District, including to supply all necessary information in the manner specified in the Tax Certificate. In the absence of written instructions from the District, 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 District 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 District, solely in Permitted Investments. All Permitted Investments shall, as directed by the District in writing or by telephone, promptly confirmed 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 District 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 District 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 Permitted Investments described in clause B(5) of the definition thereof and the Trustee shall thereupon immediately request investment instructions from the District for such moneys.

Moneys in the Certificate Reserve Fund shall be invested in Permitted Investments 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 Permitted Investments 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, other than the Rebate Fund, shall be transferred to the Certificate Fund when received. All interest, profits, and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as otherwise directed by the District in accordance with Section 6.8 (Rebate Fund). Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

All Permitted Investments credited to the Certificate Reserve Fund shall be valued as of the last Business Day of February and August of each year (or the next preceding Business Day if such day is not a Business Day) at their market value determined, to the extent practical by reference to any pricing service selected by the Trustee, including services included in its computer system.

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 District 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 District, may impose its customary charge therefor. The Trustee may sell at the best price reasonably obtainable, or present for redemption, any Permitted Investments 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 District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law.

**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 DISTRICT AND THE CORPORATION**

**Section 7.1. Power to Execute Trust Agreement.** The District 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 District in accordance with their terms.

**Section 7.2. Limitations on Liens on the Rental Payments.** The District 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 District 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 District 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 District and the Trustee, as assignee of the Corporation, will not alter, amend, or modify the Ground Lease or the Facilities Lease unless (i) 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 (ii) 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 District and the Trustee, as assignee of the Corporation, without such Opinion or consent, 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 of property in accordance with Section 3.4 (Substitution) 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 District 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 District thereunder to exceed the fair rental value of the Facilities, as set forth in a Statement of the District filed with the Trustee, (ii) the District 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, (iii) 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; and (iv) the District shall cause to be delivered to the Trustee an Opinion of Bond Counsel to the effect that such alteration, amendment or modification of the Ground Lease or Facilities Lease is authorized or permitted under this Section 7.4 and will not materially adversely affect the interests of the Holders.

**Section 7.5. Extension of Time for Payment of Certificates.** The District 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 and in case 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 District 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 District 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 District 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 District to the extent permitted by law.

**Section 7.8. Federal Income Tax Covenants.** The District 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 District 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 District 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 District will furnish the Trustee, no later than two hundred ninety (290) days after the end of each Fiscal Year, the financial statements of the District for such 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, and (2) a Statement of the District 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 District to cure such default. The Trustee shall have no responsibility to review any financial information provided pursuant to this Section.

**Section 7.10. Further Assurances.** The District 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 District 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 when and as the same shall become due and payable;

(B) Breach of Covenant. Default by the District 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 District by the Trustee; except that, if such failure can be remedied but not within such thirty (30) day period and if the District 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 District shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time ("grace period") established by the Trustee; provided, however, Insurer's prior written consent is required if the Policy is in effect and said grace period is extended for more than sixty (60) days; 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 District 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 District 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 District, 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 District 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 District or any director, member, officer

or employee thereof, and to compel the Corporation or the District 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 District and any directors, members, officers and employees thereof to account as the trustee of an express trust.

**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.

**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 District, 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 District, 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.** Subject to Article 11, 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.

## **ARTICLE 9 THE TRUSTEE**

**Section 9.1. Appointment of Trustee.** U.S. Bank National Association, 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 procedural 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 procedural requirements of the Trust Agreement.

(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 Insurer or 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 adequate indemnity 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).

(E) Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Owners as if there were no Policy.

**Section 9.3. Notice of Defaults.** Within forty-five (45) days after the occurrence of any default hereunder, the Trustee shall transmit by mail to all Owners of Certificates as their names and addresses appear on the Certificate Register notice of such default hereunder of which 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 District mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the District;

(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 District, 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 District, 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 District, 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, but the Trustee shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Trustee shall not be answerable for the negligence or misconduct of any attorney-in-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 an 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 Trustee makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

**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 District, 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 District of any moneys transferred to or pursuant to any Requisition or Request of the District in accordance with the terms and conditions hereof;

(2) the application and handling by the District of any fund or account designated to be held by the District hereunder;

(3) any error or omission by the District 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 District in connection with the requirements of the Tax Certificate;

(4) the construction, operation, or maintenance of any project or facilities by the District.

**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 District, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the District and make disbursements for the District 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 District 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 be attributable to the Trustee's negligence or willful misconduct; and

(C) to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense 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, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, the Facilities Lease, and any other related documents.

The rights of the Trustee and the obligations of the District under this Section shall survive the discharge of the Certificates and this Trust Agreement.

**Section 9.8. Corporate Trustee Required; Eligibility.** There shall at all times be a Trustee hereunder, which shall be a trust company or bank in good standing located 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 and acceptable to Insurer. If such bank 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 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 District and by giving the Owners notice of such resignation by mail at the addresses shown on the Certificate Register. 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 District may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) The District 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 District 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 District, 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; or

(3) at the request of the Insurer for any breach of this Trust Agreement.

(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 District shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the District and accepted appointment in the manner hereinafter provided within thirty (30) days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument or instruments signed by the Holders 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 Assistant Superintendent or his designee, of the District in trust for the benefit of the Owners.

(H) The District 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 Certificate Register. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office. If the District 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 District.

**Section 9.10. Acceptance of Appointment by Successor.** Any successor Trustee appointed under this Trust Agreement shall execute and deliver to the District 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 District or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, 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 District 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 District.

**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 and shall be subject at all reasonable times to the inspection of the District and any Owner, and their agents and representatives duly authorized in writing, upon reasonable notice, at reasonable times and under reasonable conditions.

**Section 9.13. Notice to Insurer.** The Trustee shall notify Insurer of any failure of the District to provide relevant notices or certificates as required by this Trust Agreement.

## **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 District, the Trustee, and 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 District, 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 District 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 District;

(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 District may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Certificates;

(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;



(D) Redemption Notification: to modify or supplement the procedures for giving notice of redemption 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.

**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 District, 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 District, the Corporation, and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of Certificate Obligation of the Certificates then Outstanding, which consent 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 District 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 District, 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 or letters 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 extend the time of payment 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

redemption 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 District 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 Certificate Register. 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 entitled to receive, 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. 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 District, 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 Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee 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 District and the Trustee, 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.

**Section 10.7. Additional Certificates.** Subsequent to the execution and delivery by the Trustee of the Certificates, the Trustee shall, upon written request or requests of the District, execute and deliver from time to time one or more series of Additional Certificates in such aggregate principal amount as may be set forth in such written request or requests, provided that there shall have been compliance with all of the following conditions, which are hereby made conditions precedent to the preparation, execution and delivery of such Additional Certificates:

(A) The parties to this Trust Agreement shall have executed a Supplemental Trust Agreement setting forth the terms and provisions of such Additional Certificates, including the establishment of such funds and accounts, separate and apart from the funds and accounts established hereunder for the Certificates executed and delivered on the Closing Date, as shall be necessary or appropriate, which Supplemental Trust Agreement shall require that prior to the delivery of such Additional Certificates, the Certificate Reserve Requirement with respect to such Additional Certificates shall be on deposit in the Certificate Reserve Fund established hereunder or in a reserve fund established under such Supplemental Trust Agreement;

(B) The principal and interest payable with respect to such Additional Certificates and any premium payable upon redemption of such Additional Certificates shall be payable only on such Principal Payment Dates and Interest Payment Dates applicable to the Certificates;

