

Sequoia Union Board of Trustees
Special Board Meeting
March 25, 2025 at 6:00 p.m.

A special meeting of the Board of the Sequoia Union Elementary School will be held at 23958 Avenue 324, Lemon Cove, CA.

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Board meeting room, to access written documents being discussed at the Board meeting, or to otherwise participate at Board meetings, please contact the school office at (559) 564-2106 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Board meeting and to provide any required accommodations, auxiliary aids or services.

Documents provided to a majority of the Governing Board regarding an open session item on this agenda will be made available for public inspection in the District office located at 23958 Ave. 324, Lemon Cove, California during normal business hours and on the website at <https://www.sequoiaunion.org/>

- 1. CALL TO ORDER at 6:00 pm**
- 2. FLAG SALUTE**
- 3. APPROVAL OF AGENDA**

- 4. COMMENTS FROM THE PUBLIC**
Board Policy #9323 allows members of the public to address the Board regarding any agenda item or other item within the subject matter jurisdiction of the Board. Individual speakers are allowed three minutes to address the Board. The Board shall limit the total time for public input on each item to 20 minutes. Before making a comment, please gain recognition from the Chair and direct your comments through the Chair. Board members may engage in limited discussion of non-agenda items or issues raised during public comments, to briefly ask clarifying questions, make a brief announcement, report on their own activities, or to refer the matter to staff.

- 5. STUDENT/STAFF/PUBLIC ACKNOWLEDGEMENT**

- 6. CORRESPONDENCE**

- 7. PUBLIC HEARING**

- 8. ACTION ITEMS**
8.1 Interdistrict Transfers - Out

- 9. DISCUSSION & REPORTS**

- 10. CONSTRUCTION/MODERNIZATION ITEMS**

11. SUPERINTENDENT

11.1 Field Trips

4-10-2025 - 3rd Grade - Dry Creek

5-13-2025 - 7th Grade - Ca Science Center

4-29-2025 - 4th-6th Grade TCOE Reading Revolution

5-9-2025 - 7th-8th Grade TCOE Reading Revolution

12. HUMAN RESOURCES

13. BUSINESS

13.1 Government Financial Services Report

13.2 Finance

A. Lease-Sublease Agreement

B. Assignment Agreement

C. Agenda Summary

D. Resolution

E. BP 3470

14. MAINTENANCE OPERATIONS AND TRANSPORTATION

- 15. CONSENT AGENDA:** Items listed under the Consent Agenda are considered to be routine and are acted on by the Board of Trustees in one motion. There is no discussion of these items before the Board vote unless a member of the Board, staff, or public requests specific items be discussed and/or removed from the Consent Agenda. It is understood that the Administration recommends approval on all Consent Items. Each item on the Consent Agenda approved by the members of the Governing Board shall be deemed to have been considered in full and adopted as recommended.

15.1 Approve the Minutes of the Special Board Meeting 1-23-2025.

15.2 Approve the Minutes of the Regular Board Meeting 2-6-2025.

15.3 Approve the Minutes of the Regular Board Meeting 3-6-2025.

16. ORGANIZATIONAL BUSINESS

16.1 Consideration of Agenda Items the Board Wishes to Discuss in Future Meetings

17. BOARD CALENDAR

17.1 Reschedule Board Meeting June 19, 2025

18. CLOSED SESSION

18.1 ANTICIPATED LITIGATION (GC 54956.9) update: 2 potential cases

18.2. Public Employee Discipline/Dismissal/Release (Certificated) (GC 54947)

18.3 GOVERNMENT CODE SECTION 54957.6: CONFERENCE WITH LABOR NEGOTIATOR
AGENCY REPRESENTATIVE: Superintendent-Principal. EMPLOYEE ORGANIZATION: S.E.T.A.
UNREPRESENTED EMPLOYEES: Sequoia Union Classified Staff.

19. OPEN SESSION: OTHER ACTION ITEMS

Consideration of items from closed session

20. ADJOURNMENT



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

ACTION ITEMS

8.1 Interdistrict Transfers - Out

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106

Inter-district OUT
For Board Approval
2025-2026 School Year

Month: March

Home District Sequoia Union

SSID #	Grade	District of Choice	Continuing/New
3497046974	5th	Exeter USD/Lincoln	Mom works for EUSD
9986350601	3rd	Exeter USD/Lincoln	Mom works for EUSD
No SSID Yet	TK	Exeter USD/Lincoln	Mom works for EUSD



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

SUPERINTENDENT

11.1 Field Trips

4-10-2025 - 3rd Grade - Dry Creek

5-13-2025 - 7th Grade - Ca Science Center

4-29-2025 - 4th-6th Grade - TCOE Reading Revolution

5-9-2025 - 7th-8th Grade - TCOE Reading Revolution

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106



Dr. Scott Pickle
Superintendent/Principal

Field Trip/Transportation Request Form

Please fill out this request and return the request to the office at least **three** weeks prior to your trip.

Teachers: Bookwalter & Shouman (3rd) Grade: 3 Date of Request: 3/10/25

Location: Dry Creek

Copy of Educational Packet attached: YES _____ NO X

Cost of Tickets: Students \$ _____ Adults \$ _____ Entrance Fee: \$ 768.57

of Student: 34 # of Adults: 6

Meals through Cafeteria: YES X NO: _____

Date of Trip: 4/10/25 Approximate Miles: 10 X \$2.35 Total Cost of Trip: \$23.50 + 768.57

Time of Departure: 8:45 Time of Return: 2:30

\$792.07

Deposit Needed: Yes or No (circle one) Deposit Amount: \$ _____

Safety Inspection:

Signature: _____ Date: _____

Other: _____

Transporting by: *Please Choose*

Superintendent PTC President Director of Transportation

* Please follow the SOP Email completed form Hard Copy hand delivered to Tanya. Confirmation will be provided once your field trip has been approved by all parties.

Small School, Big Heart



Dr. Scott Pickle
Superintendent/Principal

Field Trip/Transportation Request Form

Please fill out this request and return the request to the office at least **three** weeks prior to your trip.

Teachers: Espinoza/Perez Grade: 7 Date of Request: May 13, 2025

Location: Ca. Science Center

Copy of Educational Packet attached: YES _____ NO

Cost of Tickets: Students \$ 0 Adults \$ 0 Entrance Fee: \$ 25.00

of Student: 44 # of Adults: 10 Charter bus 2,854.00

Meals through Cafeteria: YES NO: _____

Date of Trip: 5/13/25 Approximate Miles: _____ X \$2.35 Total Cost of Trip: _____

Time of Departure: 7:00am Time of Return: 6:00pm

Deposit Needed: Yes or No (circle one) Deposit Amount: \$ 25.00

Safety Inspection:

Signature: _____ Date: _____

Other: _____

Transporting by: *Please Choose*

Superintendent PTC President Director of Transportation

* Please follow the SOP Email completed form Hard Copy hand delivered to Tanya. Confirmation will be provided once your field trip has been approved by all parties.

Small School, Big Heart

23958 AVE 324/P.O. BOX 44260 PHONE: 559-564-2106 LEMON COVE, CA 93244-4260



Oscar Espinoza Moreno <oespinoza@sequoiaunion.org>

Thank you for your order.

1 message

orders@californiasciencecenter.org <orders@californiasciencecenter.org>
Reply-To: "orders@californiasciencecenter.org" <orders@californiasciencecenter.org>
To: oespinoza@sequoiaunion.org

Fri, Feb 28, 2025 at 3:22 PM



California Science Center
Reservation Confirmation and Receipt
700 Exposition Park Drive Los Angeles, CA 90037
Telephone: (213) 744-2019
Fax: (213) 222-0953

Date Reserved: 2/6/2025 10:51:00 AM
Reservation Number: 2967891
Group Name: Sequoia Union Elementary School
Oscar Espinoza
PO Box 44260
Lemon Cove, CA 932440260

Deposit Due Date 4/2/2025
Reservation Total: \$25.00
Total Balance Amt: \$25.00

Visit Information

<u>Date</u>	<u>Description</u>	<u>Time</u>	<u>Price Type</u>	<u>Price</u>	<u>Num</u>	<u>Total</u>
05/13/2025	Entry Time Groups	11:15 am	School K-12 Child	\$0.00	45	\$0.00
05/13/2025	Entry Time Groups	11:15 am	School K-12 Chaperone	\$0.00	10	\$0.00
Total Tickets Cost:						\$0.00

Order Subtotal:	\$0.00
Taxes:	\$25.00
Order Total:	\$25.00
Payment:	\$0.00
Balance Due:	\$25.00
Amount Returned:	\$0.00

Accepted forms of payment are cash, check (payable to the California Science Center Foundation or CSCF), Visa, MasterCard, AMEX, Discover, Traveler's Check, purchase orders. ORIGINAL P.O. MUST BE PRESENTED ON THE DAY OF YOUR VISIT. Requisitions are not accepted. Personal checks are not accepted. Do not include parking fees on the P.O. it must be paid separately. If paying in cash, please collect all monies from your total group prior to reaching the Box Office. To allow our cashiers to process your order in a timely fashion, we ask that you refrain from paying in coin and/or small bills. If paying by check, balance due may be broken down into a maximum of 3 different checks. Refunds exceeding \$100 will be mailed to the group. No other discounts, coupons, passes or member vouchers may be used in conjunction with group sales discount.

Prior to your visit

Final headcount must be given 7 days prior to the date of your visit. Should your headcount change, please fax in a revised confirmation to (213) 222-0953 or call (213) 744-2019 with your changes. If fewer individuals in your group arrive on your visit date, the group will be responsible for payment of all reserved tickets. If you arrive with more individuals than you reserved, your group space is not guaranteed.

On the day of your visit

We highly recommend that your group leader report to the Box Office to make final payment no later than 30 minutes prior to the scheduled start time of your program. Please have full payment ready prior to reaching the window.

One adult chaperone is required for every 10 students. Adult chaperones **MUST** stay with their assigned students at all times! Inadequate supervised groups causing disturbances will be asked to leave. No refunds will be issued.

Parking Information

Current parking rates are as follows; \$20.00 for cars "yellow" school buses, and \$42.00 for charter buses and oversized vehicles. Parking rates are subject to change without notification. Buses will be directed to drop off points.

Cancellation and re-scheduling

Must be made by calling (213) 744-2019, programs must be cancelled and/or rescheduled 7 days prior to your visit. Cancelled programs paid in full will be refunded (less the deposit). Without 7 days notice of cancellation or rescheduling, your group will be charged the full cost of the scheduled program.

Note: This confirmation may not reflect changes made since the original reservation was booked. A new confirmation may not be sent.

Please note any changes in detail on this sheet and bring it with you to the Box Office.



SEQUOIA UNION ELEMENTARY SCHOOL

Dr. Scott Pickle
Superintendent/Principal

Field Trip/Transportation Request Form

Please fill out this request and return the request to the office at least **three** weeks prior to your trip.

Teachers: Zerlang Grade: 4-6 Date of Request: 3-12-25

Location: TCOE - Reading Revolution - Elem.

