### Resolution Authorizing Chico Unified School District to Sell Bonds Directly

**Subject:** Resolution Authorizing Chico Unified School District to Sell Bonds Directly

**Department:** Treasurer-Tax Collector Office

**Meeting Date Requested:** May 21, 2019

**Contact:** Peggy Moak  
**Phone:** 530.552.3737

**Fiscal Impact:** None.

**Personnel Impact:** None.

**Action Requested:** Adopt Resolution and Authorize the chair to sign.

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**Department Summary:** (Information provided in this section will be included on the agenda. Attach explanatory memorandum and other background as necessary).

On November 8, 2016, voters in the Chico Unified School District (the District) approved the issuance of $152,000,000 in bonds for various purposes set forth in the ballot to the voters pertaining to educational facilities within the District. Series A Bonds in the amount of $45,000,000 were issued under this authorization on April 25, 2017. The County has received a certified copy of the District’s Resolution authorizing the issuance of the Series B current interest bonds “Chico Unified School District General Obligation Bonds, Election of 2016, Series B” in an aggregate principal amount not-to-exceed $55,000,000.

The District is requesting that the Board of Supervisors adopt a resolution allowing the District to issue General Obligation Bonds directly, without the involvement of the Board as a conduit issuer, under Government Code section 15140(b). Pursuant to the District Resolution, the District is formally requesting the Auditor-Controller levy ad valorem taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, and to place on its 2019/2020 tax roll, and all subsequent tax rolls, taxes sufficient to fulfill the requirements of the debt service schedule for the Bonds that will be provided to the Auditor-Controller and Treasurer-Tax Collector by the District following the sale of the Bonds. The District Board additionally requests that the County Treasurer be authorized and directed to execute documents necessary to the transaction.

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**Administrative Office Review:** Meegan Jessee, Deputy Chief Administrative Officer
MEMORANDUM

DATE: May 21, 2019

TO: Butte County Board of Supervisors

FROM: Troy Kidd, Treasurer – Tax Collector

RE: Resolution of the Board of Supervisors Authorizing Chico USD to Sell Bonds Directly

Summary

The Chico Unified School District (the District) Board of Trustees is requesting that the County Board of Supervisors adopt a resolution allowing the District to issue General Obligation Bonds directly, without the involvement of the Board of Supervisors as a conduit issuer, under Education Code Section 15140(b).

In 2016, the District voters approved the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in an aggregate amount not to exceed $152,000,000, payable from the levy of an ad valorem tax against the taxable property in the District.

On April 25, 2017, The District issued its $20,000,000 aggregate principal amount of General Obligation Bonds Election of 2016, Series A-1 and its $25,000,000 aggregate principal amount of General Obligation Bonds Election of 2016; Series A-2, all pursuant to the authorization of the Bond Measure and Bond Law.

The Board of Supervisors of the County (the Board) has received a certified, adopted copy of Resolution No. 1466.19 of the Board of Education of the District (The District Resolution), authorizing the issuance of a third series of bonds pursuant to the Bond Measure in an aggregate principal amount not-to-exceed $55,000,000 to be designated the “Chico Unified School District (Butte County, California) General Obligation Bonds Election of 2016, Series B” (the Bonds).

The Bonds will be issued as current interest bonds, which are subject to optional redemption in ten years. This is the preferred type of bond structure from a taxpayer perspective, as it generally results in lower overall interest costs and provides the flexibility to issue refunding bonds to achieve a lower overall cost, assuming favorable market conditions, once the optional redemption date comes around.
The proposed term for the bonds is planned to be **25 years** or less, with an estimated repayment cost of **1.654** times the amount borrowed, including costs of issuance. The District has planned the authorized debt issuance in a manner designed to maintain fairly stable ad valorem tax rates, and has worked closely with the Auditor-Controller and the District financing team to structure the debt service, accordingly. The District has contracted for a negotiated bond sale, which they believe to be in the best interest of the District and taxpayers, and the underwriter’s discount is at a favorable .3% maximum. The District has retained a Financial Advisor, who will act as a pricing agent for the sale. This function serves to provide an objective overview of market conditions and marketplace pricing at the time of issuance, thus providing further assurance that the pricing awarded the District is competitive with other similar issues.

The Resolution also authorizes the Auditor-Controller to levy ad valorem taxes in an amount sufficient to pay the principal and interest on the Bonds when due, and authorizes specified County officials to sign necessary documents to complete the transaction.

**Background**

School and Community College Districts issuing General Obligation Bonds approved by their voters can do so utilizing the Education Code, Section 15140, *et al* typically using the County Board of Supervisors as a conduit issuer. Bonds issued under this code are limited to **25 years** for repayment. The Board of Supervisors approves the debt issuance and all related documents, while the Treasurer reviews all documents for consistency and applicability, and is involved in providing oversight to pricing and debt structure. The bond proceeds are invested in the pooled Treasury and managed by the Treasurer. SB1029, passed in 2016, now requires a conduit issuer to report annually on conduit debt issued, as well as certifying that the District’s debt policy complies with new regulations and that their annual continuing disclosure requirements have been satisfied timely.

School and Community College Districts may directly issue General Obligation Bonds approved by their voters under Government Code 53506-09.5, only if the County Board of Supervisors adopts a resolution authorizing such issuance. Bonds issued under this Government Code can have terms of up to **40 years** for repayment. When schools are authorized to issue bonds directly, the County is **not required to be** a part of annual continuing disclosure and debt reporting under California Government Code Section 8855 (a), which is a consideration, as well.

The Treasurer generally acts as a fiduciary partner and a fiscal resource to the Butte County Office of Education and the school and community college districts to evaluate, advise and execute bond transactions, and may assist with analysis and feedback regarding appropriate financing structures that conform to a conservative debt financing approach that protects the taxpayers and citizens of the County. In this case, the District directly issues the bonds, and any involvement by the Treasurer in reviewing the documents is a courtesy as opposed to a requirement. The Bond proceeds are still invested in the pooled Treasury and managed by the Treasurer.

**Requested Action**

Adopt resolution and authorize the Chair to sign.
WHEREAS, the Chico Unified School District (the “District”) is a unified school district located within the County of Butte (the “County”), State of California (the “State”), and is organized and operating pursuant to the Constitution and laws of the State; and

WHEREAS, an election was duly and regularly held in the District (the “District”) on November 8, 2016, in accordance with Section 1(b)(3) of Article XIIIA of the California Constitution, for the purpose of submitting Measure K (the “Bond Measure”) to the qualified electors of the District, authorizing the issuance of general obligation bonds in the aggregate principal amount of $152,000,000, and more than the requisite 55% of votes cast were in favor of the Bond Measure; and

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (“the Bond Law”), general obligation bonds are authorized to be issued by the District for the purposes set forth in the ballot submitted to voters in the Bond Measure; and

WHEREAS, on April 25, 2017, the District issued its $20,000,000 aggregate principal amount of General Obligation Bonds Election of 2016, Series A-1 and its $25,000,000 aggregate principal amount of General Obligation Bonds Election of 2016, Series A-2, all pursuant to the authorization of the Bond Measure and the Bond Law; and

WHEREAS, the Board of Supervisors of the County (the "Board") has received a certified, adopted copy of Resolution No. 1499.19 of the Board of Education of the District (the "District Resolution"), authorizing the issuance of a third series of bonds pursuant to the Bond Measure in an aggregate principal amount not-to-exceed $55,000,000 to be designated the “Chico Unified School District (Butte County, California) General Obligation Bonds Election of 2016, Series B” (the "Bonds"); and

WHEREAS, the District has not received a qualified or negative certification in its most recent interim report; and

WHEREAS, California Education Code Section 15140(b) authorizes a county board of supervisors to adopt a resolution providing that, in specified circumstances, the governing board of a school district over which the county superintendent of schools has jurisdiction may issue and sell bonds on its own behalf and without further action by the board of supervisors or other offices of the county; and

WHEREAS, this Board desires to make such procedures available to the Board of Education of the District with regard to the Bonds; and
WHEREAS, pursuant to the District Resolution, the District has formally requested to have the Auditor-Controller of the County (the “Auditor-Controller”) levy ad valorem taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, and to place on its 2019-20 tax roll, and all subsequent tax rolls, taxes sufficient to fulfill the requirements of the debt service schedule for the Bonds that will be provided to the Auditor-Controller and Treasurer-Tax Collector of the County (the "Treasurer") by the District following the sale of the Bonds.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of the County of Butte as follows:

Section 1. Issuance of Bonds. This Board authorizes the District to issue and sell the Bonds on its own behalf under the Authorization, in one or more series of bonds, and in the maximum principal amount of $55,000,000, without further action by this Board.

Section 2. Levy and Collection of Tax for Payment of Bonds. This Board authorizes the levy and collection, on all taxable property in the County situated within the District, during the period when any of the Bonds are outstanding, ad valorem taxes in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, shall be paid to the Treasurer pursuant to Section 15251 of the Education Code.