(C) The Facilities Lease shall have been amended by the parties thereto if necessary to (i) increase or adjust the Rental Payments due and payable on each Rental Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Certificates, including all Additional Certificates as and when the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then in the Certificate Reserve Fund or otherwise on deposit with the Trustee in accordance with this Trust Agreement), (ii) if appropriate, amend the definition of "Facilities" to include as part of the Facilities all or any portion of additions, betterments, extensions, improvements or replacements, or such other real or personal property (whether or not located upon the Facilities as such Facilities are constituted as of the date of this Trust Agreement), to be financed, acquired or constructed by the preparation, execution and delivery of such Additional Certificates; and (iii) make such other revisions to the Facilities Lease as are necessitated by the execution and delivery of such Additional Certificates (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Certificates as granted them under the terms of this Trust Agreement);

(D) There shall have been delivered to the Trustee a counterpart of the amendments required by subsection 10.7(C) hereof;

(E) The Trustee shall have received a certificate of the Corporation that there exists on the part of the Corporation no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default);

(F) The Trustee shall have received a certificate of the District that (i) there exists on the part of the District no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default), and (ii) the Rental Payments as increased or adjusted do not exceed in any year the fair rental value of the Facilities (as such term is defined in the amended Lease);

(G) The Trustee shall have received an opinion of Special Counsel substantially to the effect that (i) said Supplemental Trust Agreement and said amendments to the Facilities Lease comply in all respects with the requirements of this Section; (ii) said Supplemental Trust Agreement and said amendments to the Facilities Lease have been duly authorized, executed and delivered by each of the respective parties thereto (provided that said opinion of Special Counsel, in rendering the opinions set forth in this clause (ii), shall be entitled to rely upon one or more other opinions of counsel, including counsel to any of the respective parties to said Supplemental Trust Agreement or said amendments to the Facilities Lease); (iii) assuming that no Event of Default has occurred and is continuing, this Trust Agreement, as amended by said Supplemental Trust Agreement, and the Facilities Lease, as amended by the respective amendments thereto, constitute the legal, valid and binding obligations of the respective parties thereto, enforceable against said parties in accordance with their respective terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium, debt adjustment or other laws affecting creditors' rights generally, and except to the extent that enforcement thereof may be limited by general principles of equity, regardless of whether enforcement is sought in a legal or equitable proceeding); and (iv) the execution of such Supplemental Trust Agreement and said amendments to the Facilities Lease, and performance by the parties thereunder, will not result in the inclusion of the interest portion of any Rental Payments payable with respect to any Certificates, including Additional Certificates, theretofore prepared, executed and delivered, in the gross income of the Owners of the Certificates for purposes of federal income taxation;

(H) The District shall have provided the Insurer and any Rating Agency then rating the Certificates, written notice of the proposed execution and delivery of such Additional Certificates and shall have received prior written consent of the Insurer with respect to such Additional Certificates; provided that any Additional Certificates being delivered to refund any outstanding Certificates shall not require the prior written consent of the Insurer if the aggregate maximum annual debt service with respect to the Certificates and the Additional Certificates during any remaining year that the Certificates will be outstanding does not exceed maximum annual debt service with respect to the Certificates prior to such refunding;

(I) There shall have been delivered to the Trustee an endorsement to or reissuance of the title insurance policy delivered under Section 7.5 (Title Insurance) of the Facilities Lease providing that the insured amount is at least equal to the aggregate principal amount of all of the

Certificates and Additional Certificates outstanding upon the execution and delivery of such Additional Certificates;

(J) Upon the execution and delivery of such Additional Certificates, the amount on deposit in the Certificate Reserve Fund, together with the amount available under the Surety Bond and all Reserve Facilities, shall be equal to the Certificate Reserve Requirement, taking into account the execution of the Additional Certificates; and

(K) Such other conditions shall have been satisfied, and such other instruments shall have been duly executed and delivered to the Trustee (with a copy to Standard & Poor's), as the District or the Corporation shall have reasonably requested.

Upon delivery to the Trustee of the foregoing instruments, the Trustee shall cause to be executed and delivered Additional Certificates representing the aggregate principal amount specified in such Supplemental Trust Agreement, and such Additional Certificates shall be equally and ratably secured with all Certificates, including any Additional Certificates, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, redemption or sinking fund payment (if any)) of any one Certificate, including Additional Certificates, over any other; provided, however, that no provision of this Trust Agreement shall require the District to consent to or otherwise permit the preparation, execution and delivery of Additional Certificates, it being understood and agreed that any such consent or other action of the District to permit the preparation, execution and delivery of Additional Certificates, or lack thereof, shall be in the sole discretion of the District.

## [ARTICLE 11 FINANCIAL GUARANTY INSURANCE AND SURETY BOND

**Section 11.1 Consent of the Insurer.** So long as the Policy is in effect and the Insurer is not in default with respect to its payment obligations thereunder, the following provisions shall be in effect:

(A) Control of Remedies. Any provision of this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners hereunder; and the Insurer shall also be entitled to approve all waivers of Events of Default concerning the Certificates.

(B) Amendments and Supplements. The Insurer's consent (which consent shall not be unreasonably withheld) shall be required (in lieu of the consent of the Owners when required) for the execution and delivery of any Supplemental Trust Agreement pursuant to Section 10.2 (Supplemental Trust Agreements with Consent of Owners or Credit Enhancers) or any amendment, supplement or changes to or modification of the Facilities Lease. The District shall notify the Insurer in writing before executing any such Supplemental Trust Agreement or amendment to the Facilities Lease. Insurer reserves the right to charge the District a fee for any consent or amendment to this Trust Agreement while the Policy is in effect.

(C) Reorganization or Liquidation. Any provision of this Trust Agreement to the contrary notwithstanding, in the event of institution of any proceeding under the United States

Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any legal proceeding for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent, to the extent such proceeding includes a reorganization or liquidation plan, such reorganization or liquidation plan must be acceptable to the Insurer, and Insurer shall have the right to vote on behalf of all Owners who hold Insurer-Insured Certificates absent a default by the Insurer under the Policy.

(D) Substitution of Trustee. The Insurer's written approval (which approval shall not be unreasonably withheld) shall be required in lieu of the consent of the Owners when required for any substitution of Trustee pursuant to Section 9.9 (Removal and Resignation; Appointment of Successor).

(E) Subleases. The Insurer's consent (which consent shall not be unreasonably withheld) shall be required for any sublease entered into by the District or the Corporation under the Facilities Lease or the Ground Lease subsequent to the Closing Date. In such lease/sublease transaction, the term of the sublease shall match that of the lease.

(F) Rights of the Insurer. Any provision of this Trust Agreement expressly recognizing or granting rights in or to Insurer may not be amended in any manner which affects the rights of Insurer hereunder without the prior written consent of Insurer,

(G) Other Actions. The Insurer's consent (which consent shall not be unreasonably withheld) shall be required for the initiation or approval of any action not described in this Section which requires consent by the Owners.

## **Section 11.2 Delivery of Notices and Documents.**

(A) Notices and Documents Delivered by the District. While the Policy or the Surety Bond is in effect, the District shall furnish to the Insurer (Attention: Surveillance Department):

(1) Notices Given to Owners and Trustee. any notice that is required to be given to an Owner or to the Trustee, including, without limitation notice of redemption of or defeasance of Certificates, and any certificates rendered pursuant to this Trust Agreement relating to the security for the Certificates;

(2) Financial Statements and Budget. as soon as practicable after the approval thereof by the District, a copy of the District's audited financial statements and its annual budget;

(3) Insurance Certificates and Policy. in the month of August each year, certification that the insurance policies required by Sections 7.1 and 7.3 of the Facilities Lease are in full force and effect, and will provide Insurer with copies of such policies upon its request;

(4) Change in Trustee. prior written notice of the resignation or removal of the Trustee and the appointment of a successor thereto;

(5) Continuing Disclosure Certificate. to the extent that the District has entered into a Continuing Disclosure Certificate with respect to the Certificates, Insurer shall be included as a party to be notified; and

(6) Other Information. such additional information it may reasonably request.