Copy of Educational Packet attached: YES _____ NO X

Cost of Tickets: Students \$ _____ Adults \$ _____ Entrance Fee: \$ _____

of Student: 10 # of Adults: 1

Meals through Cafeteria: YES _____ NO: X

Date of Trip: 4-29-25 Approximate Miles: 15 X \$2.35 Total Cost of Trip: _____

Time of Departure: 8:00 Time of Return: 2:00

Deposit Needed: Yes or NO (circle one) Deposit Amount: \$ _____

Safety Inspection:

Signature: _____ Date: _____

Other: _____

Transporting by: *Please Choose*

School Van



Superintendent

PTC President



Director of Transportation

* Please follow the SOP Email completed form Hard Copy hand delivered to Tanya. Confirmation will be provided once your field trip has been approved by all parties.

Small School, Big Heart

23958 AVE 324/P.O. Box 44260 PHONE: 559-564-2106 LEMON COVE, CA 93244-4260



SEQUOIA UNION ELEMENTARY SCHOOL

Dr. Scott Pickle
Superintendent/Principal

Field Trip/Transportation Request Form

Please fill out this request and return the request to the office at least **three** weeks prior to your trip.

Teachers: Zerlang Grade: 7-8 Date of Request: 3-12-25

Location: TCOE - Reading Revolution - Jr. High

Copy of Educational Packet attached: YES _____ NO X

Cost of Tickets: Students \$ _____ Adults \$ _____ Entrance Fee: \$ _____

of Student: 5 # of Adults: 1

Meals through Cafeteria: YES _____ NO: X

Date of Trip: 5-9-25 Approximate Miles: 15 X \$2.35 Total Cost of Trip: _____

Time of Departure: 8:00 Time of Return: 2:00

Deposit Needed: Yes or No (circle one) Deposit Amount: \$ _____

Safety Inspection:

Signature: _____ Date: _____

Other: _____

Transporting by: *Please Choose*

School Van

Superintendent

PTC President

Director of Transportation

* Please follow the SOP Email completed form Hard Copy hand delivered to Tanya. Confirmation will be provided once your field trip has been approved by all parties.

Small School, Big Heart

23958 AVE 324/P.O. BOX 44260 PHONE: 559-564-2106 LEMON COVE, CA 93244-4260



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

BUSINESS

13.1 Government Financial Services Report

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106

Debt Review Report

Sequoia Union Elementary School District 2025 Lease Purchase

March 7, 2025

INTRODUCTION

On February 20, 2025, the Sequoia Union Elementary School District notified the Tulare County Office of Education that the District intended to enter into a lease-purchase financing for \$1 million¹ (2025 Lease-Purchase) to fund miscellaneous school facilities².

On February 27, 2025, County Office of Education staff and consultants (us) met with District staff via conference call to discuss the District's financing plans. The District subsequently provided additional helpful information, which is incorporated in this report.

The County Office has reviewed the proposed financing in accord with its fiscal oversight responsibilities. The County Office appreciates the District's participation and assistance in meeting, providing information, and responding to questions.

This report addresses key questions to help the County Office consider "the capability of the school district to repay" the financing pursuant to Education Code 17150.1.

The questions are:

- 1) Why is the District borrowing?
- 2) What will the District's annual obligation be, including debt service payments and administrative costs?
- 3) What is the risk that the annual obligation will vary from year to year, and by how much?
- 4) What sources does the District plan to use to repay the debt?
- 5) What is the likelihood that the sources of funds for repayment will be sufficient to repay the entire debt?
- 6) What is the cost of funds, and is this reasonable?

These questions are included in the Fiscal Crisis & Management Assistance Team (FCMAT) Fiscal Alert on Public Disclosure of Non-Voter-Approved Debt, dated January 2020.

¹ Rounded numbers are used throughout this report for ease of reading.

² The District subsequently communicated that the financing is for a portion (\$775,000) of the cost of modernizing two classroom wings, with the remaining cost paid for with state funding the District has received.

QUESTIONS ADDRESSED

Why is the District borrowing?

The District is borrowing to fund a portion (\$775,000) of the cost of modernizing two classroom wings (with the remaining cost paid for with state funding the District has received).

We noted that the District has \$948,000 in its Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17), and asked the District if it considered utilizing these funds rather than borrowing. The District communicated that it considered this option, and understands that there is a relatively significant cost to borrowing, but wishes to have these funds available as reserves.

What will the District's annual obligation be, including debt service payments and administrative costs?

Debt Service

The expected debt service schedule provided by the District is shown in Exhibit 1, below. This shows payments each October 1 and April 1, beginning October 1, 2025 and ending October 1, 2035, and that on an annualized basis, payments are \$121,000, with a total repayment of \$1.28 million.³

³ The District subsequently communicated that the closing date of the financing is scheduled to be April 3; assuming the payment dates stay the same, the interest component of the first payment would be less because of the shorter term.

Exhibit 1



BOND DEBT SERVICE
SEQUOIA UNION ELEMENTARY SCHOOL DISTRICT
(Tulare County, California)
2025 Private Placement
Assumes: 10/1/2030 par call; 2035 Final Maturity
~ Capital One; 4.69%, No Fees ~

Dated Date 03/05/2025
 Delivery Date 03/05/2025

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
03/05/2025						1,000,000	1,000,000
10/01/2025	42,428	4.690%	26,837.22	69,265.22	69,265.22	957,572	957,572
04/01/2026	38,519	4.690%	22,455.06	60,974.06		919,053	919,053
10/01/2026	38,521	4.690%	21,551.79	60,072.79	121,046.85	880,532	880,532
04/01/2027	40,347	4.690%	20,648.48	60,995.48		840,185	840,185
10/01/2027	40,349	4.690%	19,702.34	60,051.34	121,046.82	799,836	799,836
04/01/2028	42,262	4.690%	18,756.15	61,018.15		757,574	757,574
10/01/2028	42,263	4.690%	17,765.11	60,028.11	121,046.26	715,311	715,311
04/01/2029	44,269	4.690%	16,774.04	61,043.04		671,042	671,042
10/01/2029	44,268	4.690%	15,735.93	60,003.93	121,046.97	626,774	626,774
04/01/2030	46,369	4.690%	14,697.85	61,066.85		580,405	580,405
10/01/2030	46,369	4.690%	13,610.50	59,979.50	121,046.35	534,036	534,036
04/01/2031	48,569	4.690%	12,523.14	61,092.14		485,467	485,467
10/01/2031	48,570	4.690%	11,384.20	59,954.20	121,046.34	436,897	436,897
04/01/2032	50,874	4.690%	10,245.23	61,119.23		386,023	386,023
10/01/2032	50,875	4.690%	9,052.24	59,927.24	121,046.47	335,148	335,148
04/01/2033	53,289	4.690%	7,859.22	61,148.22		281,859	281,859
10/01/2033	53,289	4.690%	6,609.59	59,898.59	121,046.81	228,570	228,570
04/01/2034	55,818	4.690%	5,359.97	61,177.97		172,752	172,752
10/01/2034	55,818	4.690%	4,051.03	59,869.03	121,047.00	116,934	116,934
04/01/2035	58,467	4.690%	2,742.10	61,209.10		58,467	58,467
10/01/2035	58,467	4.690%	1,371.05	59,838.05	121,047.15		
	1,000,000		279,732.24	1,279,732.24	1,279,732.24		

Administrative Costs

The District informed us that there will be no ongoing administrative costs for the financing; however, pursuant to Government Code 8855(k), the District will be required to submit an annual debt transparency report to the California Debt and Investment Advisory Commission (CDIAC) until the later date on which the debt is no longer outstanding or the proceeds have been fully spent. If the District retains a consultant to assist with preparing and filing the reports, there may be a cost for these services.

What is the risk that the annual obligation will vary from year to year, and by how much?

As shown in Exhibit 1, the estimated payments are approximately level. Further, given that the District is planning a fixed rate financing, once the financing is issued, the payments would not vary from the debt service schedule established at that time.

What sources does the district plan to use to repay the debt?

The plans to repay the debt from its unrestricted General Fund and its unrestricted Charter Schools Special Revenue Fund.

What is the likelihood that the sources of funds for repayment will be sufficient to repay the entire debt?

The District is an 8th grade district that authorizes a TK-7th charter school. The activities associated with the 8th grade district are reported in the General Fund (Fund 01) and the activities associated with the TK-7th grade charter school are reported in the Charter Schools Special Revenue Fund (Fund 09).

Table 1, below, shows, based on the District's multi-year projections, revenues, expenditures, beginning and ending balances, and available reserves separately for each fund (01 and 09), and combined⁴. It can be seen that for the combined totals:

- the District is deficit spending in Fiscal Years (FY) 2024-25 and 2025-26, and surplus spending in FY 2026-27.
- the FY 2026-27 ending balance (\$664,000) is about \$20,000, or 3%, less than the FY 2024-25 beginning balance (\$684,000), so cash flow is approximately flat over the period.
- the FY 2026-27 available reserves (\$1.64 million) exceed the District's reserve standard (\$87,000) by \$1.55 million.⁵

⁴ This data does not include the estimated 2025 Lease-Purchase payments.

⁵ The County Office confirmed that based on the State's reserve standard calculation methodology (California Code of Regulations - Title 5 - Division 1 - Chapter 14 - Subchapter 8 - Article 2 - Section 15455), the District's reserve standard is based on Fund 01. We note that if Fund 09 were included, then based on the District's FY 2026-27 budgeted enrollment of 391 and the 4% reserve percentage level related thereto, the reserve standard would be \$191,000.

Table 1

Fiscal Year:	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Unrestricted General Fund (01)¹			
Revenue	\$595,081.83	\$602,034.00	\$610,194.00
Expenditures & Other Financing Uses	<u>-\$839,431.57</u>	<u>-\$648,776.00</u>	<u>-\$658,443.00</u>
Increase (Decrease) in Fund Balance	(\$244,349.74)	(\$46,742.00)	(\$48,249.00)
Beginning Balance	\$571,061.81	\$326,712.07	\$279,970.07
Ending Balance	\$326,712.07	\$279,970.07	\$231,721.07
Ending Balance	\$326,712.07	\$279,970.07	\$231,721.07
Special Reserve Fund (17)	<u>+\$974,117.00</u>	<u>+\$974,117.00</u>	<u>+\$974,117.00</u>
Available Reserves ²	\$1,300,829.07	\$1,254,087.07	\$1,205,838.07
Unrestricted Charter Schools Special Revenue Fund (09)¹			
Revenue	\$4,163,566.00	\$4,079,619.00	\$4,202,998.00
Expenditures & Other Financing Uses	<u>-\$3,971,763.00</u>	<u>-\$4,040,726.00</u>	<u>-\$4,113,676.00</u>
Increase (Decrease) in Fund Balance	\$191,803.00	\$38,893.00	\$89,322.00
Beginning Balance	\$112,595.00	\$304,398.00	\$343,291.00
Ending Balance	\$304,398.00	\$343,291.00	\$432,613.00
Available Reserves	\$304,398.00	\$343,291.00	\$432,613.00
Combined Totals			
Revenue	\$4,758,647.83	\$4,681,653.00	\$4,813,192.00
Expenditures & Other Financing Uses	<u>-\$4,811,194.57</u>	<u>-\$4,689,502.00</u>	<u>-\$4,772,119.00</u>
Increase (Decrease) in Fund Balance	(\$52,546.74)	(\$7,849.00)	\$41,073.00
Beginning Balance	\$683,656.81	\$631,110.07	\$623,261.07
Ending Balance	\$631,110.07	\$623,261.07	\$664,334.07
Available Reserves ²	\$1,605,227.07	\$1,597,378.07	\$1,638,451.07
District's Reserve Standard ³	<u>-\$87,000.00</u>	<u>-\$87,000.00</u>	<u>-\$87,000.00</u>
Available Reserves Above Standard	\$1,518,227.07	\$1,510,378.07	\$1,551,451.07

¹ Information from 2024-25 First Interim Report and District 1st Interim-Assumptions 2024-25.
² Per the District 1st Interim-Assumptions 2024-25, Available Reserves for Fund 01 includes the Special Reserve Fund (17) balance.
³ Reserve Standard calculation based on Fund 01.