Section 3. Preparation of Tax Roll. The Auditor-Controller is further authorized and directed to maintain on its 2019-20 tax roll, and all subsequent tax rolls until the Bonds are paid in accordance with their terms, taxes in an amount not less than sufficient to fulfill the requirements of the debt service schedule for the Bonds.

Section 4. Coordination with District on Tax Levy. The Board of Education of the District has requested this Board to establish an annual reserve for the purpose of avoiding fluctuating tax levies, as permitted under California Education Code Section 15250. This Board hereby authorizes the office of the Auditor-Controller to coordinate with the Assistant Superintendent, Business Services, of the District regarding the rate of the taxes to be levied.

Section 5. Other Actions. The Chair of the Board, the Clerk of the Board, the County Auditor-Controller, the County Counsel, and the Treasurer and the deputies and designees of such officers, are hereby authorized and directed to execute and deliver any and all certificates, representations or agreements as may be acceptable to County Counsel, and which are deemed necessary and desirable to accomplish the transactions authorized herein or to otherwise comply with the terms of this Resolution. Such actions heretofore taken by such officers, officials or staff are hereby ratified, confirmed and approved.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Butte County Board of Supervisors this 21st day of May, 2019, by the following vote:

AYES: ________________________________
NOES: ________________________________
ABSENT: ________________________________
NOT VOTING: ________________________________

______________________________
Steve Lambert, Chair
Butte County Board of Supervisors

ATTEST:
Shari McCracken, Chief Administrative Officer
and Clerk of the Board of Supervisors

By: ________________________________
Deputy
BOARD OF EDUCATION
CHICO UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 1466.19

AUTHORIZING THE ISSUANCE AND SALE OF
GENERAL OBLIGATION BONDS ELECTION OF 2016,
SERIES B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO
EXCEED $55,000,000 AND APPROVING RELATED
DOCUMENTS AND ACTIONS

WHEREAS, the Chico Unified School District (the "District") is a unified school
district located within the County of Butte (the "County"), State of California (the "State"),
and is organized and operating pursuant to the Constitution and laws of the State; and

WHEREAS, an election was duly and regularly held in the District on November 8,
2016, in accordance with Section 1(b)(3) of Article IIIA of the California Constitution, for
the purpose of submitting Measure K (the "Bond Measure") to the qualified electors of the
District, authorizing the issuance of general obligation bonds in the aggregate principal
amount of $152,000,000, and more than the requisite 55% of votes cast were in favor of
the Bond Measure; and

WHEREAS, the abbreviated form of the Bond Measure is:

"To improve the quality of local public education by preventing overcrowding at
elementary schools and providing safe schools through repairing or replacing leaky
roofs and outdated electrical and plumbing systems, upgrading, modernizing and
constructing classrooms and science labs, improving student access to technology
and improving access for students with disabilities shall Chico Unified School
District issue $152,000,000 of bonds at legal rates, including independent citizens' oversight, audits, all funds staying local and NO money for administrative salaries?", and

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of
the California Government Code ("the Bond Law"), general obligation bonds are
authorized to be issued by the District for the purposes set forth in the ballot submitted to
voters in the Bond Measure; and

WHEREAS, on April 25, 2017, the District issued its $20,000,000 aggregate
principal amount of General Obligation Bonds Election of 2016, Series A-1 and its
$25,000,000 aggregate principal amount of General Obligation Bonds Election of 2016,
Series A-2, all pursuant to the authorization of the Bond Measure and the Bond Law; and

WHEREAS, the District wishes at this time to initiate proceedings for the issuance
of a third series of Bonds pursuant to the authorization of the Bond Measure and the Bond
Law, in an aggregate principal amount not to exceed $55,000,000, to be designated
"Chico Unified School District General Obligation Bonds Election of 2016, Series B" (the
"Series B Bonds"), as provided in this Resolution for the purpose of providing financing for
projects which are authorized under the Bond Measure and the Bond Law; and
WHEREAS, the District’s second interim report for fiscal year 2018-19 was certified as positive and the District intends to sell the Bonds on a negotiated basis directly and on its own behalf in accordance with the Bond Law; and

WHEREAS, in accordance with Government Code Section 5852.1, the Board has obtained and disclosed the information set forth in Appendix B hereto; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Chico Unified School District as follows:

ARTICLE I

DEFINITIONS; AUTHORITY

SECTION 1.01. Definitions. The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings given them below, unless the context clearly requires some other meaning.

"Authorized Investments" means the County Investment Pool, the Local Agency Investment Fund of the California State Treasurer, any investments authorized pursuant to Sections 53601 and 53635 of the California Government Code, and investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply with the requirements of Section 148 of the Tax Code).

"Board" means the Board of Education of the District.

"Bond Counsel" means (a) the firm of Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

"Bond Law" means Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53506 of said Code, or such other law pursuant to which the Series B Bonds may be issued, as in effect on the date of adoption hereof and as amended hereafter.

"Bond Measure" means Measure K submitted to and approved by more than the requisite 55% of the voters on November 8, 2016, under which the issuance of the Series B Bonds has been authorized.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the District and the Underwriter, under which the Underwriter agrees to purchase the Series B Bonds and pay the purchase price therefor.

"Building Fund" means the fund maintained by the County Treasurer under Section 3.03.
"Closing Date" means the date upon which there is a delivery of the Series B Bonds in exchange for the amount representing the purchase price of the Series B Bonds by the Underwriter.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate to be executed and delivered by a District Representative on the Closing Date.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, issuance, sale and delivery of the Series B Bonds, including but not limited to the costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Paying Agent and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees and any other cost, charge or fee in connection with the original issuance and sale of the Series B Bonds.

"County" means the County of Butte, a political subdivision of the State of California, duly organized and existing under the Constitution and laws of the State of California.

"County Treasurer" means the Butte County Treasurer-Tax Collector, or any authorized deputy thereof.

"Debt Service Fund" means the account maintained by the County Treasurer under Section 4.02 of this Resolution.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.09.

"Depository System Participant" means any participant in the Depository's book-entry system.

"District" means the Chico Unified School District, a unified school district organized under the Constitution and laws of the State of California, and any successor thereto.

"District Representative" means the President of the Board, the Secretary to the Board, the Superintendent or the Assistant Superintendent, Business Services, of the District, or such officer's written designee, or any other person authorized by resolution of the Board of Education of the District to act on behalf of the District with respect to this Resolution and the Series B Bonds.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Education Code" means the Education Code of the State of California, as in effect on the Closing Date or as thereafter amended from time to time.

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.
"Government Code" means the Government Code of the State of California, as in effect on the Closing Date or as thereafter amended from time to time.

"Interest Payment Dates" means February 1 and August 1 in each year during the term of such Series B Bond, commencing on the date set forth in the Bond Purchase Agreement, provided, however, that such dates are subject to modification as provided in the Bond Purchase Agreement.

"Office" means the office or offices of the Paying Agent for the payment of the Series B Bonds and the administration of its duties hereunder. The Paying Agent may designate and re-designate the Office from time to time by written notice filed with the County and the District.

"Outstanding," when used as of any particular time with reference to Series B Bonds, means all Series B Bonds except: (a) Series B Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation; (b) Series B Bonds paid or deemed to have been paid within the meaning of Section 9.02; and (c) Series B Bonds in lieu of or in substitution for which other Series B Bonds have been authorized, executed, issued and delivered by the District under this Resolution.

"Owner", whenever used herein with respect to a Series B Bond, means the person in whose name the ownership of such Series B Bond is registered on the Registration Books.

"Paying Agent" means any bank, trust company, national banking association or other entity appointed as paying agent for the Series B Bonds in the manner provided in Article VI of this Resolution, initially The Bank of New York Mellon Trust Company, N.A.

"Record Date" means the 15th day of the month preceding an Interest Payment Date, whether or not such day is a business day.

"Registration Books" means the records maintained by the Paying Agent for the registration of ownership and registration of transfer of the Series B Bonds under Section 2.08.

"Resolution" means this Resolution, as originally adopted by the Board and including all amendments hereto and supplements hereof which are duly adopted by the Board from time to time in accordance herewith.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositaries as the District may designate in a written request of the District delivered to the Paying Agent.

"Series B Bonds" means the not-to-exceed $55,000,000 aggregate principal amount of Chico Unified School District (Butte County, California) General Obligation Bonds Election of 2016, Series B, issued and at any time Outstanding under this Resolution.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to
obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Underwriter" means Morgan Stanley & Co. LLC, as original purchaser of the Series B Bonds upon the negotiated sale thereof, as designated pursuant to Section 3.01.

"Written Certificate of the District" means an instrument in writing signed by a District Representative or by any other officer of the District duly authorized by the District and listed on a written request of the District for that purpose.