(B) Notices and Documents Delivered by the Trustee. While the Policy or the Surety Bond is in effect, the Trustee shall furnish to the Insurer (Attention: General Counsel Office):

(1) Failure to Provide Notices. any failure by the District to provide relevant notices, certificates, etc., as required by this Trust Agreement; and

(2) Insufficient Funds. notwithstanding any other provision of this Trust Agreement or the Lease, immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default under the terms of this Trust Agreement or any payment default under any related security agreement.

(C) Mailing Address. All notices required to be given to the Insurer under this Trust Agreement shall be in writing and shall be sent by registered or certified mail addressed to Ambac Assurance Corporation, One State Street Plaza, New York, NY 10004.

(D) Documents Delivered to Standard & Poor's. While the Policy or the Surety Bond is in effect, copies of any amendments made to the documents executed in connection with the execution and delivery of the Certificates that are consented to by the Insurer shall be sent to Standard & Poor's.

(E) Access to District Information; Accounting. The District will permit the Insurer to discuss the affairs, finances and accounts of the District or any other information that the Insurer may reasonably request regarding the security for the Certificates with appropriate officers of the District. The District will permit the Insurer to have access to and to make copies of those books and records that relate to the Certificates at any reasonable time. The Insurer shall have the right to direct an accounting at the District's expense, and the District's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered Owner of the Obligations.

### **Section 11.3 Payments and Reimbursement Under the Policy.**

(A) As long as the Policy shall be in full force and effect, the District and the Trustee agree to comply with the following provisions:

(1) At least one (1) business day prior to all Interest Payment Dates the Trustee will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Certificates on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the

Trustee shall so notify Insurer. Such notice shall specify the amount of the anticipated deficiency, the Certificates to which such deficiency is applicable, and whether such Certificates will be deficient as to principal or interest, or both. If the Trustee has not so notified Insurer at least one (1) business day prior to an Interest Payment Date, Insurer will make payments of principal or interest due on the Certificates on or before the first business day next following the date on which Insurer shall have received notice of nonpayment from the Trustee.

(2) The Trustee shall, after giving notice to Insurer as provided in (1) above, make available to Insurer and, at Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the District maintained by the Trustee and all records relating to the funds and accounts maintained under this Trust Agreement.

(3) The Trustee shall provide Insurer and the Insurance Trustee with a list of the Owners of Certificates entitled to receive principal or interest payments from Insurer under the terms of the Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of Certificates entitled to receive full or partial interest payments from Insurer, and (ii) to pay principal upon Certificates surrendered to the Insurance Trustee by the Owners of Certificates entitled to receive full or partial principal payments from Insurer.

(4) The Trustee shall, at the time it provides notice to Insurer pursuant to (1) above, notify Owners of Certificates entitled to receive the payment of principal or interest thereon from Insurer (i) as to the fact of such entitlement, (ii) that Insurer will remit to them all or a part of the interest payments next coming due upon proof of Certificateholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Insurer, they must surrender their Certificates (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Certificates to be registered in the name of Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from Insurer, they must surrender their Certificates for payment thereon first to the Trustee, who shall note on such Certificates the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Trustee has notice that any payment of principal or of interest on a Certificate which has become due for payment and which is made to a Certificateowner by or on behalf of the District had been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time Insurer is notified pursuant to (1) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from Insurer to the extent of such recovery if



sufficient funds are not otherwise available, and the Trustee shall furnish to Insurer its records evidencing the payments of principal of and interest on the Certificates which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

(6) In addition to those rights granted Insurer under this Trust Agreement, Insurer shall, to the extent it makes payment of principal of or interest on Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note Insurer's rights as subrogee on the registration books of the District maintained by the Trustee upon receipt from Insurer of proof of the payment of interest thereon to the Owners of the Certificates, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note Insurer's rights as subrogee on the registration books of the District maintained by the Trustee upon surrender of the Certificates by the Owners thereof together with proof of the payment of principal thereof.

(B) The District covenants and agrees that it shall reimburse the Insurer for any amounts paid under the Policy and all costs of collection thereof and enforcement of this Trust Agreement and any other documents executed in connection with this Trust Agreement, together with interest thereon, from the date paid or incurred by the Insurer until payment thereof in full by the District, payable at the Insurer Payment Rate (as hereinafter defined), including without limitation (to the extent permitted by applicable law) interest on claims paid by the Insurer in respect of interest on the Obligations. Such payment obligation shall be payable on demand and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Certificates. For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the maximum rate permissible under applicable usury or similar laws limiting interest rates, and (b) the greater of (i) the then applicable highest rate of interest on the Certificates and (ii) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Insurer shall specify.

**Section 11.4. No Defeasance in the Event of Payments Under the Policy.** Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Certificates shall be paid by the Insurer pursuant to the Policy, the Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, and the assignment and pledge of the trust estate and all covenants, agreements, and other obligations of the District to the registered Owners shall continue to exist and shall run to the benefit of the Insurer and the Insurer shall be subrogated to the rights of such registered Owners.

**Section 11.5. Insurer as Third Party Beneficiary.** To the extent that this Trust Agreement confers upon or gives or grants to the Insurer any right, remedy, or claim under or by reason of this Trust Agreement, the Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given, or granted hereunder.

**Section 11.6. Payment Procedure Pursuant to the Surety Bond.** As long as the Surety Bond shall be in full force and effect, the District and the Trustee agree to comply with the following provisions:

(A) **Demands for Payment.** In the event and to the extent that moneys on deposit in the Certificate Fund, the Interest Fund, and the Principal Fund, plus all amounts on deposit in and credited to the Certificate Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of interest and principal coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due under the Trust Agreement has not been made to the Trustee; or (ii) the payment date of the Certificates as specified in the Demand for Payment presented by the Trustee to the General Counsel of Insurer, Insurer will make a deposit of funds in an account with the Trustee or its successor, in New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Trust Agreement (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Certificate Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(B) **Availability of Records.** The Trustee shall, after submitting to the Insurer the Demand for Payment as provided in subsection (A) above, make available to the Insurer all records relating to the accounts and funds maintained under the Trust Agreement.

(C) **Deposit to Certificate Reserve Fund.** The Trustee shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Certificate Reserve Fund to the extent of moneys received pursuant to such Demand. The Certificate Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available revenues on a *pro rata* basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Certificate Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument shall be deposited from next available revenues.]

*[The balance of this page is intentionally left blank]*

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

**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT  
FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President

## EXHIBIT A

### FORM OF CERTIFICATE OF PARTICIPATION

REGISTERED  
No. R-\_\_\_\_

REGISTERED  
\$\_\_\_\_\_

**2017 REFUNDING CERTIFICATE OF PARTICIPATION  
Evidencing and Representing a Proportionate  
Interest of the Registered Owner Thereof in  
Rental Payments to be made by the  
STOCKTON UNIFIED SCHOOL DISTRICT  
San Joaquin County, California**

| <u>MATURITY DATE</u> | <u>INTEREST RATE<br/>PER ANNUM</u> | <u>DATE</u> | <u>CUSIP:</u> |
|----------------------|------------------------------------|-------------|---------------|
| February 1, 20__     | ____%                              | ____, 2017  | 861422 ____   |

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 \$\_\_\_\_\_, 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 \_\_\_\_\_ 1, 2017, by and between the Stockton Unified School District (the "District"), a school district duly organized and existing under and by virtue of the Constitution and laws of the State of California, and the Stockton Unified School District Facilities Finance Corporation (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 U.S. Bank National Association, 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 St. Paul Minnesota.

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 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 February 1 and August 1 of each year, commencing on August 1, 2018 (each an "Interest Payment Date").

A-1

This Certificate has been executed and delivered pursuant to a trust agreement dated as of \_\_\_\_\_ 1, 2017, by and among the Trustee, the District, 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 District 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 redemption thereof, out of any funds of the District 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 credit or taxing power of the District 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 District or any of its income or receipts. No owner of this Certificate shall ever have the right to compel any exercise of the taxing power of the District to pay the principal and interest components of Rental Payments represented by this Certificate.