Incorporating data from Exhibit 1 and Table 1, above, Table 2, below, shows that the amount of available reserves above the reserve standard exceeds the estimated debt service payments in FY 2025-26 and FY 2026-27.

Table 2

	Fiscal Year:	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Available Reserves Above Standard		\$1,518,227.07	\$1,510,378.07	\$1,551,451.07
2025 Lease-Purchase Estimated Debt Service		<u>-\$0.00</u>	<u>-\$130,239.28</u>	<u>-\$121,068.27</u>
Excess / (Shortfall)		\$1,518,227.07	\$1,380,138.79	\$1,430,382.80

Based on this information, it appears that the District is capable of making the payments. Of course, this may not be so if there were a material decrease in revenues and/or increase in expenditures.

The County Office informed us that based on a District review of student addresses a few years ago, about 1/3⁶ of the District’s enrollment lived outside the District’s boundaries and that for the charter school grades, other school districts may not prevent or cap students from leaving to attend the District’s charter school. The District’s recent TK-7 and 8th grade enrollment are shown in Table 3, below. It can be seen that enrollment has been stable to growing.

Table 3

<i>School Year</i>	<i>Charter TK-7</i>	<i>District 8th Grade</i>	<i>Total TK-8</i>
2017 -18	301	32	333
2018 -19	322	36	358
2019 -20	314	34	348
2020 -21	317	23	340
2021 -22	346	38	384
2022 -23	326	41	367
2023 -24	348	36	384
2024 -25	347	43	390

¹ 2019-20 - 2023-24 enrollment from California Department of Education (DataQuest). 2024-25 enrollment from Sequoia Union Elementary School District.

Although the District’s recent enrollment has been stable to growing, there is the possibility that in the future, fewer students from outside the District’s boundaries could choose to attend the charter school grades.⁷ If the District’s future enrollment is materially lower, then the District’s financial position could be materially worse, which could potentially make the 2025 Lease-Purchase payments unaffordable.

⁶ Students from outside the District wishing to attend the District’s charter school grades are required to apply to attend the District, but because they attend a charter school, are not inter-district transfers. Therefore, the District does not maintain inter-district transfer records for them.

⁷ The District communicated that demand for students wishing to attend the charter school grades has exceeded classroom capacity; the District’s project will increase capacity.

What is the cost of funds, and is this reasonable?

We analyze the cost of funds because high costs result in a financing being less affordable than it could be. Cost of funds includes issuance costs and interest costs.

Issuance Costs

As shown in Exhibit 2, below, which was provided by the District, the estimated costs of issuance are \$125,000. Based on data for 36 real-property lease purchase financings issued by school districts since January 2021, the median costs of issuance were \$115,000.⁸

Further, based on our experience, we conservatively would budget approximately \$110,000 for costs of issuance. Thus, the District should expect the costs of issuance to be no more than \$110,000 to \$115,000.

Exhibit 2

Sequoia Union Elementary School District	
2025 Private Placement Lease	
Cost of Issuance Budget	
February 13, 2025	
Approximate Issue Size	\$ 1,000,000.00
Jones Hall (Special Counsel)	\$ 41,000.00
Isom Advisors (Financial Advisor)	45,000.00
DA Davidson (Placement Agent)	20,000.00
Title Insurance	1,260.00
Lessor/Financing Corporation	3,000.00
Trustee	5,000.00
Miscellaneous (CDIAC, Cal Muni, other misc. expenses)	9,740.00
TOTAL	\$ 125,000.00

Interest Costs

The debt service table in Exhibit 1, above, shows that the interest rate is 4.69%, the borrowing term is 10.5 years, and the page shows that it was prepared on February 5, 2025.

As of February 5, 2025, the MMD (Municipal Market Data) "AAA" Index⁹ rate for a 10-year maturity was 2.89% and the rate for a 11-year maturity was 2.94%. Thus, the extrapolated rate for a 10.5 year maturity is about 2.92%.

The interest rate of 4.69% equates to a "spread" to the extrapolated MMD "AAA" Index rate of 177 basis points (1.77%).

Comparing to the real-property lease purchase financings described above, six had borrowing terms of either 10 years or 11 years. For these financings, the median "spread" between the reported true interest cost¹⁰ and the like term MMD "AAA" Index rate was 89 basis points (0.89%). The District's spread of 177 basis points is significantly greater than the median for these comparable financings.

⁸ Based on data from California Debt and Investment Advisory Commission (CDIAC).

⁹ According to TM3, which produces the MMD Index, the MMD "AAA" curve is written daily to represent a fair value offer-side of the highest-grade AAA rated state GO's, as determined by the MMD analyst team.

¹⁰ True interest cost data is utilized because the underlying interest rate(s) was not reported. According to the Municipal Securities Rulemaking Board, true interest cost is "the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds."

Finally, because the financing will cost the District \$125,000 upfront in order to access \$875,000 for projects, and there are interest costs as well, the all-in true Interest cost of the borrowing is about 7.5%.

ADDITIONAL COMMENTS

The financing is being issued via a direct placement to the lender/investor (identified as Capital One). The GFOA best practice relevant to this type of issuance method, Bank Loans and Direct Placements, is attached.

CONCLUSION

In conclusion, it appears that the District is capable of making the debt payments, and certainly the District has established a track record of building up its reserves and maintaining fiscal stability.

A potential risk is that an estimated 1/3 of the District's enrollment is comprised of students from outside the District, who could choose to not attend school in the District in the future, which would negatively impact the District's financial position. Although the District's enrollment has been steady to growing since FY 2017-18, the District's future enrollment could be lower should the number of students from outside the District decrease significantly. Should the District's future enrollment be materially lower, its financial position could be materially worse, which could negatively impact the District's ability to afford the payments. Therefore, enrollment should continue to be monitored as a risk mitigation strategy.

That said, given the current fiscal position of the District and its projection of the next couple of years as shown in the MYP, it appears reasonable to conclude the District has the capability to repay the debt as proposed.

Attachments:

- Multi-year projection (MYP) for the Unrestricted General Fund (01)
- District 1st Interim-Assumptions 2024-25
- Charter 1st Interim-Assumptions 2024-25
- Calculation of District's Required Reserve
- GFOA Best Practice - Bank Loans and Direct Placements

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2025-26 Projection (C)	% Change (Cols. E-C/C) (D)	2026-27 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	575,699.00	2.94%	592,651.00	3.06%	610,811.00
2. Federal Revenues	8100-8299	0.00	0.00%		0.00%	
3. Other State Revenues	8300-8599	8,902.00	0.00%	8,902.00	0.00%	8,902.00
4. Other Local Revenues	8600-8799	80,000.00	(12.50%)	70,000.00	(14.29%)	60,000.00
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%		0.00%	
b. Other Sources	8930-8979	0.00	0.00%		0.00%	
c. Contributions	8980-8999	(69,519.17)	0.00%	(69,519.00)	0.00%	(69,519.00)
6. Total (Sum lines A1 thru A5c)		595,081.83	1.17%	602,034.00	1.36%	610,194.00
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				284,460.00		288,739.00
b. Step & Column Adjustment				4,279.00		4,364.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	284,460.00	1.50%	288,739.00	1.51%	293,103.00
2. Classified Salaries						
a. Base Salaries				68,756.00		69,314.00
b. Step & Column Adjustment				558.00		419.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	68,756.00	.81%	69,314.00	.60%	69,733.00
3. Employee Benefits	3000-3999	139,137.00	2.56%	142,703.00	2.75%	146,633.00
4. Books and Supplies	4000-4999	18,978.00	2.58%	19,467.00	2.53%	19,960.00
5. Services and Other Operating Expenditures	5000-5999	100,834.57	.45%	101,287.00	.46%	101,748.00
6. Capital Outlay	6000-6999	0.00	0.00%		0.00%	
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	28,112.00	0.00%	28,112.00	0.00%	28,112.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(846.00)	0.00%	(846.00)	0.00%	(846.00)
9. Other Financing Uses						
a. Transfers Out	7600-7629	200,000.00	(100.00%)		0.00%	
b. Other Uses	7630-7699	0.00	0.00%		0.00%	
10. Other Adjustments (Explain in Section F below)						
11. Total (Sum lines B1 thru B10)		839,431.57	(22.71%)	648,776.00	1.49%	658,443.00
C. NET INCREASE (DECREASE) IN FUND BALANCE						
(Line A6 minus line B11)		(244,349.74)		(46,742.00)		(48,249.00)
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		571,061.81		326,712.07		279,970.07
2. Ending Fund Balance (Sum lines C and D1)		326,712.07		279,970.07		231,721.07
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	0.00				
b. Restricted	9740					
c. Committed						
1. Stabilization Arrangements	9750	0.00				
2. Other Commitments	9760	0.00				
d. Assigned	9780	0.00				
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789	0.00				

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2025-26 Projection (C)	% Change (Cols. E-C/C) (D)	2026-27 Projection (E)
2. Unassigned/Unappropriated	9790	326,712.07		279,970.07		231,721.07
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		326,712.07		279,970.07		231,721.07
E. AVAILABLE RESERVES						
1. General Fund						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	0.00		0.00		0.00
c. Unassigned/Unappropriated	9790	326,712.07		279,970.07		231,721.07
(Enter other reserve projections in Columns C and E for subsequent years 1 and 2; current year - Column A - is extracted)						
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750	0.00				
b. Reserve for Economic Uncertainties	9789	0.00				
c. Unassigned/Unappropriated	9790	0.00				
3. Total Available Reserves (Sum lines E1a thru E2c)		326,712.07		279,970.07		231,721.07
F. ASSUMPTIONS						
Please provide below or on a separate attachment, the assumptions used to determine the projections for the first and second subsequent fiscal years. Further, please include an explanation for any significant expenditure adjustments projected in lines B1d, B2d, and B10. For additional information, please refer to the Budget Assumptions section of the SACS Financial Reporting Software User Guide.						