SECTION 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 1.03. Authority for this Resolution; Findings. This Resolution is entered into under the provisions of the Bond Law. The Board hereby certifies that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of the Series B Bonds do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that the amount of the Series B Bonds, together with all other indebtedness of the District, will not exceed any limit prescribed by any laws of the State of California.
ARTICLE II

THE SERIES B BONDS

SECTION 2.01. Authorization. The Board hereby authorizes the issuance of the Series B Bonds in an aggregate principal amount not to exceed $55,000,000 under and subject to the terms of Article XllIA, Section 1 paragraph (b) of the California Constitution, the Bond Law and this Resolution, for the purpose of raising funds for the acquisition or improvement of educational facilities in accordance with the Bond Measure, and to pay Costs of Issuance. This Resolution constitutes a continuing agreement between the District and the Owners of all of the Series B Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal thereof and interest and premium, if any, on all Series B Bonds, subject to the covenants, agreements, provisions and conditions herein contained. The Series B Bonds will be issued as current interest bonds and shall be designated the "Chico Unified School District General Obligation Bonds Election of 2016, Series B".

SECTION 2.02. Terms of Series B Bonds.

(a) Terms of Series B Bonds. The Series B Bonds will be issued as fully registered bonds, without coupons, in the denomination of $5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Series B Bonds maturing in the year of maturity of the Series B Bond for which the denomination is specified. Series B Bonds will be lettered and numbered as the Paying Agent may prescribe. The Series B Bonds will be dated as of the Closing Date.

Interest on the Series B Bonds is payable semi-annually on each Interest Payment Date. Each Series B Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date, in which event it will bear interest from the Closing Date. Notwithstanding the foregoing, if interest on any Series B Bond is in default at the time of authentication thereof, such Series B Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(b) Maturities: Basis of Interest Calculation. The Series B Bonds will mature on August 1 (unless otherwise provided in the Bond Purchase Agreement) in the years and in the amounts, and will bear interest at the rates, as determined upon the sale thereof as provided in the Bond Purchase Agreement; provided, however, the maximum interest rate per annum and the final maturity date shall not extend beyond the legal limits set forth in the Bond Law. Interest on the Series B Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The final maturity of the Series B Bonds shall not exceed the legal limit identified in the Bond Law, and if the final maturity is more than 30 years after the Closing Date, a District Representative is authorized to execute a certification confirming that the useful life of the facilities to be financed with the proceeds of the Series B Bonds which mature more than 30 years after the Closing Date exceeds the final maturity date of said Series B Bonds.
(c) CUSIP Identification Numbers. CUSIP identification numbers will be imprinted on the Series B Bonds, but such numbers do not constitute a part of the contract evidenced by the Series B Bonds and any error or omission with respect thereto will not constitute cause for refusal of any purchaser to accept delivery of and pay for the Series B Bonds. In addition, failure on the part of the District to use such CUSIP numbers in any notice to Owners of the Series B Bonds will not constitute an event of default or any violation of the District’s contract with such Owners and will not impair the effectiveness of any such notice.

(d) Payment. Interest on the Series B Bonds (including the final interest payment upon maturity or redemption) is payable by check, draft or wire of the Paying Agent mailed to the Owner thereof (which will be DTC so long as the Series B Bonds are held in the book-entry system of DTC) at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; except that at the written request of the Owner of at least $1,000,000 aggregate principal amount of the Series B Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Series B Bonds will be paid on the succeeding Interest Payment Date to such account as will be specified in such written request. Principal of and premium (if any) on the Series B Bonds is payable in lawful money of the United States of America upon presentation and surrender at the Office of the Paying Agent.

(e) Provisions of Bond Purchase Agreement to Control. Notwithstanding the foregoing provisions of this Section and the following provisions of Section 2.03, any of the terms of the Series B Bonds may be established or modified under the Bond Purchase Agreement. In the event of a conflict or inconsistency between this Resolution and the Bond Purchase Agreement relating to the terms of the Series B Bonds, the provisions of the Bond Purchase Agreement will be controlling.

SECTION 2.03. Redemption of Series B Bonds.

(a) Optional Redemption Dates and Prices. The Series B Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on the dates and at the respective redemption prices as set forth in the Bond Purchase Agreement.

(b) Mandatory Sinking Fund Redemption. If the Bond Purchase Agreement specifies that any one or more maturities of the Series B Bonds are term bonds which are subject to mandatory sinking fund redemption, each such maturity of Series B Bonds shall be subject to such mandatory sinking fund redemption on August 1 (unless otherwise provided in this Resolution) in each of the years and in the respective principal amounts as set forth in the Bond Purchase Agreement, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If any such term bonds are redeemed under the provisions of the preceding clause (a), the total amount of all future payments under this subsection (b) with respect to such term bonds shall be reduced by the aggregate principal amount of such term bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.
(c) **Selection of Series B Bonds for Redemption.** Whenever less than all of the Outstanding Series B Bonds of any one maturity are designated for redemption, the Paying Agent shall select the Outstanding Series B Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series B Bond will be deemed to consist of individual bonds of $5,000 portions.

(d) **Redemption Procedure.** The Paying Agent will cause notice of any redemption to be mailed first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Series B Bonds designated for redemption, at their addresses appearing on the Registration Books. Such notice may be a conditional notice of redemption and subject to rescission as set forth in (e) below. Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Series B Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories at least two days prior to such mailing to the Series B Bond Owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Series B Bonds are to be called for redemption, shall designate the serial numbers of the Series B Bonds to be redeemed by giving the individual number of each Series B Bond or by indicating those Series B Bonds between two stated numbers, both inclusive, or by stating that all of the Series B Bonds of one or more maturities have been called for redemption, and shall require that such Series B Bonds be then surrendered at the Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Series B Bonds will not accrue from and after the redemption date.

Upon surrender of Series B Bonds redeemed in part only, the District shall execute and the Paying Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Series B Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series B Bond or Bonds.

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Series B Bonds so called for redemption have been duly provided, the Series B Bonds called for redemption will cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice. The Paying Agent will cancel all Series B Bonds redeemed under this Section and will furnish a certificate of cancellation to the District.

(e) **Right to Rescind Notice of Redemption.** The District has the right to rescind any notice of the optional redemption of Series B Bonds under subsection (a) of this Section by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series B Bonds then called for redemption. The District and the Paying Agent shall have no liability to the Series B Bond Owners or any other party related to or arising from such
rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under subsection (d) of this Section.

SECTION 2.04. Form of Series B Bonds. The Series B Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon will be substantially in the forms, respectively, as are set forth in Appendix A attached hereto, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution and the Bond Purchase Agreement.

SECTION 2.05. Execution of Series B Bonds. The Series B Bonds shall be signed by the facsimile signature of the President of the Board and shall be attested by the facsimile signature of the Secretary of the Board. Only those Series B Bonds bearing a certificate of authentication and registration in the form set forth in Appendix A attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent is conclusive evidence that the Series B Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

SECTION 2.06. Transfer of Series B Bonds. Subject to Section 2.10, any Series B Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series B Bond for cancellation at the Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Series B Bond issued upon any transfer.

Whenever any Series B Bond or Bonds is surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Series B Bond or Bonds, for like aggregate principal amount. No transfers of Series B Bonds shall be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Series B Bonds for redemption or (b) with respect to a Series B Bond which has been selected for redemption.

SECTION 2.07. Exchange of Series B Bonds. Series B Bonds may be exchanged at the principal Office of the Paying Agent for a like aggregate principal amount of Series B Bonds of authorized denominations and of the same maturity, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. The District may charge a reasonable sum for each new Series B Bond issued upon any exchange (except in the cases of any exchange of temporary Series B Bonds for definitive Series B Bonds). No exchange of Series B Bonds is required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Series B Bonds for redemption or (b) with respect to a Series B Bond after it has been selected for redemption.

SECTION 2.08. Registration Books. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Series B Bonds, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations
as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series B Bonds as herein before provided.

SECTION 2.09. Book-Entry System. Except as provided below, DTC shall be the Owner of all of the Series B Bonds, and the Series B Bonds shall be registered in the name of Cede & Co. as nominee for DTC. The Series B Bonds shall be initially executed and delivered in the form of a single fully registered Series B Bond for each maturity date of the Series B Bonds in the full aggregate principal amount of the Series B Bonds maturing on such date. The Paying Agent and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Series B Bonds registered in its name for all purposes of this Resolution, and neither the Paying Agent nor the District shall be affected by any notice to the contrary. The Paying Agent and the District have no responsibility or obligation to any Depository System Participant, any person claiming a beneficial ownership interest in the Series B Bonds under or through DTC or a Depository System Participant, or any other person which is not shown on the register of the District as being an owner, with respect to the accuracy of any records maintained by DTC or any Depository System Participant or the payment by DTC or any Depository System Participant by DTC or any Depository System Participant of any amount in respect of the principal or interest with respect to the Series B Bonds. The District shall cause to be paid all principal and interest with respect to the Series B Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal and interest with respect to the Series B Bonds to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Series B Bond. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the District determines that it is in the best interest of the beneficial owners that they be able to obtain Series B Bonds and delivers a written certificate to DTC and the District to that effect, DTC shall notify DTC Participants of the availability through DTC of Series B Bonds. In such event, the District shall issue, transfer and exchange Series B Bonds as requested by DTC and any other owners in appropriate amounts.