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 date, from prepaid Rental Payments made by the District from funds received by the District due to a casualty loss, material title defect, or governmental taking of the Facilities or any portion thereof or portions 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 redemption price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for redemption, without premium.

The Certificates maturing on or after February 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity), on any date, on or after February 1, 2027, at par (computed upon the principal represented by the Certificates called for redemption), plus accrued interest to the date fixed for redemption, without premium.

The Certificates which are also Term Certificates that mature on February 1, 20\_\_ shall be subject to redemption prior to their stated maturity, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

**Mandatory Redemption**

| <b>Dates</b>               | <b>Principal</b>     |
|----------------------------|----------------------|
| <b><u>(February 1)</u></b> | <b><u>Amount</u></b> |
| 20__                       | \$ _____             |
| 20__                       | _____                |
| 20__*                      | _____                |

\* Final Maturity

Certificates shall be selected for redemption in accordance with the Trust Agreement. Notices of redemption shall be mailed, first class postage prepaid not less than 30 days nor more than 60 days prior to the redemption date to the respective owners of any Certificates designated for redemption at their addresses appearing on the books required to be kept by the Trustee.

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 of the Trustee in St. Paul, Minnesota, or such other place as 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 denomination or denominations, of the same series, tenor, and maturity for the same aggregate principal amount will be delivered to the transferee in exchange herefor.

The Trustee has no obligation or liability to the Certificate owners for the payment of the interest or principal or the redemption 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 District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the District 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 District 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.

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: \_\_\_\_\_, 2017

**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Authorized Officer

### **ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign, and transfer unto \_\_\_\_\_ the within Certificate and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the certificate register of the Trustee, with full power of substitution in the premises.

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

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

Signature(s) Guaranteed by:

NOTE: Signature(s) must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions 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 Dannis Woliver Kelley in connection with the issuance of, and dated as of the date of the original delivery of, the Stockton Unified School District, San Joaquin County, California, 2017 Refunding Certificates of Participation. A signed copy is on file in my office.

By:

\_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official  
Stockton Unified School District



**DANNIS WOLIVER KELLEY**  
**555 Capitol Mall, Suite 645**  
**Sacramento, California 95814**

[Date]

Governing Board  
Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202

**Re:**    *Stockton Unified School District*  
         *San Joaquin County, California*  
         *2017 Refunding Certificates of Participation*  
         ***Opinion of Special Counsel***

Dear Board Members:

*[To be inserted]*

A-6

**[STATEMENT OF INSURANCE**

*To be inserted]*

**EXHIBIT B**

**§ \_\_\_\_\_  
STOCKTON UNIFIED SCHOOL DISTRICT  
SAN JOAQUIN COUNTY, CALIFORNIA  
2017 REFUNDING CERTIFICATES OF PARTICIPATION**

REQUISITION TO THE TRUSTEE  
TO DISBURSE FUNDS FROM COSTS OF ISSUANCE FUND  
REQUISITION NO. \_\_\_\_\_

The Stockton Unified School District (the "District") hereby requests U.S. Bank National Association, as trustee (the "Trustee"), under the Trust Agreement dated as of \_\_\_\_\_ 1, 2017, by and among the District, the Stockton Unified School District Facilities Finance Corporation, and the Trustee, to pay from the Costs of Issuance Fund established under Section 3.3 (Establishment and Application of Costs of Issuance Fund) of the Trust Agreement, the amounts to the parties as set forth on the attached list.

The District hereby certifies that obligations in the amounts stated in Schedule 1 have been incurred by the District 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 hereto are invoices for each payment requested.

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

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Its: Chief Business Official

Schedule 1

| <u>ITEM</u> | <u>PAYEE<br/>NAME AND ADDRESS</u> | <u>AMOUNT</u> | <u>PURPOSE</u> |
|-------------|-----------------------------------|---------------|----------------|
| 1.          |                                   |               |                |
| 2.          |                                   |               |                |
| 3.          |                                   |               |                |
| 4.          |                                   |               |                |
| 5.          |                                   |               |                |
| 6.          |                                   |               |                |
| 7.          |                                   |               |                |
| 8.          |                                   |               |                |
| 9.          |                                   |               |                |
| 10.         |                                   |               |                |
|             | <b>TOTAL</b>                      | <b>\$</b>     |                |

# CERTIFICATE PURCHASE AGREEMENT

§ \_\_\_\_\_

## 2017 REFUNDING CERTIFICATES OF PARTICIPATION

Evidencing and Representing Proportionate Interests of the Registered Owners Thereof in  
Rental Payments to be made by the  
STOCKTON UNIFIED SCHOOL DISTRICT

\_\_\_\_\_, 2017

Stockton Unified School District  
701 North Madison Street  
Stockton, California 95202-1687

Stockton Unified School District Facilities Finance Corporation  
701 North Madison Street  
Stockton, California 95202-1687

Ladies and Gentlemen:

\_\_\_\_\_ (the “Underwriter”) offers to enter into this Certificate Purchase Agreement (this “Purchase Agreement”) with the Stockton Unified School District (the “District”) and the Stockton Unified School District Facilities Finance Corporation (the “Corporation”), which will be binding upon the District, the Corporation and the Underwriter upon the execution hereof by the District and the Corporation. This offer is made subject to its acceptance by the District and the Corporation by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 p.m., California time, on the date hereof. All terms used herein and not otherwise defined have the meanings given to those terms in the Trust Agreement (as hereafter defined).

**1. Purchase and Sale.** The Underwriter shall purchase, if any are purchased, and the District shall sell and cause to be delivered to the Underwriter, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the 2017 Refunding Certificates of Participation (the “Certificates”) at a purchase price of \$\_\_\_\_\_ (being an amount equal to the principal amount of the Certificates, plus a net original issue premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_).

**2. Identification of Legal Documents.** Reference is made to the following documents relating to the Certificates:

- Ground Lease dated as of \_\_\_\_\_ 1, 2017 (the “Ground Lease”) between the District as lessor and the Corporation as lessee, whereby the District leases certain real property and the improvements thereon (the “Leased Property”) to the Corporation.

- Facilities Lease dated as of \_\_\_\_\_ 1, 2017 (the “Facilities Lease”), whereby the Corporation has leased the Leased Property back to the District.
- Trust Agreement dated as of \_\_\_\_\_ 1, 2017 (the “Trust Agreement”), among U.S. Bank National Association, as trustee (the “Trustee”), the Corporation and the District.
- Termination Agreement dated as of \_\_\_\_\_ 1, 2017 (the “Termination Agreement”), among the District, the Corporation and Wells Fargo Bank, National Association (the Trustee for the 2007 Certificates of Participation of the District (the “2007 Certificates”)), relating to termination of certain documents relating to the 2007 Certificates.
- Escrow Agreement dated as of \_\_\_\_\_ 1, 2017 (the “Escrow Agreement”), given by the District to U.S. Bank National Association, as escrow agent (the “Escrow Agent”), relating to the current refunding of the 2007 Certificates.
- Preliminary Official Statement dated as of \_\_\_\_\_, 2017, describing the Certificates (the “Preliminary Official Statement”).
- Official Statement dated as of the date of this Purchase Agreement, describing the Certificates (the “Official Statement”).

**3. Purpose of Financing.** The Certificates will be executed and delivered for the following purposes: (a) establish an escrow fund in an amount sufficient to pay and redeem the outstanding 2007 Certificates, and (b) pay the costs related to the execution and delivery of the Certificates, including the costs to purchase a reserve fund surety bond. The refunding of the 2007 Certificates will be accomplished under the Escrow Agreement.