MYP - UNRESTRICTED GENERAL FUND ASSUMPTIONS

District

Sequoia Union Elementary-District

FISCAL YEAR	2024-25
REPORT PERIOD	1st Interim

Recreated based on PDF

Description	Object codes	2024-25		2025-26		2026-27		2/27/25
		Working	% Change	Projection	% Change	Projection	Comments	
A. REVENUES AND OTHER FINANCING SOURCES								
1. LCFF/Revenue Limit Sources	8010-8099	575,699	2.94%	592,651	3.06%	610,811		
2. Federal Revenues	8100-8299			-		-		
3. Other State Revenues								
a. Other State Apportionments (Not Included in LCFF)	8311			-		-		
b. Mandated Cost Reim	8550	1,581		1,581		1,581		
c. Lottery	8560	7,321		7,321		7,321		
d. Charter Block Grant	8590			-		-		
e. All Other State Revenue (Not Included in LCFF)	8590			-		-		
Total Other State Revenue	8300-8599	8,902	0.00%	8,902	0.00%	8,902		
4. Other Local Revenue								
a. Interest	8660	50,000		40,000		30,000		
b. All Other	8600-8799	30,000		30,000		30,000		
Total Other Local Revenue	8600-8799	80,000	-12.50%	70,000	-14.29%	60,000		
5. Other Financing Sources								
a. Transfers In	8900-8929			-		-		
b. Other Sources	8930-8979			-		-		
c. Contributions	8980-8999							
Special Education Rs3310,6500,90207	8980		0.00%		0.00%			
Routine Restricted Maintenance	8980	(68,732)	0.00%	(68,732)	0.00%	(68,732)		
Other Contributions	8980	(787)	0.00%	(787)	0.00%	(787)		
Total Other Financing Sources		(69,519)	0.00%	(69,519)	0.00%	(69,519)		
6. Total Revenues and Other Financing Sources		595,082	1.17%	602,034	1.36%	610,194		
B. EXPENDITURES AND OTHER FINANCING USES								
1. Certificated Salaries			S&C		S&C			
Teachers	11000	213,927	2.00%	218,206	2.00%	222,570		
Substitute Teachers	11002	5,500		5,500		5,500		
Teacher - Auxiliary	11003	2,057		2,057		2,057		
Pupil Support	12000			-		-		
Supervisors & Administrators	13000	62,976		62,976		62,976		
Other Certificated	19000							
a. Total Base Salaries		284,460	1.50%	288,739	1.51%	293,103		
b. Step & Column in base				4,279		4,364		
c. Cost-of-living								
d. Other adj.								
e. Other adj. Staff Increases (Decreases)								
Total Certificated Salaries	1000-1999	284,460	1.50%	288,739	1.51%	293,103		
2. Classified Salaries			S&C		S&C			
Instructional	21000	5,579	1.00%	5,635	1.00%	5,691		
Substitute Instructional	21002	2,000		2,000		2,000		
Instructional Aides - Auxiliary	21003	1,170		1,170		1,170		
Support	22000	20,874	1.00%	21,083	1.00%	21,294		
Substitute Support	22002			-		-		
Support - Auxiliary	23003	1,485		1,485		1,485		
Supervisors & Administrators	23000	14,989	1.00%	15,139	1.00%	15,290		
Clerical, Technical & Office	24000	14,309	1.00%	14,452		14,452		
Clerical, Technical & Office - Auxiliary	24003							
Other Classified	29000	8,350		8,350		8,350		
Work Study Stipends	29003			-		-		
a. Total Base Salaries		68,756	0.81%	69,314	0.80%	69,732		
b. Step & Column				558		419		
c. Cost-of-living				-		-		
d. Other adj.								
e. Other adj. Staff Increases (Decreases)								
Total Classified Salaries	2000-2999	68,756	0.81%	69,314	0.80%	69,732		
3. Employee Benefits								
2024-25	2025-26	2026-27						
STRS - Certificated	19.100%	19.100%	19.100%	55,099	0.09%	55,149	1.51%	55,983
STRS - Classified					0.00%		0.00%	
PERS - Certificated					0.00%		0.00%	
PERS - Classified	27.050%	27.400%	27.500%	17,010	11.65%	18,992	0.97%	19,176
OASDI - Certificated				248	-100.00%		0.00%	
OASDI - Classified	6.200%	6.200%	6.200%	3,911	9.88%	4,297	0.60%	4,323
Medicare - Certificated & Classified	1.450%	1.450%	1.450%	5,105	1.70%	5,192	1.34%	5,261
Alternative Retirement - Certificated & Classified					0.00%		0.00%	
H&W Certificated				36,279	5.00%	38,093	5.00%	39,998
H&W Classified				16,428	5.00%	17,249	5.00%	18,112
SUI - Certificated & Classified	0.050%	0.050%	0.050%	187	-4.26%	179	1.34%	181
WC - Certificated & Classified	0.9918%	0.9918%	0.9918%	4,870	-27.08%	3,551	1.34%	3,599
OPEB - Certificated & Classified					0.00%		0.00%	
PERS Reduction Certificated & Classified					0.00%		0.00%	
Total Employee Benefits	3000-3999			139,137	2.56%	142,703	2.75%	146,633
4. Books and Supplies								
Approved Textbooks	4100					-		-
Books and Reference Materials	4200					-		-
Material and Supplies	4300	17,081	2.86%	17,570	2.81%	18,063		
Non-Capitalized Equipment	4400	1,897		1,897		1,897		
Total Books and Supplies	4000-4999	18,978	2.57%	19,467	2.54%	19,960		
5. Services and Other Operating								
Travel and Conference	5200	6,585		6,585		6,585		
Dues and Memberships	5300	694		694		694		
Insurance	54xx	4,600		4,600		4,600		
Operations	55xx	22,600	2.00%	23,052	2.00%	23,513		
Rentals, Leases, Repairs	5600	9,800		9,800		9,800		
Transfers of Direct Costs	57xx			-		-		
Professional/Consulting Services	5800	55,556		55,556		55,556		
Communications	5900	1,000		1,000		1,000		
Total Services and Other Operating	5000-5999	100,835	0.45%	101,287	0.46%	101,748		
6. Capital Outlay								
Land	6100							
Buildings	6200							
Equipment	6400							
Total Capital Outlay	6000-6999	-		-		-		
7. Other Outgo (excluding Transfers of Indirect Cost obj 7100-7299, 7400-7499)								
All Other Transfers to County Office	7142	24,688		24,688		24,688		
All Other Transfers Out	7299							
Debt Services-Interest	7438	536		491		456		
Debt Services-Principal	7439	2,888		2,933		2,968		
Total Other Outgo - Excluding Indirect	7100-7299, 7400-7499	28,112		28,112		28,112		
8. Other Outgo - Transfers of Indirect Cost								
Indirect Costs	7310	(156)	0.00%	(156)	0.00%	(156)		
Indirect Costs Interfund								

WC RATE MUST BE ENTERED

MYP - UNRESTRICTED GENERAL FUND ASSUMPTIONS

District

Sequoia Union Elementary-District

FISCAL YEAR	2024-25
REPORT PERIOD	1st Interim

Recreated based on PDF

Description	Object codes	2024-25	%	2025-26	%	2026-27	2/27/25
		Working	Change	Projection	Change	Projection	Comments
Cafeteria	7350	(690)	0.00%	(690)	0.00%	(690)	
State Preschool	7350		0.00%		0.00%		
Total Other Outgo - Transfer of Indirect Cost	7300-7399	(846)	0.00%	(846)	0.00%	(846)	
9. Other Financing Uses							
a. Transfers Out	7600-7629	200,000					
b. Other Uses	7630-7699						
10. Total Expenditures and Other Financing Uses		839,432	-22.71%	648,774	1.49%	658,442	
C. NET INCREASE (DECREASE) IN FUND BALANCE		(244,350)		(46,740)		(48,248)	
D. Fund Balance							
Beginning Fund Balance		571,062		326,712		279,972	
Ending Fund Balance		326,712		279,972		231,724	
Committed Funds							
Assigned Funds							
Other Reserves of the General Fund							
Reserved for LCFF Increase							
Special Reserve Fund 170		974,117		974,117		974,117	
District's Available Reserve Amounts		1,300,829		1,254,089		1,205,841	
District's Available Reserve Percentage		123.88%		154.81%		146.92%	

OTHER ASSUMPTION DETAILS

Please provide information concerng assumptions made by the district. (i.e. furlough changes, program additions/terminations, one-time expenditures/funding)