DTC may determine to discontinue providing its services with respect to the Series B Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District shall be obligated to deliver Series B Bonds as described in this Resolution. Whenever DTC requests the District to do so, the District will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Series B Bonds evidencing the Series B Bonds to any Depository System Participant having Series B Bonds credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Series B Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Series B Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Series B Bond and all notices with respect to such Series B Bond shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Series B Bonds.
Section 2.10. Transfer Under Book-Entry System: Discontinuation of Book-Entry System. Registered ownership of the Series B Bonds, or any portion thereof, may not be transferred except as follows:

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

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for DTC (or its successor) because DTC 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

(iii) To any person upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

ARTICLE III

SALE OF SERIES B BONDS; APPLICATION OF PROCEEDS

SECTION 3.01, Sale of Series B Bonds; Approval of Sale Documents.

(a) Negotiated Sale of Series B Bonds. Pursuant to Section 53508.7 of the Bond Law, the Board hereby authorizes the negotiated sale of the Series B Bonds to the Underwriter. The Series B Bonds shall be sold pursuant to the Bond Purchase Agreement in substantially the form on file with the Clerk of the Board with such changes therein, deletions therefrom and modifications thereto as a District Representative may approve, such approval to be conclusively evidenced by the execution and delivery by a District Representative of the Bond Purchase Agreement, provided that the Bond Purchase Agreement shall contain the following terms:

(i) the Series B Bonds shall bear a rate of interest of not to exceed 8% per annum and the final maturity shall not exceed the limits contained in the Bond Law;

(ii) the Series B Bonds shall have a ratio of total debt service to principal of not to exceed four to one; and
(iii) the Underwriter's discount shall not exceed 0.30% of the principal amount of the Series B Bonds.

The Board hereby authorizes a District Representative to execute and deliver the final form of the Bond Purchase Agreement in the name and on behalf of the District.

In accordance with Section 53508.7 of the Bond Law, the Board has determined to sell the Series B Bonds at negotiated sale for the following reasons: (a) a negotiated sale provides more flexibility to choose the time and date of the sale which is often advantageous in the municipal bond market; (b) the involvement of the Underwriter in preparing documents, rating agency presentations and structuring bonds generally enhances the quality and results of the bond offering; (c) a negotiated sale will permit the time schedule for the issuance and sale of the Series B Bonds to be expedited, if necessary; (d) a negotiated sale provides the District access to the underwriter’s trading desk for providing estimates of the cost of various bond structures (yields, discounts, premiums and maturities) for the purpose of evaluating alternative potential bond structures with the goal of producing the best match between District objectives and investor acceptance and demand; and (e) a negotiated sale provides time for underwriters to educate potential investors about the District and the Series B Bonds with the goal of maximizing investor orders and reducing interest cost on the day of bond pricing.

As required pursuant to Section 53509.5 of the Bond Law, after the sale of the Series B Bonds, the Board will present actual cost information of the sale at its next scheduled public meeting.

(b) Official Statement. The Board hereby approves, and hereby deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Series B Bonds in substantially the form on file with the Clerk of the Board. A District Representative is hereby authorized to execute an appropriate certificate stating the Board’s determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. A District Representative is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by a District Representative shall be conclusive evidence of his or her approval of any such changes and additions. The Board hereby authorizes the distribution of the Official Statement by the Underwriter. The final Official Statement shall be executed in the name and on behalf of the District by a District Representative.

(c) Actions to Close Bond Issuance. Each District Representative and any and all other officers of the District are each authorized and directed in the name and on behalf of the District to execute and deliver any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series B Bonds, including but not limited to the execution and delivery of a document with respect to the engagement of the Paying Agent appointed hereby, and an agreement facilitating the payment of Costs of Issuance. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf if such officer is absent or unavailable.
SECTION 3.02. Application of Proceeds of Sale of Series B Bonds. The proceeds of the Series B Bonds shall be paid to the County Treasurer on the Closing Date, and shall be applied by the County Treasurer as follows:

(a) The portion of the proceeds representing the premium (if any) received by the County Treasurer on the sale of the Series B Bonds will be deposited in the Debt Service Fund established pursuant to Section 4.02.

(b) All remaining proceeds received by the County Treasurer from the sale of the Series B Bonds will be deposited in the Building Fund established pursuant to Section 3.03.

At the option of the District, a portion of the proceeds of the Series B Bonds to be used by the District to pay Costs of Issuance may be deposited with a fiscal agent selected by the District, as provided in Section 15146(g) of the Education Code, in order to facilitate the payment of Costs of Issuance. A District Representative is authorized to enter into an agreement with such fiscal agent to facilitate such payment. In addition, the Bond Purchase Agreement may provide that the Underwriter is obligated to pay certain Costs of Issuance and a District Representative is authorized to review and consent to a schedule of such costs.

SECTION 3.03. Building Fund. The County Treasurer shall maintain a fund designated as the “Chico Unified School District, Election of 2016, Series B Building Fund,” into which the proceeds from the sale of the Series B Bonds shall be deposited, to the extent required under Section 3.02(b). The County Treasurer shall maintain separate accounting for the proceeds of the Series B Bonds, including all earnings received from the investment thereof. Amounts credited to the Building Fund for the Series B Bonds shall be expended by the District solely for the financing of projects for which the Series B Bond proceeds are authorized to be expended under the Bond Measure (which includes related Costs of Issuance). All interest and other gain arising from the investment of proceeds of the Series B Bonds shall be retained in the Building Fund and used for the purposes thereof. At the Written Request of the District filed with the County Treasurer, any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof shall be withdrawn from the Building Fund and transferred to the Debt Service Fund, to be applied to pay the principal of and interest on the Series B Bonds.

If excess amounts remain on deposit in the Debt Service Fund after payment in full of the Series B Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Series B Bonds have been authorized or otherwise in accordance with the Bond Law.

SECTION 3.04. Estimated Financing Costs. The firm of Jones Hall, A Professional Law Corporation, has previously been engaged to act as the District’s bond counsel and disclosure counsel, and the firm of Isom Advisors, a Division of Urban Futures, Inc., has previously been engaged to act as the District’s financial advisor, in connection with the issuance and sale of the Series B Bonds. The estimated costs of issuance associated with the bond sale are $150,000 which include bond counsel and disclosure counsel fees, costs of printing the Official Statement, financial advisor fees, rating agency fees, and paying agent fees, but which do not include underwriting fees and the cost of municipal bond insurance, if obtained.
ARTICLE IV
SECURITY FOR THE SERIES B BONDS;
DEBT SERVICE FUND

SECTION 4.01. Security for the Series B Bonds. The Series B Bonds are general obligations of the District. The Board has the power to direct the County to levy ad valorem taxes upon all property within the District that is subject to taxation by the District, without limitation as to rate or amount, for the payment of the Series B Bonds and the interest and redemption premium (if any) thereon. The District hereby formally directs the County to levy on all the taxable property in the District, in addition to all other taxes, a continuing direct and ad valorem tax annually during the period the Series B Bonds are Outstanding in an amount not less than sufficient to pay the principal of and interest on the Series B Bonds when due, including the principal of any Series B Bonds upon the mandatory sinking fund redemption thereof under Section 2.03(b), which moneys when collected will be paid to the County Treasurer and placed in the Debt Service Fund. Additionally, the County is directed to include in the tax levy the expense of paying the Series B Bonds elsewhere than at the office of the County Treasurer.

The Board further requests the County to establish an annual reserve for the purpose of avoiding fluctuating tax levies, as permitted under Section 15250 of the Education Code. The Board hereby authorizes the Assistant Superintendent, Business Services, to coordinate with the County Auditor-Controller concerning the rate of taxes to be levied.

The principal of and interest and redemption premium (if any) on Series B Bonds do not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents or employees thereof. Neither the County, the State of California, any of its political subdivisions nor any of the officers, agents or employees thereof are liable on the Series B Bonds. In no event are the principal of and interest and redemption premium (if any) on Series B Bonds payable out of any funds or properties of the District other than ad valorem taxes levied on taxable property in the District. The Series B Bonds, including the interest thereon, are payable solely from taxes levied under Sections 15250 and 15252 of the Education Code.

The District hereby pledges all revenues from the property taxes collected from the levy by the County for the payment of the Series B Bonds and the amounts in the Debt Service Fund (the "Pledged Revenues") to the payment of the principal of and interest on the Series B Bonds. It is the intention of the District that (i) for purposes of 11 U.S.C. §902(2)(E), the Pledged Revenues constitute "taxes specifically levied to finance one or more projects or systems" of the District and are not "general property, sales or income taxes . . . levied to finance the general purposes of" the District, and (ii) the pledge of the Pledged Revenues constitutes a pledge of "special revenues" for purposes of 11 U.S.C. §§901 et seq., and that a petition filed by the District under 11 U.S.C. §§901 et seq., will not operate as a stay under 11 U.S.C. §362 of the application of such Pledged Revenues to payment when due of principal of and interest on the Series B Bonds. The District will not take any action inconsistent with its agreement and statement of intention hereunder.
and will not deny that the pledge of the Pledged Revenues constitutes a pledge of special revenues for purposes of 11 U.S.C. §§901 et seq.