Payment of principal and interest represented by the Certificates will be insured by a policy of municipal bond insurance the (“Bond Insurance Policy”) issued by \_\_\_\_\_ (the “Bond Insurer”).

**4. Public Offering of Certificates.** The Underwriter agrees to make a bona fide public offering of all the Certificates initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices.

**5. Delivery of Official Statement; Continuing Disclosure.** Under the authorization of the District, the Underwriter has distributed copies of the Preliminary

Official Statement to prospective purchasers of the Certificates. By its acceptance of this proposal, the District hereby ratifies such use by the Underwriter of the Preliminary Official Statement; and the District agrees to approve the Official Statement which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of the District and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 7(b). The Underwriter hereby agrees to deposit the Official Statement with a nationally recognized municipal securities information depository. The District hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Certificates, the Preliminary Official Statement, the Official Statement, the Trust Agreement, the Facilities Lease, the Ground Lease, the Termination Agreement, the Continuing Disclosure Certificate (as defined below) and this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The District will undertake, under the Trust Agreement and a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), to provide certain annual financial and operating information and notices of the occurrence of certain events, if material. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

**6. The Closing.** At \_\_\_\_ a.m., California time, on \_\_\_\_\_, 2017, or at such other time or on such earlier or later business day as have been mutually agreed upon by the District, the Corporation and the Underwriter, the District will cause to be delivered (i) the Certificates, through the facilities of The Depository Trust Company, to the Underwriter in New York, New York, and (ii) the closing documents hereinafter mentioned at the offices of Dannis Woliver Kelley, Sacramento, California ("Special Counsel"), or another place to be mutually agreed upon by the District, the Corporation and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 hereof in immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." The Certificates will be delivered in such denominations and deposited in the account or accounts specified by the Underwriter under written notice to the District not later than five business days prior to Closing.

**7. Representations, Warranties and Covenants of the District.** The District represents, warrants to and covenants with the Underwriter that:

- (a) Due Organization Existence and Authority. The District is a unified school district duly organized and existing under the Constitution and laws of California, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Trust Agreement, the Ground Lease, the Facilities Lease, the Termination Agreement, the Escrow Agreement and the Continuing Disclosure Certificate (the "District Documents") and to carry out and consummate the transactions on its part contemplated by the District Documents and the Official Statement.

- (b) Due Authorization and Approval. By all necessary official action of the Governing Board, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents; and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The District has complied, and will at the Closing be in compliance in all respects, with its obligations under the District Documents.
- (c) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement up to and including the Closing will contain no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.
- (d) Underwriter's Consent to Amendments and Supplements. The District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Certificates.
- (e) Agreement to Amend or Supplement Official Statement. If after the date of this Purchase Agreement and until 25 days after the end of the "underwriting period" (as defined below), any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Certificates to reflect such event, the District promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the District shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. Unless the Underwriter otherwise advises the District in writing that the end of the underwriting period shall be another specified date, the end of the underwriting period shall be the day of Closing.



- (f) No Material Change in Finances. At the time of the Closing, there will not have been any material adverse changes in the financial condition of the District since the date hereof.
- (g) No Litigation. As of the time of acceptance hereof and as of the date of the Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the District has been served with process, to the best knowledge of the District after due investigation, threatened (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity of the District Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of interest evidenced and represented by the Certificates from gross income for federal income tax purposes or contesting the powers of the District to enter into the District Documents; (iii) which may result in any material adverse impact on the financial condition of the District; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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, and there is no known basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.
- (h) Permitted Encumbrances. As of the time of acceptance hereof and as of the date of the Closing, the Leased Property shall be free of all liens other than Permitted Encumbrances (as defined in the Facilities Lease).
- (i) Further Cooperation; Blue Sky. The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions. The District will not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.
- (j) Validity of District Documents. The District Documents, when executed and delivered by the District and other parties thereto, will be legally valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy,

insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

- (k) Compliance With Rule 15c2-12. The Preliminary Official Statement heretofore delivered to the Underwriter is deemed final by the District as of its date and as of the date hereof, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The District hereby covenants and agrees that, within seven business days from the date hereof, the District will cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board.

**8. Representations, Warranties and Covenants of the Corporation.** The Corporation represents, warrants to and covenants with the Underwriter that:

- (a) Due Organization Existence and Authority. The Corporation is a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Trust Agreement, the Ground Lease, the Facilities Lease and the Termination Agreement (the "Corporation Documents") and to carry out and consummate the transactions on its part contemplated by the Corporation Documents and the Official Statement.
- (b) Due Authorization and Approval. By all necessary official action of the Board of Directors, 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 Corporation Documents; and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Corporation has complied, and will at the Closing be in compliance in all respects, with its obligations under the Corporation Documents.
- (c) Official Statement Accurate and Complete. The portions of the Preliminary Official Statement and the Official Statement describing the Corporation and the Corporation Documents are true and correct in all material respects.
- (d) No Litigation. As of the time of acceptance hereof and as of the date of the Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending with respect to which the Corporation has been served with process, to the best knowledge of the Corporation after due investigation, threatened (i) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity of the Corporation Documents or the consummation of

the transactions contemplated thereby, or contesting the exclusion of interest evidenced and represented by the Certificates from gross income for federal income tax purposes or contesting the powers of the Corporation to enter into the Corporation Documents; or (iii) which may result in any material adverse impact on the financial condition of the Corporation.

- (e) Validity of Corporation Documents. The Corporation Documents, when executed and delivered by the Corporation and other parties thereto, will be legally valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

**9. Closing Conditions.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants of the District and the Corporation herein and the performance by the District and the Corporation of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following additional conditions:

- (a) Representations and Warranties. The representations, warranties and covenants of the District and the Corporation contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.
- (b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the District Documents and the Corporation Documents are in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there is in full force and effect such resolutions (the "Resolutions") as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the District Documents and the Corporation Documents, (iii) the District has performed its obligations required as specified in this Purchase Agreement or the District Documents to be performed at or prior to Closing, (iv) the Corporation has performed its obligations required as specified in the Corporation Documents to be performed at or prior to Closing, and (v) the Official Statement shall not have been supplemented or amended, except under Paragraph 7(e) or as otherwise may have been agreed to in writing by the Underwriter.
- (c) No Default. At the time of the Closing, no default has occurred under the Resolutions, the Corporation Documents or the District Documents, and the District is not in default in the payment of any of its bonded indebtedness or any of its other obligations, which default would adversely impact the ability of the District to make Rental Payments.

- (d) Termination Events. The Underwriter has the right to terminate this Purchase Agreement, without liability therefor, by written notification to the Corporation and the District if at any time at or prior to the Closing any Termination Event occurs, as defined in Appendix B.
- (e) Closing Documents. At or prior to the Closing, the Underwriter shall receive (unless the context otherwise indicates) the following documents:
- (1) *Final Opinion of Special Counsel.* An approving opinion of Special Counsel dated the date of the Closing, together with a letter from Special Counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that said opinion may be relied upon by the Underwriter to the same extent as if addressed to the Underwriter.
  - (2) *Supplemental Opinion of Special Counsel.* A supplemental opinion of Special Counsel dated the date of Closing and addressed to the Underwriter, in substantially the form attached as Appendix C to this Purchase Agreement.
  - (3) *Opinion of Corporation's Counsel.* An opinion of Special Counsel, in its capacity as Counsel to the Corporation, dated the date of the Closing and addressed to the Underwriter, in a form and substance acceptable to the Underwriter.
  - (4) *Disclosure Counsel Opinion.* An opinion of Dannis Woliver Kelley, as Disclosure Counsel to the District, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter, stating that in the course of their participation in the preparation of the Official Statement, as disclosure counsel to the District, no information came to their attention that would lead them to believe that the Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information regarding the Insurer and certain information contained in the appendices, as to which no opinion need be expressed), as of the date thereof or as of the date of the opinion, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
  - (5) *District Certificate.* A certificate of the District, dated the date of the Closing, signed on behalf of the District by its Superintendent or other duly authorized officer of the District, in substantially the form attached as Appendix D to this Purchase Agreement.