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MYP - UNRESTRICTED CHARTER FUND ASSUMPTIONS

District

Sequoia Union Elementary-Charter

FISCAL YEAR	2024-25
REPORT PERIOD	1st Interim

Description	Object codes	2024-25		2025-26		2026-27		2/27/25
		Working	% Change	Projection	% Change	Projection	Projection	
A. REVENUES AND OTHER FINANCING SOURCES								
1. LCFF/Revenue Limit Sources	8010-8099	3,899,496	2.98%	4,015,549	3.07%	4,138,928		
2. Federal Revenues	8100-8299							
3. Other State Revenues								
a. Other State Apportionments (Not Included in LCFF)	8311							
b. Mandated Cost Reim	8550	6,449		6,449		6,449		
c. Lottery	8560	56,902		56,902		56,902		
d. Charter Block Grant	8590							
e. All Other State Revenue (Not Included in LCFF)	8590							
Total Other State Revenue	8300-8599	63,351	0.00%	63,351	0.00%	63,351		
4. Other Local Revenue								
a. Interest	8660	20,000		20,000		20,000		
b. All Other	8600-8799	4,000		4,000		4,000		
Total Other Local Revenue	8600-8799	24,000	0.00%	24,000	0.00%	24,000		
5. Other Financing Sources								
a. Transfers In	8900-8929	200,000						
b. Other Sources	8930-8979							
c. Contributions	8980-8999							
ELOP	8980	(16,909)	0.00%	(16,909)	0.00%	(16,909)		
Other Contributions	8980	(6,372)	0.00%	(6,372)	0.00%	(6,372)		
Total Other Financing Sources		176,719	-113.17%	(23,281)	0.00%	(23,281)		
6. Total Revenues and Other Financing Sources		4,163,566	-2.02%	4,079,619	3.02%	4,202,998		
B. EXPENDITURES AND OTHER FINANCING USES								
1. Certificated Salaries								
Teachers	11000	1,365,914	2.00%	1,393,232	2.00%	1,421,097		
Substitute Teachers	11002	44,500		44,500		44,500		
Teacher - Auxiliary	11003	15,418		15,418		15,418		
Pupil Support	12000							
Supervisors & Administrators	13000	226,060		226,060		226,060		
Other Certificated	19000							
a. Total Base Salaries		1,651,892	1.65%	1,679,210	1.66%	1,707,075		
b. Step & Column in base				27,318		27,865		
c. Cost-of-living								
d. Other adj.								
e. Other adj. Staff Increases (Decreases)								
Total Certificated Salaries	1000-1999	1,651,892	1.65%	1,679,210	1.66%	1,707,075		
2. Classified Salaries								
Instructional	21000	44,781	1.00%	45,229	1.00%	45,681		
Substitute Instructional	21002	9,000		9,000		9,000		
Instructional Aides - Auxiliary	21003	8,030		8,030		8,030		
Support	22000	169,225	1.00%	170,917	1.00%	172,626		
Substitute Support	22002							
Support - Auxiliary	23003	12,015		12,015		12,015		
Supervisors & Administrators	23000	121,269	1.00%	122,482	1.00%	123,707		
Clerical, Technical & Office	24000	105,216	1.00%	106,268	1.00%	107,331		
Clerical, Technical & Office - Auxiliary	24003							
Other Classified	29000	67,549		67,549		67,549		
Work Study Stipends	29003							
a. Total Base Salaries		537,085	0.82%	541,490	0.82%	545,939		
b. Step & Column				4,405		4,449		
c. Cost-of-living								
d. Other adj.								
e. Other adj. Staff Increases (Decreases)								
Total Classified Salaries	2000-2999	537,085	0.82%	541,490	0.82%	545,939		
3. Employee Benefits								
2024-25	2025-26	2026-27						
STRS - Certificated	19.100%	19.100%	19.100%	321,693	-0.30%	320,729	1.66%	326,051
STRS - Classified					0.00%		0.00%	
PERS - Certificated					0.00%		0.00%	
PERS - Classified	27.050%	27.400%	27.500%	134,423	10.37%	148,368	1.19%	150,133
OASDI - Certificated				2,007	-100.00%		0.00%	
OASDI - Classified	6.200%	6.200%	6.200%	30,957	8.45%	33,572	0.82%	33,848
Medicare - Certificated & Classified	1.450%	1.450%	1.450%	31,669	1.68%	32,200	1.46%	32,669
Alternative Retirement - Certificated & Classified					0.00%		0.00%	
H&W Certificated				347,310	5.00%	364,676	5.00%	382,909
H&W Classified				128,399	5.00%	134,819	5.00%	141,560
SUI - Certificated & Classified	0.050%	0.050%	0.050%	1,099	1.03%	1,110	1.46%	1,127
WC - Certificated & Classified	0.9918%	0.9918%	0.9918%	30,081	-26.78%	22,025	1.46%	22,345
OPEB - Certificated & Classified					0.00%		0.00%	
PERS Reduction Certificated & Classified					0.00%		0.00%	
Total Employee Benefits	3000-3999			1,027,638	2.91%	1,057,500	3.13%	1,090,642
4. Books and Supplies								
Approved Textbooks	4100							
Books and Reference Materials	4200	100		100		100		
Material and Supplies	4300	116,535	2.86%	119,868	2.81%	123,236		
Non-Capitalized Equipment	4400	12,234		12,234		12,234		
Total Books and Supplies	4000-4999	128,869	2.59%	132,202	2.55%	135,570		
5. Services and Other Operating								
Travel and Conference	5200	36,645		36,645		36,645		
Dues and Memberships	5300	4,000		4,000		4,000		
Insurance	54xx	37,000		37,000		37,000		
Operations	55xx	202,248	2.00%	206,293	2.00%	210,419		
Rentals, Leases, Repairs	5600	94,250		94,250		94,250		
Transfers of Direct Costs	57xx							
Professional/Consulting Services	5800	229,758		229,758		229,758		
Communications	5900	1,500		1,500		1,500		
Total Services and Other Operating	5000-5999	605,401	0.67%	609,446	0.68%	613,572		
6. Capital Outlay								
Land	6100							
Buildings	6200							
Equipment	6400							
Total Capital Outlay	6000-6999							
7. Other Outgo (excluding Transfers of Indirect Cost obj 7100-7299, 7400-7499)								
All Other Transfers to County Office	7282							
All Other Transfers Out	7299							
Debt Services-Interest	7438	4,339		4,089		3,838		
Debt Services-Principal	7439	23,365		23,615		23,866		
Total Other Outgo - Excluding Indirect	7100-7299, 7400-7499	27,704		27,704		27,704		
8. Other Outgo - Transfers of Indirect Cost								
Indirect Costs	7310	(1,239)	0.00%	(1,239)	0.00%	(1,239)		
Indirect Costs Interfund								
Cafeteria	7350	(5,587)	0.00%	(5,587)	0.00%	(5,587)		

WC RATE MUST BE ENTERED

MYP - UNRESTRICTED CHARTER FUND ASSUMPTIONS

District

Sequoia Union Elementary-Charter

FISCAL YEAR	2024-25
REPORT PERIOD	1st Interim

Description	Object codes	2024-25		2025-26		2026-27		2/27/25
		Working	% Change	Projection	% Change	Projection	Comments	
State Preschool	7350							
Total Other Outgo - Transfer of Indirect Cost	7300-7399	(6,826)	0.00%	(6,826)	0.00%	(6,826)		
9. Other Financing Uses								
a. Transfers Out	7600-7629							
b. Other Uses	7630-7699							
10. Total Expenditures and Other Financing Uses		3,971,763	1.74%	4,040,726	1.81%	4,113,676		
C. NET INCREASE (DECREASE) IN FUND BALANCE		191,803		38,893		89,322		
D. Fund Balance								
Beginning Fund Balance		112,595		304,398		343,291		
Ending Fund Balance		304,398		343,291		432,613		
Committed Funds								
Assigned Funds								
Other Reserves of the General Fund								
Reserved for LCFF Increase								
Special Reserve Fund 170								
District's Available Reserve Amounts		304,398		343,291		432,613		
District's Available Reserve Percentage		6.41%		7.20%		8.93%		

OTHER ASSUMPTION DETAILS

Please provide information concerng assumptions made by the district. (i.e. furlough changes, program additions/terminations, one-time expenditures/funding)

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10. CRITERION: Reserves

STANDARD: Available reserves¹ for any of the current fiscal year or two subsequent fiscal years are not less than the following percentages or amounts² as applied to total expenditures and other financing uses³:

DATA ENTRY: Current Year data are extracted. If Form MYPI exists, 1st and 2nd Subsequent Year data will be extracted. If not, enter district regular ADA and charter school ADA corresponding to financial data reported in the General Fund, only, for the two subsequent years.

Percentage Level		District ADA
5% or \$87,000 (greater of)	0	to 300
4% or \$87,000 (greater of)	301	to 1,000
3%	1,001	to 30,000
2%	30,001	to 250,000
1%	250,001	and over

¹ Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the General Fund.

² Dollar amounts to be adjusted annually by the prior year statutory cost-of-living adjustment (Education Code Section 42238), rounded to the nearest thousand.

³ A school district that is the Administrative Unit (AU) of a Special Education Local Plan Area (SELPA) may exclude from its expenditures the distribution of funds to its participating members.

	Current Year (2024-25)	1st Subsequent Year (2025-26)	2nd Subsequent Year (2026-27)
District Estimated P-2 ADA (Current Year, Form AI, Lines A4 and C4. Subsequent Years, Form MYPI, Line F2, if available.)	372	43	43
District's Reserve Standard Percentage Level:	4%	5%	5%

10A. Calculating the District's Special Education Pass-through Exclusions (only for districts that serve as the AU of a SELPA)

DATA ENTRY: For SELPA AUs, if Form MYPI exists, all data will be extracted including the Yes/No button selection. If not, click the appropriate Yes or No button for item 1. If Yes, enter data for item 2a. If No, enter data for the two subsequent years in item 2b; Current Year data are extracted.

For districts that serve as the AU of a SELPA (Form MYPI, Lines F1a, F1b1, and F1b2):

1. Do you choose to exclude from the reserve calculation the pass-through funds distributed to SELPA members?

Yes

2. If you are the SELPA AU and are excluding special education pass-through funds:

a. Enter the name(s) of the SELPA(s):

b. Special Education Pass-through Funds
(Fund 10, resources 3300-3499, 6500-6540 and 6546, objects 7211-7213 and 7221-7223)

Current Year Projected Year Totals (2024-25)	1st Subsequent Year (2025-26)	2nd Subsequent Year (2026-27)
0.00		

10B. Calculating the District's Reserve Standard

DATA ENTRY: If Form MYPI exists, all data will be extracted or calculated. If not, enter data for line 1 for the two subsequent years; Current Year data are extracted.

	Current Year Projected Year Totals (2024-25)	1st Subsequent Year (2025-26)	2nd Subsequent Year (2026-27)
1. Expenditures and Other Financing Uses (Form 011, objects 1000-7999) (Form MYPI, Line B11)	1,050,039.02	810,067.80	820,732.80
2. Plus: Special Education Pass-through (Criterion 10A, Line 2b, if Criterion 10A, Line 1 is No)			
3. Total Expenditures and Other Financing Uses (Line B1 plus Line B2)	1,050,039.02	810,067.80	820,732.80

4.	Reserve Standard Percentage Level	4%	5%	5%
5.	Reserve Standard - by Percent (Line B3 times Line B4)	42,001.56	40,503.39	41,036.64
6.	Reserve Standard - by Amount (\$87,000 for districts with 0 to 1,000 ADA, else 0)	87,000.00	87,000.00	87,000.00
7.	District's Reserve Standard (Greater of Line B5 or Line B6)	87,000.00	87,000.00	87,000.00

10C. Calculating the District's Available Reserve Amount

DATA ENTRY: All data are extracted from fund data and Form MYPI. If Form MYPI does not exist, enter data for the two subsequent years.

Reserve Amounts (Unrestricted resources 0000-1999 except Line 4)	Current Year		
	Projected Year Totals	1st Subsequent Year	2nd Subsequent Year
	(2024-25)	(2025-26)	(2026-27)
1. General Fund - Stabilization Arrangements (Fund 01, Object 9750) (Form MYPI, Line E1a)	0.00		
2. General Fund - Reserve for Economic Uncertainties (Fund 01, Object 9789) (Form MYPI, Line E1b)	0.00		
3. General Fund - Unassigned/Unappropriated Amount (Fund 01, Object 9790) (Form MYPI, Line E1c)	326,712.07	279,970.07	231,721.07
4. General Fund - Negative Ending Balances in Restricted Resources (Fund 01, Object 979Z, if negative, for each of resources 2000-9999) (Form MYPI, Line E1d)	0.00	0.00	0.00
5. Special Reserve Fund - Stabilization Arrangements (Fund 17, Object 9750) (Form MYPI, Line E2a)	0.00		
6. Special Reserve Fund - Reserve for Economic Uncertainties (Fund 17, Object 9789) (Form MYPI, Line E2b)	0.00		
7. Special Reserve Fund - Unassigned/Unappropriated Amount (Fund 17, Object 9790) (Form MYPI, Line E2c)	0.00		
8. District's Available Reserve Amount (Lines C1 thru C7)	326,712.07	279,970.07	231,721.07
9. District's Available Reserve Percentage (Information only) (Line 8 divided by Section 10B, Line 3)	31.11%	34.56%	28.23%
District's Reserve Standard (Section 10B, Line 7):	87,000.00	87,000.00	87,000.00
Status:	Met	Met	Met

10D. Comparison of District Reserve Amount to the Standard

DATA ENTRY: Enter an explanation if the standard is not met.