SECTION 4.02. Establishment of Debt Service Fund. The District hereby directs the County Treasurer to hold and maintain a fund designated as the “Chico Unified School District Election of 2016, Series B Debt Service Fund”, which the County Treasurer shall hold as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Series B Bonds shall be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy.

The Debt Service Fund is hereby pledged for the payment of the principal of and interest on the Series B Bonds when and as the same become due, including the principal of any term Series B Bonds required to be paid upon the mandatory sinking fund redemption thereof. Amounts in the Debt Service Fund shall be transferred by the County Treasurer to the Paying Agent to the extent required to pay the principal of and interest and redemption premium (if any) on the Series B Bonds when due. In addition, amounts on deposit in the Debt Service Fund shall be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

SECTION 4.03. Disbursements from Debt Service Fund. The County shall administer the Debt Service Fund and make disbursements therefrom in the manner set forth in this Section. The County Treasurer shall transfer amounts on deposit in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Series B Bonds when due and payable, to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Series B Bonds. DTC will thereupon make payments of principal and interest on the Series B Bonds to DTC Participants, who will thereupon make payments of principal and interest to the beneficial owners of the Series B Bonds. Any moneys remaining in the Debt Service Fund after the Series B Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the general fund of the District, as provided in Section 15234 of the Education Code.

SECTION 4.04. Investments. All moneys held in any of the funds or accounts established with the County hereunder will be invested in Authorized Investments in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder will be deposited in the fund or account from which such investment was made, and will be expended for the purposes therefor.

The District covenants that all investments of amounts deposited in any fund or account created by or under this Resolution, or otherwise containing proceeds of the Series B Bonds, shall be acquired and disposed of at the Fair Market Value thereof. For purposes of this Section, the term “Fair Market Value” shall mean, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and,
otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

OTHER COVENANTS OF THE DISTRICT

SECTION 5.01. Prudent Payment. The Board hereby directs the County to levy 
ad valorem taxes, as provided in Section 15250 of the Education Code, so as to enable 
the District to punctually pay, or cause to be paid, the principal of and interest on the Series B Bonds, in conformity with the terms of the Series B Bonds and of this Resolution. Nothing herein contained shall prevent the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

SECTION 5.02. Books and Accounts; Financial Statements. The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District in which complete and correct entries are made of all transactions relating to the expenditure of the proceeds of the Series B Bonds. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Paying Agent and the Owners of not less than 10% in aggregate principal amount of the Series B Bonds then Outstanding, or their representatives authorized in writing.

SECTION 5.03. Protection of Security and Rights of Series B Bond Owners. The District will preserve and protect the security of the Series B Bonds and the rights of the Series B Bond Owners, and will warrant and defend their rights against all claims and demands of all persons. Following the issuance of the Series B Bonds by the District, the Series B Bonds shall be incontestable by the District.

SECTION 5.04. Tax Covenants.

(a) Private Activity Bond Limitation. The District shall assure that the proceeds of the Series B Bonds are not so used as to cause the Series B Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.
(c) **No Arbitrage.** The District shall not take, or permit or suffer to be taken by the Paying Agent or the County or otherwise, any action with respect to the proceeds of the Series B Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(d) **Maintenance of Tax-Exemption.** The District shall take all actions necessary to assure the exclusion of interest on the Series B Bonds from the gross income of the Owners of the Series B Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) **Rebate of Excess Investment Earnings to United States.** The District shall calculate or cause to be calculated excess investment earnings with respect to the Series B Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, and shall pay the full amount of such excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, if and to the extent such Section 148(f) is applicable to the Series B Bonds. Such payments shall be made by the District from any source of legally available funds of the District. The District shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Series B Bonds, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the District may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the District may deem appropriate.

**SECTION 5.05. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, which shall be executed by a District Representative and delivered on the Closing Date. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate does not constitute a default by the District hereunder or under the Series B Bonds; however, any Participating Underwriter (as that term is defined in the Continuing Disclosure Certificate) or any holder or beneficial owner of the Series B Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

**SECTION 5.06. CDIAC Annual Reporting.** The District hereby covenants and agrees that it will comply with the provisions of California Government Code Section 8855 subdivision (k) with respect to annual reporting to the California Debt and Investment Advisory Commission. Said reporting will occur at the times and include the types of information as set forth therein. Notwithstanding any other provision of this Resolution, failure of the District to comply with said reporting does not constitute a default by the District hereunder or under the Series B Bonds.

**SECTION 5.07. Further Assurances.** The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the Series B Bonds of the rights and benefits provided in this Resolution.
ARTICLE VI

THE PAYING AGENT

SECTION 6.01. Appointment of Paying Agent. The Bank of New York Mellon Trust Company, N.A. is hereby appointed to act as the initial Paying Agent for the Series B Bonds and, in such capacity, shall also act as registration agent and authentication agent for the Series B Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and even during the continuance of an event of default with respect to the Series B Bonds, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the District by executing and delivering to the District a certificate or agreement to that effect.

The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto and, if not the County Treasurer, such successor shall be a bank or trust company doing business and having an office in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purposes 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.

The Paying Agent may at any time resign by giving written notice to the District and the Series B Bond Owners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent will become effective upon acceptance of appointment by the successor Paying Agent.

Any bank, national association, federal savings association, or trust company into which the Paying Agent may be merged or converted or with which it may be consolidated or any bank, national association, federal savings association, or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national association, federal savings association, or trust company to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such bank, federal savings association, or trust company shall be eligible as described in this Section 6.01 shall be the successor to such Paying Agent, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.02. Paying Agent May Hold Series B Bonds. The Paying Agent may become the owner of any of the Series B Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

SECTION 6.03. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Series B Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the
correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Series B Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent 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 Paying Agent and conforming to the requirements of this Resolution.

The Paying Agent is not liable for any error of judgment made in good faith by a responsible officer of its corporate trust department in the absence of the negligence of the Paying Agent.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent is not responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 6.04. Notice to Paying Agent. The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Resolution the Paying 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 bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 6.05. Compensation; Indemnification. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. The District further agrees to indemnify and save the Paying Agent harmless against any liabilities
which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

ARTICLE VII

REMEDIES OF SERIES B BOND OWNERS

SECTION 7.01. Remedies of Series B Bond Owners. Any Series B Bond Owner has the right, for the equal benefit and protection of all Series B Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Series B Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Series B Bond Owners' rights; or

(c) upon the happening and continuation of any default by the District hereunder or under the Series B Bonds, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

SECTION 7.02. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Series B Bonds is exclusive of any other remedy. Each and every remedy is cumulative and may be exercised in addition to every other remedy given hereunder or thereafter conferred on the Series B Bond Owners.

SECTION 7.03. Non-Waiver. Nothing in this Article VII or in any other provision of this Resolution or in the Series B Bonds, affects or impairs the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Series B Bonds to the respective Owners of the Series B Bonds at the respective dates of maturity, as herein provided, or affects or impairs the right of action against the District, which is also absolute and unconditional, of such Owners to institute suit against the District to enforce such payment by virtue of the contract embodied in the Series B Bonds.

A waiver of any default by any Series B Bond Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Series B Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Series B Bond Owners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Series B Bonds.
If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Series B Bond Owners, the District and the Series B Bond Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

ARTICLE VIII

AMENDMENT OF THIS RESOLUTION

SECTION 8.01. Amendments Effective Without Consent of the Owners. The Board may amend this Resolution from time to time, without the consent of the Owners of the Series B Bonds, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) To confirm, as further assurance, any pledge under, and to subject to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(c) To cure any ambiguity, supply any omission, substitute any party, or cure or correct any defect or inconsistent provision in this Resolution, in a manner which does not materially adversely affect the interests of the Series B Bond Owners in the opinion of Bond Counsel filed with the District; or

(d) To make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Series B Bonds.

SECTION 8.02. Amendments Effective With Consent of the Owners. The Board may amend this Resolution from time to time for any purpose not set forth in Section 8.01, with the written consent of the Owners of a majority in aggregate principal amount of the Series B Bonds Outstanding at the time such consent is given. Without the consent of all the Owners of such Series B Bonds, no such modification or amendment shall permit (a) a change in the terms of maturity of the principal of any Outstanding Series B Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, (b) a reduction of the percentage of Series B Bonds the consent of the Owners of which is required to effect any such modification or amendment, (c) a change in any of the provisions in Section 7.01 or (d) a reduction in the amount of moneys pledged for the repayment of the Series B Bonds, and no right or obligation of any Paying Agent may be changed or modified without its written consent.
ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Benefits of Resolution Limited to Parties. Nothing in this Resolution, expressed or implied, gives any person other than the District, the County, the Paying Agent or the Owners of the Series B Bonds, any right, remedy, claim under or by reason of this Resolution. The covenants, stipulations, promises or agreements in this Resolution are for the sole and exclusive benefit of the Owners of the Series B Bonds.

SECTION 9.02. Decease of Series B Bonds.