- (6) *Corporation Certificate.* A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by President, Secretary, or other duly authorized officer of the Corporation, in substantially the form attached as Appendix E to this Purchase Agreement.
- (7) *Trustee's Certificate.* A certificate of the Trustee, dated the date of Closing, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, in substantially the form attached as Appendix F to this Purchase Agreement.
- (8) *Escrow Agent's Certificate.* A certificate of the Escrow Agent, dated the date of Closing, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, in substantially the form attached as Appendix G to this Purchase Agreement.
- (9) *Financial Advisor's Certificate.* A certificate of Dale Scott & Company, Inc., the financial advisor (the "Financial Advisor") to the District, dated the date of Closing, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, stating that based on the Financial Advisor's participation in the preparation and review of the Preliminary Official Statement and Official Statement, no information has come to their attention which would lead them to believe that the information contained in the Preliminary Official Statement and Official Statement is as of the date of delivery of the Bonds, not true or correct in all material respects, or that the Preliminary Official Statement and the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made.
- (10) *Official Statement.* The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the District by a duly authorized officer of the District.
- (11) *Documents.* An original executed copy of each of the Corporation Documents and each of the District Documents.
- (12) *Resolutions.* Certified copies of the resolution(s) of the Governing Board of the District approving the District Documents and the Official Statement, and the resolution(s) of the Board of Directors of the Corporation approving the Corporation Documents.
- (13) *Form 8038-G.* Evidence that the federal tax information form 8038-G has been prepared for filing.

- (14) *Tax Certificate.* A certificate assuring compliance with federal arbitrage law, in form satisfactory to Special Counsel.
- (15) *CDIAC Statements.* A copy of the Notices of Sale required to be delivered to the California Debt Investment Advisory Commission under Section 53583 of the California Government Code.
- (16) *Title Insurance.* Evidence of arrangements for the issuance of a binder for a CLTA title insurance policy insuring the District's leasehold interest in the Leased Property under the Facilities Lease, in form and substance acceptable to Special Counsel. Such title insurance policy shall insure that the Leased Property is free of all liens other than Permitted Encumbrances.
- (17) *Municipal Bond Insurance.* Receipt by the Trustee of the Bond Insurance Policy.
- (18) *Ratings.* Evidence that the Certificates have been rated “\_\_\_” based on the issuance of the Bond Insurance Policy, and an underlying rating of “\_\_\_”, by Standard & Poor's.
- (19) *Verification Report.* The report of Causey Demgen & Moore P.C., of Denver, Colorado (the “Verification Agent”), verifying the matters described in the Official Statement under “ESCROW VERIFICATION”.
- (20) *Additional Documents.* Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the District is unable to satisfy the conditions contained in this Section 9, or if the obligations of the Underwriter are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement will terminate and neither the Underwriter, the Corporation nor the District will have further obligations hereunder, except as further set forth in Section 10.

**10. Expenses.** The Underwriter is under no obligation to pay, and the District shall pay or cause to be paid, the expenses incident to the performance of the obligations of the District hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Corporation Documents and the District Documents and the cost of preparing, printing, executing and delivering the Certificates; (b) the fees and disbursements of the Trustee, the Escrow Agent, the Verification Agent and any accountants or other experts or consultants retained by the District; (c) the fees and disbursements of Special Counsel and Disclosure Counsel; (d) the cost of preparation and printing of the Preliminary Official Statement and the Official Statement, including a reasonable number of copies thereof for distribution by the Underwriter; (e) premiums payable to the Bond Insurer for the Bond Insurance Policy, and (f) the costs of ratings and any rating agency presentations.

The Underwriter shall pay, and the District has no obligation to pay, all expenses incurred by it in connection with the public offering and distribution of the Certificates, applicable CDIAC fees and any advertising expenses.

**11. Notice.** Any notice or other communication to be given to the District under this Purchase Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to \_\_\_\_\_.

**12. Entire Agreement.** This Purchase Agreement, when accepted by the District, constitutes the entire agreement between the District and the Underwriter and is made solely for the benefit of the District, the Corporation and the Underwriter (including their successors or assigns). No other person has any right hereunder by virtue hereof, except as provided herein. All of the District's representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Certificates hereunder, and (b) any termination of this Purchase Agreement.

**13. Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**14. Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**15. State Law Governs.** The validity, interpretation and performance of this Purchase Agreement is governed by the laws of California.

**16. No Assignment.** The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the District without the prior written consent of the other party hereto.

[UNDERWRITER]

By: \_\_\_\_\_  
\_\_\_\_\_, Vice President

Accepted as of the date first stated above:

**STOCKTON UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Lisa Grant-Dawson, Chief Business Official

**STOCKTON UNIFIED SCHOOL DISTRICT  
FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
Maria Mendez, President



## APPENDIX A

### MATURITY SCHEDULE

| <u>Maturity<br/>(February 1)</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Yield</u> | <u>CUSIP<sup>†</sup></u> |
|----------------------------------|-----------------------------|--------------------------|--------------|--------------------------|
| 2018                             |                             |                          |              |                          |
| 2019                             |                             |                          |              |                          |
| 2020                             |                             |                          |              |                          |
| 2021                             |                             |                          |              |                          |
| 2022                             |                             |                          |              |                          |
| 2023                             |                             |                          |              |                          |
| 2024                             |                             |                          |              |                          |
| 2025                             |                             |                          |              |                          |
| 2026                             |                             |                          |              |                          |
| 2027                             |                             |                          |              |                          |
| 2028                             |                             |                          |              |                          |
| 2029                             |                             |                          |              |                          |
| 2030                             |                             |                          |              |                          |
| 2031                             |                             |                          |              |                          |
| 2032                             |                             |                          |              |                          |
| 2033                             |                             |                          |              |                          |
| 2034                             |                             |                          |              |                          |
| 2035                             |                             |                          |              |                          |
| 2036                             |                             |                          |              |                          |

## REDEMPTION PROVISIONS

***Optional Redemption.*** The Certificates maturing on or after February 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and at random within a maturity) on any date, on or after February 1, 2027, at the redemption price of par, plus accrued interest to the date fixed for redemption.

***Mandatory Redemption.*** The Certificates maturing on February 1, 20\_\_ and (the “Term Certificates”) are subject to mandatory redemption prior to their stated maturity, in part, at random from Mandatory Sinking Account Payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

| Mandatory<br>Redemption Date<br>(February 1) | Principal<br>Amount |
|--|---------------------|
|--|---------------------|

## **APPENDIX B**

### **TERMINATION EVENTS**

The following events are grounds for termination of this Purchase Agreement by the Underwriter under Section 9(d) of this Purchase Agreement:

- (1) Any event which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading.
- (2) The marketability of the Certificates or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or any branch of the California State Legislature, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the District or the Corporation, or the interest on bonds or notes or obligations of the general character of the Certificates.
- (3) Any legislation, ordinance, rule or regulation is introduced in or enacted by any governmental body, department or agency of California, or a decision by any court of competent jurisdiction within California or any court of the United States is rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates.

- (4) Legislation is enacted by the Congress of the United States, or a decision by a court of the United States is rendered by or on behalf of the Securities and Exchange Commission or any other governmental agency of competent jurisdiction, to the effect that either (A) the execution, delivery, offering or sale of the Certificates or securities of the general character of the Certificates violates or is not exempt from registration under any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or (B) the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect.
- (5) Additional material restrictions not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Certificates.
- (6) A general banking moratorium is established by federal or State authorities.
- (7) The United States becomes engaged in hostilities resulting in a declaration of war or a national emergency, or there occurs any other outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States, in the reasonable opinion of the Underwriter, materially and adversely affects the ability of the Underwriter to market or deliver the Certificates.
- (8) Any rating on the District's securities is downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Certificates.
- (9) The commencement of any action, suit or proceeding described in paragraph 7(g) which, in the judgment of the Underwriter, materially adversely affects the market price of the Certificates.
- (10) There is a general suspension of trading on the New York Stock Exchange.