1a. STANDARD MET - Available reserves have met the standard for the current year and two subsequent fiscal years.

Explanation:
(required if NOT met)



BEST PRACTICES

Bank Loans and Direct Placements

GFOA recommends that governments, considering the possibility of entering into bank loans, develop policies and procedures related to these debt obligations.

The London Interbank Offered Rate (LIBOR) is scheduled to end by December 31, 2021, and possibly sooner as the market moves towards the replacement benchmark, the Secured Overnight Financing Rate (SOFR). Therefore, existing contracts that reference LIBOR will need to be revised to perform as intended and new contracts may have to reference SOFR.

Finance officers should review financial contracts and agreements for LIBOR exposure and discuss with your finance team (including your counsel, swap advisor and municipal advisor) regarding changes that may need to occur in legacy contracts.

- [International Swaps and Derivatives Association \(ISDA\) Resources](#)
- [GFOA Resource Document](#)

Bank loans, also known as direct placements, are an important tool in a government's financing toolkit. For purposes of this Best Practice, the term "bank loans" includes fixed or variable-rate loans with defined maturities and loans or lines of credit that have variable interest rates and flexible payment provisions. Bank loans do not include securities that are offered to the public (competitive or negotiated sale), or privately placed with sophisticated investors (private placement).

Potential advantages of bank loans are that the process for execution of bank loans generally is simpler than a bond issue that is marketed to the public market, have lower issuance costs, and fewer ongoing compliance requirements. Additionally, bank loans can often be structured in a manner that more closely conforms to specific project or repayment considerations than is the case with bond issues. However, because bank loans are typically not executed in an environment that is as transparent as the bond market, an issuer may have limited ability to assess whether the proposed interest rate(s), fees and terms are competitive with a publically offered bond issue and typically are of shorter duration.

Governments should develop specific policies and procedures that address the proper legal and financial aspects of using bank loans for their jurisdiction. Governments also should become familiar with the various types of terms used in these financial products. Governments need to know how bank loans are characterized for legal and accounting purposes, including how they are treated in the government's financial statements, and what types of disclosures should be made about these loans. State and local laws should be reviewed to ensure these financings are within legal limits and the financing is characterized appropriately.

Governments should develop specific policies and procedures that address the proper legal and financial aspects of using bank loans for their jurisdiction. Governments also should become familiar with the various types of terms used in these financial products.

Governments need to know how bank loans are characterized for legal and accounting purposes, including how they are treated in your financial statements, and what types of disclosures should be made about these loans. State and local laws should be reviewed to ensure these financings are within legal limits and the financing is characterized appropriately.

Public disclosure of bank loans currently is not required beyond the reporting requirements in the governments financial statements. However, many market participants have suggested that providing information about outstanding bank loans is necessary to assess an issuers outstanding debt obligations and general credit quality.

GFOA recommends that governments, considering the possibility of entering into bank loans, develop policies and procedures related to these debt obligations. When developing these policies and procedures, and when evaluating the various debt alternatives available to it, governments should consult with their municipal advisor and legal counsel. These professionals should be engaged by the government prior to, and throughout, the negotiations for a bank loan. These professionals can assist with making an assessment of proposed structures, terms and pricing.

Some of the questions that should be addressed before a government pursues a bank loan include:

- Has the government retained outside professionals to help determine the legality and fiscal prudence of a bank loan?
- Does the government have the legal authority by state and local statute to enter into the contemplated financing?
- Has the government considered or discussed with its professional team the option of issuing bank qualified debt?
- From a statutory standpoint, is the bank loan considered to be debt, and if so, does it apply against the government's debt capacity or other considerations?
- Does a bank loan offer a better solution to the issuer's needs than a financing offered in the public bond markets? What are the terms that best fit these specific borrowing needs (including fixed vs. variable interest rates)?
- How will potential bank loan providers be solicited, evaluated and selected?
- Is the government using competitive means to obtain a bank loan? How can the government best negotiate the final terms with the selected financing provider?
- Has the government thoroughly reviewed and discussed the term sheet of the loan prior to its execution, and does the term sheet have comprehensive information about the loan?
- What is the interest rate on the bank loan? Is it fixed for the term of the loan or does it change during the term of the loan? Is the interest rate a variable rate with predetermined interest reset dates or an index upon which it is based? Is the interest rate subject to change if the rating(s) on the issuer change? Can the government manage the risk of an increase in the interest rate, and to what extent?
- Is the loan a fully amortizing loan, or does it incorporate a non-amortizing bullet maturity? How is the debt service schedule structured level or ascending? Can additional debt be incurred by the government, if necessary? If so, what is the formula for determining how much additional debt can be incurred? Is there a coverage ratio requirement in the loan? Are there penalties for prepaying the loan prior to maturity? Are there acceleration provisions? Can the government manage the risk of acceleration?
- What are the covenants included in the bank loan, and who within the government is responsible for ongoing compliance? Are there certain covenants that the government will avoid, such as acceleration or cross-default?

Disclosure Considerations

Amendments to SEC Rule 15c2-12 for bonds issued on or after February 27, 2019 added two additional event notices. As a result, if a government has issued debt on or after February 27, 2019, public disclosure of bank loans or other financial obligations as referenced through a listed event may be required. The disclosure must occur in a timely manner, typically within a few days of entering into the loan. GFOA recommends that, prior to closing on the loan, governments discuss with Bond Counsel or Disclosure Counsel, what will be filed, and who will be doing the filing. See the [GFOA Best Practice Understanding Your Continuing Disclosure Responsibilities](#).

Even if such disclosure is not required (e.g., issuers that issued bank loan prior to February 27, 2019), many market participants have suggested that providing information about outstanding bank loans is advised to assess an issuer's outstanding debt obligations and general credit quality. In addition, rating agencies treat bank loans akin to a bond issue or other long-term debt and will inquire as to any bank loans the government may have. Without sufficient information about the loan and the government's plans to comply with all covenants, they may not be able to maintain a rating.

If the government is not subject to the mandatory reporting requirements of Rule 15c2-12, in order to enhance communication to its citizens and other parties interested in reviewing a government's credit profile, governments should voluntarily disclose information about bank loans similar to what is required under the mandatory disclosure requirement.

References:

- MSRB Notice on Bank Loans, MSRB Notice 2011-52, <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2011/2011-52.aspx/>.
- National Federal of Municipal Analysts, Considerations Regarding Voluntary Secondary Market Disclosures About Bank Loans, <http://www.nfma.org/assets/documents/position.stmt/wp.direct.bank.loan.5.13.pdf>.



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

BUSINESS

13.2 Finance

- A. Lease-Sublease Agreement
- B. Assignment Agreement
- C. Agenda Summary
- D. Resolution
- E. BP 3470

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106

RECORDING REQUESTED BY:
Sequoia Union Elementary School District

AND WHEN RECORDED
RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Katie J. Dobson, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AND SUBLEASE AGREEMENT

This LEASE AND SUBLEASE AGREEMENT (this "Lease"), dated as of April 1, 2025, is between LOCAL FACILITIES FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California (the "Corporation"), as lessee and sublessor, and the SEQUOIA UNION ELEMENTARY SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California (the "District"), as lessor and sublessee.

BACKGROUND:

1. The District is proceeding to the acquisition and installation of capital projects at District facilities, and specifically the construction of _____ (the "Project").
2. The District is authorized pursuant to the California Education Code (the "Education Code"), including Section 17456 thereof, to lease real property to a nonprofit organization formed in part to assist local agencies in obtaining financing, and to simultaneously lease such property back and obtain financing thereby for the purpose of making capital improvements to school facilities.
3. Pursuant to Section 17150.1 of the Education Code, the District provided the required notice of proposed non-voter approved debt to the Tulare County Office of Education.
4. As provided herein, in order to raise funds in the principal amount of \$_____, the District has proposed to lease the real property more particularly described in Appendix A attached hereto and by this reference incorporated herein (the "Leased Property"), to the Corporation for an upfront rental payment which is sufficient for that purpose.

5. The Corporation has proposed to lease the Leased Property back to the District in consideration of the payment by the District of semiannual lease payments payable from lawfully available funds of the District, which the Corporation will assign to Capital One Public Funding, LLC, a New York limited liability company, as assignee (including its successors and assigns, the "Assignee") pursuant to an Assignment of Lease Agreement dated the date hereof and recorded concurrently herewith (the "Assignment of Lease") in consideration for providing the financing described herein.

6. The District and the Corporation have agreed to enter into this Lease for the purpose of implementing the financing transactions described above.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Corporation formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Lease.

"Assignee" means (a) initially, Capital One Public Funding, LLC, a New York limited liability company, as original assignee of certain rights of the Corporation hereunder, and (b) any other entity to whom rights hereunder are assigned subject to, and in accordance with, Section 2 of the Assignment of Lease.

"Assignment of Lease" means the Assignment of Lease Agreement dated as of April 1, 2025, and recorded concurrently herewith, between the Corporation as assignor and the Assignee as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

"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, or other investment products (provided that such products comply with the requirements of Section 148 of the Tax Code).

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

"Business Day" means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California.

"Closing Date" means the date of execution and delivery of this Lease by the parties hereto, being April __, 2025.

“Completion Date” means, with respect to the Project, the date identified as the date of completion thereof under Section 3.4.

“Corporation” means Local Facilities Finance Corporation, a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California.

“County” means Tulare County, California.

“Default Rate” means a rate of interest equal to ___% per annum.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of this Lease, including but not limited to filing and recording costs, settlement costs, reproduction and binding costs, filings with the California Debt and Investment Advisory Commission, legal fees and charges, insurance fees and charges, financial and other professional consultant fees including municipal advisors and placement agents and any charges and fees in connection with the foregoing.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the District files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have occurred;

(ii) on the date when the Assignee notifies the District that it has received a written opinion from Bond Counsel to the effect that an Event of Taxability has occurred, which notice shall be accompanied by a copy of such opinion of Bond Counsel, unless, within 180 days after receipt by the District of such notification and copy of such opinion from the Assignee, the District shall deliver to the Assignee a ruling or determination letter issued to or on behalf of the District by an official of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the District is advised in writing by an official of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon any review or audit or upon any other ground whatsoever, an Event of Taxability has occurred; or

(iv) on the date when the District receives notice from the Assignee that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed the interest on the Lease Payments as includable in the gross income of the Assignee due to the occurrence of an Event of Taxability, provided that the Assignee has provided a copy of document(s) received from the Internal Revenue Service to the District;

provided, however, that no Determination of Taxability shall occur under subparagraph (iii) or subparagraph (iv) above unless the District has been afforded the opportunity, at its expense, to

contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Assignee following an event listed in subparagraphs (i), (ii), (iii) or (iv), the District shall reimburse the Assignee for any payments, including any taxes, interest, penalties or other charges, the Assignee shall be obligated to make to the Internal Revenue Service as a result of the Determination of Taxability.