(a) Discharge of Resolution. Any or all of the Series B Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(i) by paying or causing to be paid the principal or redemption price of and interest on such Series B Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c) hereof) to pay or redeem such Series B Bonds; or

(iii) by delivering such Series B Bonds to the Paying Agent for cancellation by it.

If the District pays all Outstanding Series B Bonds and also pays or causes 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 certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Resolution), and notwithstanding that any Series B Bonds have not been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the District under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b). In such event, upon request of the District, the Paying Agent 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 to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it under this Resolution which are not required for the payment or redemption of Series B Bonds not theretofore surrendered for such payment or redemption.

(b) Discharge of Liability on Series B Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c) hereof) to pay or redeem any Outstanding Series B Bond (whether upon or prior to its maturity or the redemption date of such Series B Bond), provided that, if such Series B Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for
the giving of such notice, then all liability of the District in respect of such Series B Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Series B Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Series B Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Series B Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) **Deposit of Money or Securities with Paying Agent.** Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent, or an escrow agent selected by the District, money or securities in the necessary amount to pay or redeem any Series B Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established under this Resolution and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Series B Bonds and all unpaid interest thereon to maturity, except that, in the case of Series B Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Series B Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series B Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Series B Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice.

(iii) Such amounts of money and investments in escrow or trust shall be in an amount which is certified by a certified public accountant to be sufficient to meet the requirements of Government Code Section 53558.

(d) **Payment of Series B Bonds After Discharge of Resolution.** Notwithstanding any provisions of this Resolution, any moneys held by the Paying Agent in trust for the payment of the principal or redemption price of, or interest on, any Series B Bonds and remaining unclaimed for two years after the principal of all of the Series B Bonds has become due and payable (whether at maturity or upon call for redemption or by
acceleration as provided in this Resolution), 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 Series B Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Series B Bonds which have not been paid at the addresses shown on the Registration Books a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Series B Bonds 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. Thereafter, the District shall remain liable to the Owners for payment of any amounts due on the Series B Bonds, which amounts shall be deemed to be paid by the District from moneys remitted to it by the Paying Agent under this subsection (d).

SECTION 9.03. Execution of Documents and Proof of Ownership by Series B Bond Owners. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Series B Bond Owners may be in one or more instruments of similar tenor, and shall be executed by Series B Bond Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Series B Bond Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Series B Bonds and the amount, maturity, number and date of holding the same shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Series B Bond shall bind all future Owners of such Series B Bond in respect of anything done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

SECTION 9.04. Waiver of Personal Liability. No Board member, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal of or interest on the Series B Bonds; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.05. Limited Duties of County; Indemnification. The County (including its officers, agents and employees) shall undertake only those duties of the County under this Resolution which are specifically set forth in this Resolution and in applicable provisions of the Bond Law and the Education Code, and even during the continuance of an event of default with respect to the Series B Bonds, no implied covenants or obligations
shall be read into this Resolution against the County (including its officers, agents and employees).

The District further agrees to indemnify, defend and save the County (including its officers, agents and employees) harmless against any and all liabilities, costs, expenses, damages and claims which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

SECTION 9.06. Destruction of Canceled Series B Bonds. Whenever in this Resolution provision is made for the surrender to the District of any Series B Bonds which have been paid or canceled under the provisions of this Resolution, a certificate of destruction duly executed by the Paying Agent shall be deemed to be the equivalent of the surrender of such canceled Series B Bonds and the District shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Series B Bonds therein referred to.

SECTION 9.07. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The District hereby declares that it would have adopted this Resolution and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Series B Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the District is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the District hereunder shall be assumed by and vest in the Superintendent of the District in trust for the benefit of the Series B Bond Owners.

SECTION 9.08. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.
The foregoing Resolution was adopted by the Board of Education of the Chico Unified School District of Butte County, being the Board authorized by law to make the designations therein contained by the following vote, on April 17, 2019.

Adopted by the following votes:

AYES:  Hovey, Griffin, Kaiser, Robinson, Lando
       None
NOES:  None
       None

ABSENT:

ABSTAIN:

[Signatures]

President of the Board of Education
Chico Unified School District
Butte County, California

ATTEST:

[Signatures]

Secretary to the Board of Education
Chico Unified School District
Butte County, California
CHICO UNIFIED SCHOOL DISTRICT
(Butte County, California)
GENERAL OBLIGATION BONDS
ELECTION OF 2016, SERIES B

INTEREST RATE
PER ANNUM:

MATURITY DATE:

DATED DATE:

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT: $__________________________ DOLLARS***

The Chico Unified School District (the "District"), located in the County of Butte (the "County"), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns, the principal amount on the Maturity Date, each as stated above, and interest thereon, calculated on a 30/360 day basis, until the principal amount is paid or provided for, at the interest rate stated above, such interest to be paid on February 1 and August 1 of each year, commencing _______ (the "Interest Payment Dates").

This Bond is one of a duly authorized issue of Bonds of the District designated as "Chico Unified School District (Butte County, California) General Obligation Bonds Election of 2016, Series B" (the "Bonds"), in an aggregate principal amount of $__________________________, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption and other provisions) and all issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California (the "Bond Law"), and under a resolution of the Board of Trustees of the District adopted on April 17, 2019 (the "Bond Resolution"), authorizing the issuance of the Bonds. The issuance of the Bonds has been authorized by the requisite 55% vote of the electors of the District cast at a bond election held on November 8, 2016, upon the question of issuing bonds in the amount of $152,000,000.

This Bond will bear interest from the Interest Payment Date next preceding the date of authentication hereof, unless (a) it is authenticated as of a business day following the 15th day of the month immediately preceding any Interest Payment Date and on or
before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) it is authenticated on or before ______, 20__, in which event it shall bear interest from the Dated Date referred to above. Principal hereof is payable at the corporate trust office of the paying agent for the Bonds (the "Paying Agent"), initially being The Bank of New York Mellon Trust Company, N.A..

Interest hereon (including the final interest payment upon maturity) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Paying Agent as of the close of business on the 15th day of the month next preceding such Interest Payment Date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose.

The Bonds are being issued in the form of current interest bonds in the aggregate principal amount of $___________ subject to the terms and conditions of the Bond Resolution. All capitalized terms herein and not otherwise defined have the meaning given them in the Bond Resolution. Reference is hereby made to the Bond Resolution (copies of which are on file at the office of the Paying Agent) and the Bond Law for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Bond Resolution the Owner of this Bond, by acceptance hereof, assents and agrees.

The principal of and interest and redemption premium, if any, on this Bond does not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents and employees thereof, and neither the County, the State of California, any of its political subdivisions, nor any of the officers, agents and employees thereof shall be liable hereon. In no event shall the principal of and interest and redemption premium, if any, on this Bond be payable out of any funds or properties of the District other than ad valorem taxes levied upon all taxable property in the District.

The Bonds of this issue are issuable only as fully registered Bonds in the denominations of $5,000 or any integral multiple thereof. This Bond is exchangeable and transferable for Bonds or other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, subject to the terms, limitations and conditions provided in the Bond Resolution. Any tax or governmental charges shall be paid by the transferee. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity as a whole, or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, at the option of the District, from any available source of funds, on August 1, 20__ and on any date
thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with interest thereon to the date fixed for redemption, without premium.

*[if applicable:] The Bonds maturing on August 1, 20__ (the “Term Bonds”) are also subject to mandatory sinking fund redemption on or before August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Term Bonds have been redeemed under the preceding paragraph, the aggregate principal amount of Term Bonds to be redeemed under this paragraph shall be reduced on a pro rata basis in integral multiples of $5,000, or on such other basis as designated pursuant to written notice filed by the District with the Paying Agent.

<table>
<thead>
<tr>
<th>Sinking Fund Redemption Date (August 1)</th>
<th>Principal Amount To Be Redeemed</th>
</tr>
</thead>
</table>

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be conditional and subject to rescission as described in the Bond Resolution.

Notice of redemption shall be by registered or otherwise secured mail or delivery service, postage prepaid, to the registered owner of the Bonds, to a municipal registered securities depository and to a national information service that disseminates securities redemption notices and, by first class mail, postage prepaid, to the District and the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least 20 days, but not more than 60 days, prior to the redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Neither the District nor the Paying Agent will be required: (a) to issue or transfer any Bond during a period beginning with the opening of business on the 15th calendar day next preceding either any Interest Payment Date or any date of selection of any Bond to be redeemed and ending with the close of business on the Interest Payment Date or a day on which the applicable notice of redemption is given, or (b) to transfer any Bond which has been selected or called for redemption in whole or in part.
Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The owner of this Bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

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

This Bond shall be not be valid or obligatory for any purpose and is not entitled to any security or benefit under the Bond Resolution (described on the reverse hereof) until the Certificate of Authentication below has been manually signed by the Paying Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest in this Bond.
IN WITNESS WHEREOF, the Chico Unified School District has caused this Bond
to be executed by the facsimile signature of its President and attested by the facsimile
signature of the Secretary of its Board of Trustees, all as of the date stated above.