## **APPENDIX C**

### **SUPPLEMENTAL OPINION OF SPECIAL COUNSEL**

The Supplemental Opinion of Special Counsel must be substantially to the following effect:

- (1) The statements contained in the Official Statement on the cover page and under the captions “INTRODUCTION,” “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES,” and “TAX MATTERS,” and in Appendices D and E thereto, insofar as such statements expressly summarize certain provisions of the Certificates, the Trust Agreement, the Ground Lease, the Facilities Lease and the Termination Agreement, and Special Counsel’s opinion concerning certain federal tax matters and State of California personal income tax matters relating to the Certificates, are accurate in all material respects.
- (2) The resolution of the District (the “District Resolution”) authorizing the execution and delivery of the District Documents and approving the Official Statement was duly adopted at a meeting of the Governing Board of the District at which a quorum was present and acting throughout, the notice of which was duly given in accordance with the applicable laws of the State of California, and the District Resolution is in full force and effect and has not been modified, amended or rescinded.

## **APPENDIX D**

### **DISTRICT OFFICER CLOSING CERTIFICATE**

The Certificate of an authorized officer of the District to be delivered at the Closing must be substantially to the following effect:

- (1) The resolution (the "District Resolution") of the Governing Board approving and authorizing the execution and delivery of the District Documents and approving the Official Statement, was duly adopted at a meeting of the Governing Board called and held under law and with all public notice required by law and at which a quorum was present and acting throughout and the District Resolution is in full force and effect and has not been modified, amended or rescinded.
- (2) The execution and delivery of the District Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the District a breach of or default under, any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.
- (3) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of the undersigned after due investigation, threatened against the District, challenging the creation, organization or existence of the District, or the validity of the District Documents or seeking to restrain or enjoin the Rental Payments or in any way contesting or affecting the validity of the District Documents or any of the transactions referred to therein or contemplated thereby or contesting the Corporation of the District to enter into or perform its obligations under any of the District Documents, or under which a determination adverse to the District would have a material adverse effect upon the financial condition or the revenues of the District, or which, in any manner, questions or affects the right or ability of the District to enter into the District Documents or affects in any manner the right or ability of the District to make Rental Payments.
- (4) The representations, warranties and covenants of the District contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the District has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the District at or prior to the date of the Closing.

- (5) No event affecting the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

## APPENDIX E

### CORPORATION OFFICER CLOSING CERTIFICATE

The Certificate of an authorized officer of the Corporation to be delivered at the Closing must be substantially to the following effect:

- (1) The Corporation is a nonprofit public benefit corporation duly created and lawfully existing under the laws of California, with full right, power and authority to execute, deliver and perform its obligations under the Corporation Documents and to carry out and consummate the transactions on its part contemplated by the Corporation Documents and the Official Statement.
- (2) The Corporation is not, in any manner which would adversely affect the transactions contemplated by the Corporation Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated by the Corporation Documents, a default or event of default under any such instrument; and the authorization, execution and delivery of the Corporation Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of California or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Corporation Documents.
- (3) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending with respect to which the Corporation has been served with process or, to the best knowledge of the Corporation after due investigation, threatened (a) in any way questioning the



existence of the Corporation or the titles of the officers of the Corporation to their respective offices; or (b) affecting, contesting or seeking to prohibit, restrain or enjoin the execution and delivery of the Certificates, or in any way contesting or affecting the validity of the Corporation Documents or the consummation of the transactions contemplated thereby, or contesting the powers of the Corporation to enter into the Corporation Documents, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (a) and (b) of this sentence.

## **APPENDIX F**

### **TRUSTEE CLOSING CERTIFICATE**

The Certificate of an authorized officer of the Trustee to be delivered at the Closing must be substantially to the following effect:

- (1) The Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into and perform its obligations under the Trust Agreement.
- (2) The Trust Agreement has been duly authorized, executed and delivered by the Trustee and the Trust Agreement constitutes the legal, valid and binding obligations of the Trustee enforceable in accordance with their terms, except as 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.
- (3) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Trust Agreement or the performance by the Trustee of its duties and obligations under the Trust Agreement.
- (4) The Certificates have been executed by a duly authorized officer of the Trustee.
- (5) The execution and delivery by the Trustee of the Trust Agreement and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties.
- (6) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or to the best knowledge of the Trustee, threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligations thereunder.

## **APPENDIX G**

### **ESCROW AGENT CLOSING CERTIFICATE**

The Certificate of an authorized officer of the Escrow Agent to be delivered at the Closing must be substantially to the following effect:

- (1) The Escrow Agent is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into and perform its obligations under the Escrow Agreement.
- (2) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Agent and constitutes the legal, valid and binding obligations of the Escrow Agent enforceable in accordance with their terms, except as 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.
- (3) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Agent that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement or the performance by the Escrow Agent of its duties and obligations under the Escrow Agreement.
- (4) The execution and delivery by the Escrow Agent of the Escrow Agreement and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Escrow Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Agent or any of its activities or properties.
- (5) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or to the best knowledge of the Escrow Agent, threatened against the Escrow Agent which in the reasonable judgment of the Escrow Agent would affect the existence of the Escrow Agent or in any way contesting or affecting the validity or enforceability of the Escrow Agreement or contesting the powers of the Escrow Agent or its authority to enter into and perform its obligations thereunder.

SUBJECT: Adoption of Resolution No. 17-11 to Adopt the 2016-17 and 2017-18  
Appropriations (Gann) Limit

### INTRODUCTION

The purpose of this agenda is to present to the Governing Board an annual update and required resolution regarding the GANN Limit calculation. This annual update is provided in conjunction with the Unaudited Actuals Financial Report and year end close process. By adopting this resolution, the Board approves the recalculation of the 2016-17 Appropriations (Gann) Limit and approves the District's maximum Appropriations (Gann) Limit for the 2017-18 fiscal year, as required by Senate Bill 98 and Assembly Bill 198.

### ANALYSIS

In 1978, California voters passed Proposition 13, which limited how much public agencies can collect in taxes. In 1979, the voters passed Proposition 4, commonly called the Gann Limit, which determines the amount public agencies can spend from the proceeds of state and local taxed.

On or before September 15<sup>th</sup> of each year, Education Code 42132 requires school districts to adopt a resolution identifying the actual appropriations limit for the prior year and the estimated limit for the forthcoming year. This resolution shall include the report used to calculate the limit and identify if an increase to the limit is required.

The Gann Limit calculation is a coinciding calculation and supplemental report included in the Unaudited Actuals Financial Report (Form GANN). The 2017-18 Gann Limit is based on the 2015-16 limit increased for inflation and the projected decrease in the 2017-18 average daily attendance (ADA). Senate Bill 98 and Assembly Bill 198 passed by the respective houses of the State Legislature in 1989 amended the statutes, which determine how school districts calculate their Appropriations Limit.

The District is reporting an increase in its Gann Limit appropriation as reflected in Section D, line 11, of the Form GANN report. This calculation indicates that the 2016-17 Gann Limit for Stockton Unified School District is \$246,045,493.83 and \$256,374,682.96 for 2017-18. Pending adoption of the resolution, this report will be submitted to the San Joaquin County Office of Education as a component of the District's 2016-17 Unaudited Actuals Report.

Funding Source: Not Applicable

### RECOMMENDATION

It is recommended that the Governing Board adopt Resolution No. 17-11 to adopt the 2016-2017 Appropriations Limit recalculation and the 2017-2018 estimated Appropriations (Gann) Limit.