“District” means the Sequoia Union Elementary School District, a school district organized and existing under the laws of the State of California.

“District Representative” means the President of the Board, the Clerk of the Board, the Superintendent, the Business Manager, and each such officer’s designee, or any other person authorized by resolution of the governing board of the District to act on behalf of the District under or with respect to this Lease.

“Environmental Laws” means any federal, state, or local law, rule or regulation now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, relating to health, safety, or the environment.

“Event of Default” means any of the events of default as defined in Section 8.1.

“Event of Taxability” means any action, inaction or event that has the effect of causing interest paid or payable on the Lease Payments to be includable, in whole or in part, in the gross income of the holder of the Lease Payments for federal income tax purposes.

“Federal Securities” means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

“Fiscal Year” means each twelve-month period during the Term of this Lease commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

“Lease” means this Lease and Sublease Agreement dated as of April 1, 2025, between the Corporation and the District, with respect to \$_____ aggregate principal amount of Lease Payments, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“Lease Payment” means all payments required to be paid by the District under Section 4.4, including any prepayment thereof under Sections 9.2 or 9.3.

“Lease Payment Date” means October 1 and April 1 in each year, commencing October 1, 2025, and continuing to and including the date on which the Lease Payments are paid in full.

“Leased Property” means the real property which is more particularly described in Appendix A. In the event of the release of any property under Section 4.7, the description of the Leased Property shall be modified to reflect such release.

“Net Proceeds” means the proceeds of any casualty insurance policy payment and any eminent domain award (including any proceeds of sale to a governmental entity under threat of

the exercise of eminent domain powers), paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under Article V of this Lease; (b) this Lease and the Assignment of Lease; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and (d) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

“Project” means the acquisition and improvement by the District of capital improvement projects for its educational facilities. The District reserves the right to amend the description and scope of the Project from time to time in its sole discretion.

“Project Costs” means, with respect to the Project, all costs of the acquisition and construction thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition and construction of the Project;
- (b) obligations incurred for labor and materials in connection with the acquisition and construction of the Project;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition and construction of the Project;
- (d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out-of-pocket costs for site investigations, surveys, hazardous materials investigations, test borings, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition and construction of the Project;
- (e) any sums required to reimburse the Corporation or the District for advances made for any of the above items or for any other costs incurred and for work done, including but not limited to administrative costs of the Corporation or the District, which are properly chargeable to the acquisition and construction of the Project; and
- (f) all financing costs incurred in connection with the acquisition and construction of the Project, including but not limited to Delivery Costs and other costs incurred in connection with this Lease and the financing of the Project.

“Project Fund” means the fund or account established and held by the County for the benefit of the District into which the proceeds of the Lease shall be deposited.

“Rental Period” means each period during the Term of the Lease commencing on and including October 1 in each year and extending to and including the next succeeding September 30. The first Rental Period begins on the Closing Date and ends on September 31, 2025.

“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 the Tax Code.

“Taxable Date” means the date on which interest paid or payable on the Lease Payments is first includable, in whole, in the gross income of the holder of the Lease Payments (including, without limitation, any previous holder) for federal income tax purposes as a result of a Determination of Taxability.

“Taxable Rate” means a rate of interest equal to 6.35% per annum.

“Term of this Lease” or “Term” means the time during which this Lease is in effect, as provided in Section 4.3.

SECTION 1.2. *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 includes 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 do 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 Lease; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II COVENANTS, REPRESENTATIONS AND WARRANTIES

SECTION 2.1. *Covenants, Representations and Warranties of the District.* The District makes the following covenants, representations and warranties to the Corporation as of the date of the execution and delivery of this Lease:

(a) Due Organization and Existence. The District is a school district duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under the laws of the State of California to enter into this Lease and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the District has duly authorized the execution and delivery of this Lease and related documentation.

- (b) Due Execution. The representatives of the District executing this Lease have been fully authorized to execute the same under a resolution duly adopted by the governing board of the District.
- (c) Valid, Binding and Enforceable Obligations. This Lease has been duly authorized, executed and delivered by the District and constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms.
- (d) No Conflicts. The execution and delivery of this Lease, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease or the financial condition, assets, properties or operations of the District.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, or the financial condition, assets, properties or operations of the District.

- (g) Essential Facilities. The Leased Property represents essential school district facilities. The insured replacement value of the real property components of the Leased Property in fiscal year 2024-25 is greater than \$1,000,000.
- (h) Hazardous Substances. The Leased Property is free of all hazardous substances, and the District is in full compliance with all applicable Environmental Laws.
- (i) Sufficient Funds. The District reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease.
- (j) No Defaults. The District has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease, or under any of its bonds, notes, or other debt obligations, as may be applicable.
- (k) Financial Statements. The District's audited financial statements for the period ended June 30, 2024, fairly present the financial condition of the District as of the date thereof and the results of operation for the period covered thereby. Except as has been otherwise disclosed to the Assignee as of the Closing Date, there has been no material change in the financial condition of the District since the date of said statements and reports, that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Lease, and since June 30, 2024, the District has not incurred any other capital lease obligations.
- (l) Information. All information, reports and other papers and data furnished by the District to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects, to the best of the District's knowledge, and were provided with the expectation that Assignee would rely thereon in entering into the transaction. No fact is known to the District which has impaired or, so far as the District can now reasonably foresee, may in the future impair the District's ability to perform its obligations under this Lease, which has not been set forth in the financial statements previously furnished to the Assignee or in other such other information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of the District's future financial performance. To the best of the District's knowledge, no document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease contains any untrue or misleading statement of a material fact.
- (m) Role of Assignee. The District acknowledges that (i) the Assignee, as the assignee of the Corporation under the Assignment of Lease, is acting solely

for its own loan account and not as a fiduciary for the District or in the capacity of broker, dealer, placement agent, municipal securities underwriter or municipal advisor, (ii) the Assignee has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the District or with respect to this Lease and the financing related thereto, and (iii) the Assignee has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, or the correctness of any legal interpretation made by counsel to any other party with respect to any such matters.

- (n) OFAC Status. The District is not listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto, the Secretary of the Treasury, or included in any Executive Orders, that prohibits or limits the Assignee from making any advance or extension of credit to the District or from otherwise conducting business with the District.

SECTION 2.2. *Covenants, Representations and Warranties of the Corporation*. The Corporation makes the following covenants, representations and warranties to the District as of the date of the execution and delivery of this Lease:

- (a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, has full legal right, power and authority to enter into this Lease and the Assignment of Lease and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery of this Lease and the Assignment of Lease.
- (b) Due Execution. The representatives of the Corporation executing this Lease and the Assignment of Lease are fully authorized to execute the same under official action taken by the governing board of the Corporation.
- (c) Valid, Binding and Enforceable Obligations. This Lease and the Assignment of Lease have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.
- (d) No Conflicts. The execution and delivery of this Lease and the Assignment of Lease, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature

whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease and the Assignment of Lease or the financial condition, assets, properties or operations of the Corporation.

- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Lease or the Assignment of Lease, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Lease or the Assignment of Lease, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease or the Assignment of Lease or the financial condition, assets, properties or operations of the Corporation.
- (g) Corporation Not Fiduciary. In connection with the execution of this Lease, the Corporation is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District.

**ARTICLE III
DEPOSIT AND APPLICATION OF FUNDS**

SECTION 3.1. *Deposit of and Application of Funds.* On the Closing Date, the Corporation shall cause the total proceeds of this Lease in the amount of \$_____ to be deposited as follows:

- (a) \$_____ shall be wired by the Assignee to the County for deposit in a separate fund or account established by the County to be applied by the District for Project Costs; and
- (b) \$_____ shall be wired by the Assignee to _____ for the payment of Delivery Costs on the Closing Date, pursuant to a cost of issuance custodian agreement.

SECTION 3.2. *Project Fund.* The District represents that it will establish with the County a separate fund or account into which the proceeds of this Lease shall be deposited as provided in Section 3.1(a). The District covenants that the funds deposited thereunder shall be requisitioned and spent by the District solely on Project Costs. The District shall maintain accurate records showing all requests for disbursements from the Project Fund, including records which show the name and address of each firm or corporation to whom payment is made and the amount and purpose of each payment. Any funds on deposit in the Project Fund on the Completion Date and not needed for Project Costs (if any) shall be applied by the District to prepay Lease Payments in inverse order of Lease Payment Date.

All moneys held in the Project Fund will be held by the County and 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 the Project Fund will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

The District covenants that all investments of amounts deposited in said fund or account 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 or (ii) 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.

SECTION 3.3. *Construction of Project.* The District will enter into, administer and enforce all purchase orders or other contracts relating to the acquisition and construction of the Project. All contracts for, and all work relating to, the acquisition and construction of the Project are subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like facilities and property by the District. The District will supervise and undertake to completion the acquisition and construction of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law.

SECTION 3.4. *Completion of Project.* The District expects that the Project will be substantially completed by three years following the Closing Date. The failure to complete the Project by such date will not constitute an Event of Default hereunder or grounds for termination of this Lease.

ARTICLE IV LEASE OF LEASED PROPERTY; LEASE PAYMENTS

SECTION 4.1. *Lease of Leased Property by District to Corporation.* The District hereby covenants that it has fee simple merchantable title to the Leased Property, free and clear of all recorded liens, encumbrances, easements, public rights-of-way, assessments, leases, taxes and any or all other interests, excepting only Permitted Encumbrances.

For and in consideration of the application by the Corporation of funds in accordance with Section 3.1, the District hereby leases the Leased Property to the Corporation, and the Corporation hereby leases the Leased Property from the District, for a term which is coterminous with the Term of this Lease identified in Section 4.3. No merger shall be effected by the District's lease of the Leased Property to the Corporation under this Section 4.1, and the Corporation's sublease of the Leased Property back to the District under Section 4.2.

SECTION 4.2. *Sublease of Leased Property by Corporation Back to District.* The Corporation hereby subleases the Leased Property back to the District, and the District hereby subleases the Leased Property from the Corporation. The Leased Property shall be subleased to the District under this Lease upon the terms and provisions hereof.

SECTION 4.3. *Term.* The Term of this Lease commences on the Closing Date and ends on the date on which all of the Lease Payments have been paid in full, but in no event later than ten years following the original final Lease Payment Date, October 1, 2045. The provisions of this Section 4.3 are subject to the provisions of Section 6.2 relating to the taking in eminent domain of the Leased Property or any portion thereof.

SECTION 4.4. *Lease Payments.*

(a) Obligation to Pay. Subject to the provisions of Section 6.2 and the provisions of Article IX, the District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Appendix B attached hereto and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified

in Appendix B. The Lease Payments payable in any Rental Period with respect to the Leased Property shall be for the use of the Leased Property during such Rental Period.