CHICO UNIFIED SCHOOL DISTRICT

By ____________________________  NOT FOR EXECUTION
President of the Board

Attest:

______________________________  NOT FOR EXECUTION
Secretary to the Board

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Bond Resolution.

Authentication Date:

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

______________________________  Authorized Signatory
FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

__________________________________________________________________________

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint ________________

______________, attorney, to transfer the same on the registration books of the Bond
Registrar, with full power of substitution in the premises.

Dated: ________________

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a an eligible guarantor institution.

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

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided to the District by the underwriter and financial advisor in good faith:

(A) True interest cost of the Bonds: 3.80%

(B) Finance charge of the Bonds (sum of all costs of issuance and fees/charges paid to third parties): $315,000

(C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): $54,850,000

(D) Total payment amount through maturity: $95,732,610
$________

CHICO UNIFIED SCHOOL DISTRICT
(Butte County, California)
General Obligation Bonds
Election of 2016, Series B

BOND PURCHASE AGREEMENT

__________, 2019

Board of Education
Chico Unified School District
1163 East Seventh Street
Chico, California 95928

Ladies and Gentlemen:

Morgan Stanley & Co. LLC, as underwriter (the “Underwriter”), acting on its own behalf and not as fiduciary or agent for the hereinafter defined District, offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the Chico Unified School District (the “District”), which, upon acceptance hereof by the District, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to the Underwriter at its office prior to 11:59 p.m., California time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of $________ in aggregate principal amount of the Chico Unified School District General Obligation Bonds Election of 2016, Series B (the “Bonds”). The purchase price of the Bonds shall be $________ (representing the principal amount of the Bonds, plus [net] original issue premium of $________, less Underwriter’s discount of $________).

The Bonds are issued under the provisions of a resolution adopted by the Board of Education of the District (the “Board”) on April 17, 2019 (the “Bond Resolution”) and the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”), all for the purpose of financing educational projects approved by District voters at the November 8, 2016 election, as more particularly described in the Bond Resolution.

The Bonds shall bear interest at the rates, and shall mature in the years shown on Appendix A hereto, which is incorporated herein by this reference.

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of
the District; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the District with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter or any affiliate of the Underwriter has advised or is currently advising the District on other matters) or (y) any other obligation to the District except the obligations expressly set forth in this Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the District; and (v) the District has consulted with its own legal, financial and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds. The District acknowledges that it has previously provided the Underwriter with an acknowledgment of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

2. **The Bonds.** The Bonds shall be dated their date of delivery, and shall otherwise be as described in, and shall be issued and secured pursuant to, the provisions of the Bond Resolution and the Bond Law.

   The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Bond Resolution. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form initially, registered in the name of Cede & Co., as nominee of the Depository Trust Company (“DTC”).

3. **Redemption.** The Bonds shall be subject to redemption as provided in the Bond Resolution and herein, as set forth on Appendix A.

4. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, a Preliminary Official Statement and an Official Statement (each as defined herein), the Bond Resolution, and all information contained herein and therein and all of the documents, certificates, or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

5. **Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

6. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2019 (the “Preliminary Official Statement”). The District represents that the Preliminary Official Statement was “deemed final” as of the date thereof, for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule 15c2-12”), except for either revisions or additions to the offering prices, interest rates, yields, Underwriter’s discount, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12. The District hereby ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement.

   The Underwriter agrees that prior to the time the final Official Statement (as defined in Section 10(b)) relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail
(or other equally prompt means) not later than the first business day following the date upon which each such request is received.

7. **Closing.** At 8:00 a.m., California time, on _______, 2019, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (such payment and delivery herein called the “Closing,” and the date thereof the “Closing Date”), the District will deliver to the Underwriter, at the offices of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Jones Hall, A Professional Law Corporation, in San Francisco, California (“Bond Counsel”), the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof set forth in Section 1 hereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

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

   (a) **Due Organization.** The District is and will be on the Closing Date a school district duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Bond Law, to adopt the Bond Resolution and to enter into this Purchase Agreement, and the Continuing Disclosure Certificate (as defined in paragraph (i) below).

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

   (c) **Consents.** No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

   (d) **Internal Revenue Code.** The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.
(e) **No Conflicts.** To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the Bond Resolution, the Continuing Disclosure Certificate and the Bonds, and the compliance with the provisions hereof and thereof, do not conflict with or constitute on the part of the District a violation of or material default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) **Litigation.** As of the time of acceptance hereof no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the title of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Continuing Disclosure Certificate or the Bond Resolution or contesting the powers of the District or the Bond Resolution or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement or the Bond Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) **No Other Debt.** Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) **Certificates.** Except as specifically provided, any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) **Continuing Disclosure.** The District shall undertake, pursuant to the Bond Resolution, the Continuing Disclosure Certificate with respect to the Bonds in substantially the form attached as Appendix E of the Preliminary Official Statement (the “Continuing Disclosure Certificate”) and Rule 15c2-12, to provide certain annual financial information and notices of the occurrence of certain events described therein. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The Preliminary Official Statement describes, and the
final Official Statement will describe, any instances in the previous five years in which the District failed to comply in all material respects with its prior undertakings pursuant to Rule 15c2-12.

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

(k) **Financial Information.** The financial statements of, and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that effect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the District’s audited financial statements included in the Official Statement.

(l) **No Financial Advisory Relationship.** The District has had no financial advisory relationship with the Underwriter with respect to the Bonds, nor with any investment firm controlling, controlled by or under common control with the Underwriter.

(m) **Underwriter Not Fiduciary.** Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Underwriter, for its own account.

(n) **Levy of Tax.** The District hereby agrees to take any and all actions as may be required by Butte County (the “County”) or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the County Auditor-Controller and the County Treasurer-Tax Collector a copy of the Bond Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds.
9. **Underwriter Representations, Warranties and Agreements.** The Underwriter represents, warrants to and agrees with the District that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it, and the undersigned officer of the Underwriter is duly authorized to sign this Purchase Agreement on behalf of the Underwriter and to bind the Underwriter hereby;

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

(c) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to the District’s financial advisor, or any officer, agent or employee thereof), other than a bona fide officer, agent or employee working for Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement; and

(d) The Underwriter has reasonably determined that the District’s undertaking to provide continuing disclosure with respect to the Bonds is sufficient to effect compliance with Rule 15c2-12.

10. **Covenants of the District.** The District covenants and agrees with the Underwriter that:

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

(b) **Official Statement.** The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the 7th business day following the date this Purchase Agreement is signed, and at least two days prior to the Closing Date, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the “Official Statement”) in such reasonable quantities as may be requested by the Underwriter not later than 5 business days following the date this Purchase Agreement is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and
distribute the Official Statement in connection with the offering and sale of the Bonds;

(c) **Subsequent Events; Amendments to Official Statement.** If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds (determined pursuant to Section 17), an event occurs which would cause the information contained in the final Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and, if in the opinion of the District or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will forthwith prepare and furnish to the Underwriter (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that they will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading.

For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the District will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

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

11. **Establishment of Issue Price.** [to be determined at time of sale]

(a) **Actions to Establish Price.** The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by the District’s financial advisor, Isom Advisors, a Division of Urban Futures, Inc. (the “Financial Advisor”), and any notice or report to be provided to the District may be provided to the Financial Advisor.

(b) **10% Test.** Except as set forth in Appendix A hereto, the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).
(c) **Initial Offering Prices: Hold-The-Offering-Price Rule.** The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Appendix A, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the 5th business day after the sale date; or
2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District or the Financial Advisor when the Underwriter has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the sale date.

The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event that the Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold the offering price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(d) **Selling Group or Retail Distribution Agreements.** The Underwriter confirms that each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price
rule, if applicable, in each case if and for so long as directed by the
Underwriter and as set forth in the related pricing wires.

(e) Sales to the Public; Definitions. The Underwriter acknowledges that sales of
any Bonds to any person that is a related party to the Underwriter shall not
constitute sales to the public for purposes of this section. Further, for
purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

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

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

(iv) “sale date” means the date of execution of this Purchase Agreement by
all parties.