Prepared by: Ms. Susanne Montoya, Executive Director, Business Services  
Business Services

Reviewed by: Ms. Lisa Grant-Dawson, Chief Business Official  
Business Services

STOCKTON UNIFIED SCHOOL DISTRICT

Resolution No. 17-11

Resolution to Adopt the 2016-2017 and 2017-2018 Appropriations (Gann) Limit

WHEREAS, in November of 1979, the California electorate did adopt Proposition 4, Commonly called the Gann Amendment, which added Article XIII B to the California Constitution; and

WHEREAS, the provisions of that Article established maximum Appropriation Limitations, commonly called "Gann Limits," for public agencies, including school districts; and

WHEREAS, Senate Bill 98 (Chapter 82/89) and Assembly Bill 198 (Chapter 83/89) amended the statutes which determine how school districts calculate their Appropriations Limits and population adjustment; and

WHEREAS, local education agencies are required to report their Appropriations Limits, Appropriations Subject to Limitation, and the amount of state aid excluded to the Superintendent of Public Instruction and to the Director of Finance; and

WHEREAS, the District must recalculate an Appropriations Limit for the 2016-2017 fiscal year in accordance with the provisions of Senate Bill 98 and applicable statutory law.

NOW, THEREFORE, BE IT RESOLVED that this Board does provide public notice that the attached worksheets of the Gann Limit for the 2016-2017 and 2017-2018 fiscal years are made in accord with applicable constitutional and statutory law and that the following Gann Limits are so determined:

| 2016-2017        | 2017-2018        |
|------------------|------------------|
| \$246,045,493.83 | \$256,374,682.96 |

BE IT FURTHER RESOLVED that the Superintendent provides copies of this resolution along with appropriate attachments to interested citizens of this district.

PASSED AND ADOPTED by the following vote of the members of the Governing Board of the Stockton Unified School District of San Joaquin County, State of California, this 12<sup>th</sup> day of September 2017.

AYES:

NOES:

ABSENT:

ABSTAIN:

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Daniel Wright, Acting Superintendent/Secretary,  
Governing Board, Stockton Unified School  
District of San Joaquin County, State of California

SUBJECT: Approval of 2016 - 2017 Unaudited Actuals Report

### INTRODUCTION

The purpose of this report is to notify the Governing Board that the District has completed all financial transactions for the 2016-17 fiscal year. The Unaudited Actuals report has been prepared in accordance with Education Code (EC) Section 41010 and is being presented for review and acceptance. The summary results of the District's 2016-17 financial activity is being presented at the September 12, 2017 regularly scheduled Governing Board Meeting.

### ANALYSIS

The Unaudited Actuals report the District's actual financial activity for the 2016-17 fiscal year, and also determine the District's beginning fund and cash balances for the 2017-18 year for all funds.

The Unaudited Actuals Report will be submitted to the SJCOE by September 15, 2017 for the required review and subsequent submission to the California Department of Education (CDE). The Unaudited Actuals will be audited by the District's externals auditor in October 2017, and the final Audited Financial Report will be filed and presented to the Governing Board by December 2017.

Funding Source: Not Applicable

### RECOMMENDATION

It is recommended that the Governing Board review and accept the 2016-2017 Unaudited Actuals Report as presented and in preparation for submission to the San Joaquin County Office, California Department of Education, and for the ensuing audit of the District's 2016-2017 financial activity.

The District's General Fund Unrestricted and Restricted ending fund balances are \$128,706,906 and \$13,522,435 respectively.

Prepared by: Ms. Susanne Montoya, Executive Director  
Business Services

Reviewed by: Ms. Lisa Grant-Dawson, Chief Business Official  
Business Services

SUBJECT: Approval of the Delay in Adoption of the Initial Study/Mitigated Negative Declaration for a future SUSD Corporation Yard Expansion Project at the 2461 N. Wilson Way Property at the Conclusion of the Public Hearing on the Matter

### INTRODUCTION

To be in compliance with the California Environmental Quality Act (CEQA) requirements associated with a future SUSD Corporation Yard Expansion Project at the 2461 N. Wilson Way Property, staff has worked with environmental consultants to produce an Initial Study/Mitigated Negative Declaration for the property.

### ANALYSIS

On August 1, 2017, an Initial Study/Mitigated Negative Declaration was completed for the future SUSD Corporation Yard Expansion to be located at 2461 N. Wilson Way. The Initial Study/Mitigated Negative Declaration concluded that, although the proposed project could have a significant effect on the environment, the District has made revisions to the project and/or agreed to developed mitigation measures that would reduce potential effects to less than significant level. As a result of these proactive measures by the District, the report was prepared pursuant to the California Environmental Quality Act (CEQA).

Copies of the Initial Study/Negative Declaration were sent to local agencies and to the State Clearinghouse for distribution, with the review period beginning on August 1, 2017, and ending on August 31, 2017. Additionally, the Notice of Intent to Adopt (NOI) the Initial Study/Mitigated Negative Declaration was advertised in a newspaper of general circulation as recommended by the CEQA guidelines.

The NOI outlined that the Governing Board would consider the adoption of the Initial Study/Mitigated Negative Declaration at its public meeting on September 12, 2017. Staff is amending the adoption date and is recommending that the adoption of the final Initial Study/Mitigated Negative Declaration be delayed until no later than the October 24, 2017 board meeting. This would allow time for all comments received during the 30 day comment period to be received and fully vetted.

Funding Source: N/A

### RECOMMENDATION

It is recommended that a public hearing be held on September 12, 2017 to allow for any public comment on the Initial Study/ Mitigated Negative Declaration for the property located at 2461 N. Wilson Way. It is also recommended that the Governing Board Approve the Delay in Adoption of the Initial Study/ Mitigated Negative Declaration for a future SUSD Corporation Yard Expansion Project at the Wilson Way Property. Staff will present the adoption of the report no later than the October 24, 2017 Board Meeting.

Prepared by: Mr. Steve L. Breakfield, Director, Facilities & Planning

Reviewed by: Ms. Lisa Grant-Dawson, Chief Business Official

SUBJECT: Awarding Contracts; Approving Change Orders, Rejecting All Bids and Authorizing the Filing of Notice of Completions

### INTRODUCTION

The District is providing the current list of all new contracts to be awarded, change orders to be approved, all bids to be rejected and notice of completions to be filed for various projects. Each item has been reviewed by staff and/or legal counsel to ensure compliance. A summary of each project is included in this agenda item. The complete contracts are available for inspection and review in the District's Purchasing or Facilities Department.

|   |                  |                        |              |
|---|------------------|------------------------|--------------|
|   |                  |                        |              |
| District Wide Video Surveillance,<br>Phase X* | Ojo Technologies | Reserve Capital Outlay | \$150,385.79 |
|   |                  |                        |              |
| None  |                  |                        |              |
|   |                  |                        |              |
| None  |                  |                        |              |
|   |                  |                        |              |
| None  |                  |                        |              |

\*Piggyback of Ojo Technologies California Multiple Award Schedules (CMAS) Contract Number 3-15-88-0022K and Avigilon Equipment CMAS Contract Number 3-16-84-0022M in accordance with Public Contract Code Section 20118

### District Wide Video Surveillance, Phase X

**PROJECT SCOPE:** This is the tenth phase of the District Wide Video Surveillance Project. The project consists of the installation of all required components to integrate the existing exterior video surveillance system at Edison High School into the District's current Avigilon platform.

### RECOMMENDATION

It is recommended that the Governing Board award the contract(s) listed; approve the change orders presented, reject the bids listed and authorize the filing of notice of completions.

Prepared by: Mr. Steve L. Breakfield, Director, Facilities & Planning

Reviewed by: Ms. Lisa Grant-Dawson, Chief Business Official



10.0 Public Employee /Open Session