12. Conditions to Closing. The Underwriter has entered into this Purchase
Agreement in reliance upon the representations and warranties of the District contained herein
and the performance by the District, of its obligations hereunder, both as of the date hereof and
as of the date of Closing. The Underwriter’s obligations under this Purchase Agreement are and
shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the District
contained herein shall be true, complete and correct in all material respects
at the date hereof and at and as of the Closing, as if made at and as of the
Closing, and the statements made in all certificates and other documents
delivered to the Underwriter at the Closing pursuant hereto shall be true,
complete and correct in all material respects on the date of the Closing; and
the District shall be in compliance with each of the agreements made by it in
this Purchase Agreement;
(b) **Obligations Performed.** At the time of the Closing, (i) the Official Statement, this Purchase Agreement, the Continuing Disclosure Certificate and the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Bond Law which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Bond Resolution, this Purchase Agreement, the Continuing Disclosure Certificate or the Official Statement to be performed at or prior to the Closing;

(c) **Adverse Rulings.** No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 8(f) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) **Marketability Between the Date Hereof and the Closing.** The market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

1. legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:
   (i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or
   (ii) by or on behalf of the Securities and Exchange Commission (the “SEC”), or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

2. the declaration of war or engagement or escalation in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;
(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

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

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

(7) legislation enacted by the State legislature or a decision rendered by a State Court, or a ruling, order, or regulation (final or temporary) made by a State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

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

(e) **Delivery of Documents.** At or prior to the date of the Closing, the Underwriter shall receive two copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

1. **Bond Opinion and Reliance Letter.** An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District and in substantially the form attached as Appendix D to the Official Statement, and a reliance letter from Bond Counsel, addressed to the Underwriter, to the effect that the Underwriter may rely upon such approving opinion;

2. **Supplemental Opinion.** A supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the District and the Underwriter, to the effect that:
(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions “INTRODUCTION,” “THE BONDS” (excluding any and all information contained with respect to the Book-Entry Only System of DTC), “TAX MATTERS” and “CONTINUING DISCLOSURE” to the extent they purport to summarize certain provisions of the Bond Resolution, the Continuing Disclosure Certificate, California law or federal law, fairly and accurately summarize the matters purported to be summarized therein, provided that Bond Counsel need not express any opinion with respect to any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, or information relating to DTC or its book-entry only system included therein, or with respect to Appendices A, B, C, F and G to the Official Statement;

(ii) assuming due authorization, execution and delivery by the parties to this Purchase Agreement other than the District, this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the District and constitute legal, valid and binding agreements of the District and are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought; and

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

(3) Disclosure Counsel Letter. A letter of Jones Hall, A Professional Law Corporation, as disclosure counsel to the District (“Disclosure Counsel”), dated the Closing Date and addressed to the District and the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement and the final Official Statement, but on the basis of their participation in conferences with representatives of the District, the Underwriter and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date, and the final Official Statement as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial or statistical data, or information concerning DTC and the book-entry only
system contained in the Preliminary Official Statement or the final
Official Statement);

(4) **Certificates of the District.** A certificate or certificates signed by an
appropriate official of the District to the effect that (i) such official is
authorized to execute this Purchase Agreement, (ii) the
representations, agreements and warranties of the District herein are
ture and correct in all material respects as of the date of Closing, (iii)
the District has complied with all the terms of the Bond Resolution
and this Purchase Agreement to be complied with by the District prior to or
concurrently with the Closing and such documents are in full force and
effect, (iv) such official has reviewed the Preliminary Official Statement
and the final Official Statement and on such basis certifies that the
Preliminary Official Statement did not as of its date, and the final Official
Statement does not as of its date and as of the Closing Date, contain
any untrue statement of a material fact, nor omit to state a material fact
required to be stated therein or necessary to make the statements
therein, in light of the circumstances in which they were made, not
misleading, (v) the Bonds being delivered on the date of the Closing to
the Underwriter under this Purchase Agreement substantially conform
to the descriptions thereof contained in the Bond Resolution, and (vi)
no further consent is required for inclusions of the audit in the Official
Statement;

(5) **Tax Certificate.** A non-arbitrage certificate of the District in form
satisfactory to Bond Counsel;

(6) **Bond Resolution.** A certificate, together with fully executed copies of
the Bond Resolution, of the Secretary to the Board to the effect that:

(i) such copies are true and correct copies of the Bond Resolution;
and

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

(7) **Official Statement.** Certificates of the appropriate officials of the District
evidencing their determinations respecting the Preliminary Official
Statement in accordance with Rule 15c2-12;

(8) **Continuing Disclosure Certificate.** The Continuing Disclosure
Certificate, duly executed by the District, as accepted by the
dissemination agent for the Bonds;

(9) **Paying Agent Certificate.** A written certificate of The Bank of New York
Mellon Trust Company, N.A., as paying agent (the “Paying Agent”),
executed by a duly authorized representative of the Paying Agent,
dated the date of the Closing, to the effect that the Paying Agent is a
national banking association, duly organized and validly existing under
the laws of the United States, having full power to enter into, accept and perform its duties under the Bond Resolution;

(10) **Tax Rate and Bonding Capacity Certificates.** A certificate signed by a District official setting forth a projection evidencing that tax rates are projected not to exceed $60 per $100,000 of assessed value during the term of the Bonds, and a certificate signed by a County official confirming that the District is in compliance with applicable bonding capacity limitations;

(11) **Underwriter's Certifications.** The following certificates from the Underwriter to the District:

(i) the receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, accepting delivery of the Bonds to the Underwriter and receipt of all documents required by the Underwriter, and the satisfaction or waiver of all conditions and terms of this Purchase Agreement by the Districts, and

(ii) the certification of the Underwriter regarding the prices at which the Bonds have been reoffered to the public, in form satisfactory to Bond Counsel, as described in Section 11 of this Purchase Agreement;

(12) **Underwriter's Counsel Opinion.** An opinion of Kutak Rock LLP, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter;

(13) **Rating.** Evidence that the Bonds have the rating designated on the cover page of the Official Statement, and that such rating has not been withdrawn or downgraded; and

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

(f) **Termination.** Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California time, on the Closing Date, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for
any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given, to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

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

14. **Costs and Expenses.** The District shall pay or cause to be paid the expenses incident to the performance of the obligations of the District hereunder from Bond proceeds, which shall be deposited with a costs of issuance custodian identified by the District to the Underwriter, including but not limited to the following: (i) the fees and disbursements of the District’s financial advisor; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for the Bond rating, including all necessary travel expenses; (v) the cost of the printing and distribution of the Preliminary and the Official Statement; (vi) the initial fees of the Paying Agent; and (vii) all other fees and expenses incident to the issuance and sale of the Bonds. Any excess amounts following payment of such issuance expenses shall be transferred to the County Treasurer-Tax Collector for deposit in the building fund established pursuant to the Bond Resolution.

All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, fees and expenses of Underwriter’s counsel, travel (except in connection with securing a rating on the Bonds), and other expenses, shall be paid by the Underwriter.

15. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to the District, to the Superintendent (or Superintendent’s designee), at the address set forth on page 1 hereof, or if to the Underwriter as follows:

Morgan Stanley & Co. LLC  
1999 Avenue of the Stars, 24th Floor  
Los Angeles, California 90078  
Attention: Karma Pemba, Vice President

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

17. **Determination of End of the Underwriting Period.** For purposes of this Purchase Agreement, the “end of the underwriting period” for the Bonds is used as defined in
Rule 15c2-12 and shall occur on the later of (a) the day of the Closing, or (b) when the Underwriter no longer retains an unsold balance of the Bonds. Unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District, the District may assume that the “end of the underwriting period” is the Closing Date.

18. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

19. **Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

20. **Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
22. **Applicable Law.** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

MORGAN STANLEY & CO. LLC

By: ____________________________
   Vice President

The foregoing is hereby agreed to and accepted as of the date first above written:

CHICO UNIFIED SCHOOL DISTRICT

By: ____________________________
   Assistant Superintendent,
   Business Services

Time of Execution: _________ p.m. California time
APPENDIX A

Maturity Schedule

CHICO UNIFIED SCHOOL DISTRICT
(Butte County, California)
General Obligation Bonds
Election of 2016, Series B

<table>
<thead>
<tr>
<th>Maturity Date (August 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>Applicable Issue Price Rule ¥</th>
</tr>
</thead>
</table>

C: Priced to par call on the first optional redemption date of August 1, 20__.  
T: Term Bonds.  
¥: 10% test met upon pricing except for maturities identified as Hold Price.

Redemption Provisions

Optional Redemption. The Bonds maturing on or before August 1, 20__, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.
Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on August 1, 20__ (the “Term Bonds”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

$______ Principal Amount Term Bonds Maturing August 1, 20__

<table>
<thead>
<tr>
<th>Redemption Date (August 1)</th>
<th>Sinking Fund Redemption (maturity)</th>
</tr>
</thead>
</table>

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.
APPENDIX B

Form of Issue Price Certificate

$________

CHICO UNIFIED SCHOOL DISTRICT
(Butte County, California)
General Obligation Bonds
Election of 2016, Series B

The undersigned, on behalf of Morgan Stanley & Co. LLC (“Morgan Stanley”) based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

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

2. **Initial Offering Price of the Bonds.**

   (a) Morgan Stanley offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

   (b) As set forth in the Bond Purchase Agreement dated ______, 2019, between Morgan Stanley and the Issuer, Morgan Stanley has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. **Defined Terms.**

   (a) “General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

   (b) “Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

   (c) “Holding Period” means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which Morgan Stanley has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
(d) “Issuer” means the Chico Unified School District.

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

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

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is ______, 2019.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
The Issuer may rely on the statements made herein in connection with making the representations set forth in its Certificate as to Arbitrage for the Bonds and in its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, Morgan Stanley is not engaged in the practice of law. The representations set forth in this certificate are limited to facts in existence on the date hereof. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

MORGAN STANLEY & CO. LLC,
as Underwriter

By: ____________________________
    Managing Director