The aggregate principal components of the Lease Payments shall be equal to \$ _____. The interest components of the Lease Payments are calculated based on an interest rate of 4.69% per annum, on the basis of a 360-day year of twelve 30-day months.

Upon the occurrence and continuation of any Event of Default, from and after the effective date of such Event of Default, the interest component of the Lease Payments shall be established at a rate equal to the Default Rate until such time as the default has been cured.

From and after any Taxable Date, during any period in which interest paid or payable on the Lease Payments is includable, in whole, in the gross income of the holder of the Lease Payments for federal income tax purposes as a result of a Determination of Taxability, the interest component of the Lease Payments shall be established at a rate equal to the Taxable Rate.

In the event that a Taxable Date and an Event of Default have occurred, the interest rate on the Bonds shall be established at a rate equal to the greatest of (a) the Default Rate, (B) the Taxable Rate and (C) the interest rate that otherwise would be applicable to the interest component of the Lease Payments but for the provisions of this paragraph.

(b) Effect of Prepayment. The Lease Payments are subject to prepayment in accordance with Section 9.2 and 9.3 hereof. If the District prepays all Lease Payments in full under Sections 9.2 or 9.3, the District's obligations under this Section will thereupon cease and terminate. If the District prepays the Lease Payments in part but not in whole under Section 9.3, the principal components of the remaining Lease Payments will be reduced as provided in Section 9.3.

(c) Fair Rental Value. The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and will be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making this determination, consideration has been given to the estimated fair market value of the Leased Property, the costs of financing the deposit required to be made under Section 3.1, other obligations of the District and the Corporation under this Lease, the uses and purposes of which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

(d) Source of Payments; Budget and Appropriation. The Lease Payments are payable from any source of legally available funds of the District, subject to the provisions of Sections 6.2 and 9.1. The District covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the District.

(e) Assignment. The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Assignee under the Assignment of Lease, and the District

hereby assents to such assignment. Notwithstanding anything to the contrary set forth herein, presentment of this Lease or the Assignment of Lease by the Assignee shall not be required in order for the Assignee to receive such Lease Payments.

The Corporation hereby directs the District, and the District hereby agrees, to pay to the Assignee all payments payable by the District under this Section 4.4 and all amounts payable by the District under Article IX. All such payments shall be made by wire or other form of electronic payment in accordance with written instructions provided by Assignee or, with Assignee's consent, by such other commercially reasonable method of payment.

Any subsequent assignment and transfer hereof is subject to the provisions of Section 7 of the Assignment of Lease.

SECTION 4.5. *Quiet Enjoyment.* Throughout the Term of this Lease, the Corporation will provide the District with quiet use and enjoyment of the Leased Property and the District will peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation has the right to inspect the Leased Property as provided in Section 7.2.

SECTION 4.6. *Title.* At all times during the Term of this Lease, the District shall hold title to the Leased Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease (other than under Section 8.2(b) hereof), all right, title and interest of the Corporation in and to the Leased Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Leased Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Corporation in and to the Leased Property shall be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer of title.

SECTION 4.7. *Release of Excess Property.* The District may any time and from time to time, release any portion the Leased Property (the "Released Property") from the Lease, with the prior written consent of the Assignee (which consent may not unreasonably be withheld) and upon satisfaction of all of the following requirements which are conditions precedent to such release:

- (a) The District shall certify to the Corporation and the Assignee that no Event of Default has occurred and is continuing;
- (b) The District shall file with the Corporation and the Assignee, and cause to be recorded with the County Recorder an amendment to this Lease which deletes the Released Property from the description of the Leased Property;
- (c) The District shall file with the Corporation and the Assignee a written certificate of the District stating the District's determination that the estimated value of the real property which will remain leased under this Lease following

such release: (i) is at least equal to the original principal components of the Lease Payments; (ii) has an annual fair rental value at least equal to the maximum Lease Payments payable by the District in any Rental Period; and (iii) has a useful life in excess of the scheduled Term of this Lease; and

- (d) the District shall provide the Corporation and the Assignee with an opinion of Bond Counsel to the effect that such release will not, in and of itself, result in an Event of Taxability.

Upon the satisfaction of all such conditions precedent, the Term of this Lease will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge this Lease of record against the Released Property.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

SECTION 5.1. *Maintenance, Utilities, Taxes and Assessments.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property are the sole responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the District under the terms of this Lease.

The District will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District is obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

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

SECTION 5.2. *Modification of Leased Property.*

(a) The District has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof; provided, however, that the District receives the prior written consent of the Assignee with respect to any material additions, modifications or improvements to the Leased Property, except that such written consent is not required with respect to the Project. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of this Lease.

(b) Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

(c) Except for Permitted Encumbrances, the District will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District pursuant to this Section; provided that if any such lien is established and the District first notifies or causes to be notified the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

SECTION 5.3. *Public Liability Insurance.* The District shall maintain or cause to be maintained throughout the Term of this Lease a standard comprehensive general insurance policy or policies in protection of the District, its members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies must provide coverage of at least \$1,000,000 and may be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

SECTION 5.4. *Casualty Insurance.* The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, casualty insurance against loss or damage to all buildings situated on the Leased Property and owned by the District, in an amount at least equal to the replacement value of the insured buildings. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Such insurance shall be subject to a deductible of not to exceed \$250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other

program providing pooled insurance. The District will apply the Net Proceeds of such insurance as provided in Section 6.1.

SECTION 5.5. *Rental Interruption Insurance.* The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Leased Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by Section 5.4, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24-month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

SECTION 5.6. *Worker's Compensation Insurance.* If required by applicable California law, the District shall carry worker's compensation insurance covering all employees on, in, near or about the Leased Property and, only upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease.

SECTION 5.7. *Recordation Hereof.* On or before the Closing Date, the District shall, at its expense, cause this Lease, or a memorandum hereof or thereof in form and substance approved by Bond Counsel, to be recorded with the County Recorder with respect to the Leased Property.

SECTION 5.8. *Insurance Net Proceeds; Form of Policies.* All insurance policies (or riders) required by this Article V shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of California, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by Sections 5.3, 5.4 and 5.5 shall name the District and the Assignee as insured parties and the Assignee as loss payee and shall include a lender's loss payable endorsement for the benefit of the Assignee. Prior to the Closing Date, the District will provide a signed certification to the Assignee stating that all policies (and riders and endorsements, if any) are in full force and effect. Before the expiration of any such policy (or rider), the District will furnish to the Assignee a certification stating that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact. The District shall annually file with the Assignee evidence of the insurance policies required by this Article V.

SECTION 5.9. *Installation of District's Personal Property.* The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of the District, in which the Corporation has no interest, and may be modified or removed by the District at any time. The District must repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease prevents the District from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Leased Property.

SECTION 5.10. *Liens.* The District will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Corporation do not materially and adversely affect the leasehold estate in the Leased Property hereunder and for which the Assignee approves in writing, which approval may not be unreasonably withheld. Except as expressly provided in this Article V, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District will reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 5.11. *Advances.* If the District fails to perform any of its obligations under this Article V, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as additional rental hereunder.

ARTICLE VI DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 6.1. *Application of Net Proceeds.* The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty, and the Net Proceeds of any taking of the Leased Property or any portion thereof in eminent domain proceedings, shall be paid to the Corporation to be applied as hereinafter set forth in this Section 6.1.

In the event that the Leased Property becomes destroyed or damaged beyond repair at any time during the Term of this Lease, or in the event the Leased Property or any portion thereof is taken in eminent domain proceedings at any time during the Term of this Lease, the District shall as soon as practicable after such event, with the prior written consent of the Corporation, apply the Net Proceeds resulting therefrom either to: (a) repair the Leased Property to full use; (b) replace the Leased Property, at the District's sole cost and expense, with property of equal or greater value to the Leased Property immediately prior to the time of such destruction or damage, such replacement Leased Property to be subject to the Corporation's reasonable approval, whereupon such replacement shall be substituted in this Lease by appropriate endorsement; or (c) prepay the Lease Payments in accordance with Section 9.3. The District shall notify the Corporation and the Assignee of which course of action it desires to take within fifteen (15) days after the occurrence of such destruction or damage. The Corporation may (but is not required to) in its own name or in the District's name execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy, and the District hereby grants to the Corporation a power of attorney coupled with an interest to accomplish all or any of the foregoing. The Net Proceeds of all insurance payable with respect to the Leased Property shall be available to the District and shall be used to discharge the District's obligations under this Section.

SECTION 6.2. *Termination or Abatement Due to Eminent Domain.* If the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if the Leased Property shall be taken temporarily, under the power of eminent domain, (a) this Lease shall continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the District with the prior written consent of the Corporation, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

SECTION 6.3. *Abatement Due to Damage or Destruction.* The amount of Lease Payments shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The amount of such abatement shall be determined by the District, with the prior written consent of the Corporation, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease shall continue in full force and effect and the District waives any right to terminate this Lease by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

ARTICLE VII OTHER COVENANTS OF THE DISTRICT

SECTION 7.1. *Disclaimer of Warranties.* THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE LEASED PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN, THAT THE DISTRICT LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease for the existence, furnishing, functioning or use of the Leased Property by the District.

SECTION 7.2. *Access to the Leased Property.* The District agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times, following at least 48 hours' written notice provided to the District, to enter upon and to examine and inspect the Leased Property or any part thereof. The District further agrees that the Corporation, and the

Corporation's successors or assigns shall have such rights of access to the Leased Property or any component thereof, following at least 48 hours' written notice provided to the District, as may be reasonably necessary to cause the proper maintenance of the Leased Property if the District fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

SECTION 7.3. *Release and Indemnification Covenants.* The District hereby indemnifies the Corporation, the Assignee and their respective officers, agents, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Property by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Leased Property, (e) the acquisition, construction, improvement and equipping of the Leased Property, or (f) the clean-up of any hazardous materials or toxic wastes from the Leased Property, or the authorization of payment of the costs thereof. No indemnification is made under this Section or elsewhere in this Lease for willful misconduct or gross negligence under this Lease by the Corporation, the Assignee, or their respective officers, agents, employees, successors or assigns.

SECTION 7.4. *Assignment by the Corporation.* The Corporation's rights under this Lease, including the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, have been assigned to the Assignee. The District hereby consents to such assignment. Whenever in this Lease any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

The Corporation and the Assignee may make additional assignments of their interests herein, but no such assignment will be effective as against the District unless and until the Corporation or the Assignee has filed with the District written notice thereof. The District shall pay all Lease Payments hereunder under the written direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Lease, the District will keep a complete and accurate record of all such notices of assignment.

SECTION 7.5. *Assignment and Subleasing by the District.* This Lease may not be assigned by the District with the prior consent of the Assignee. The District may sublease the Leased Property, or any portion thereof, subject to all of the following conditions:

- (a) This Lease and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District.
- (b) The District shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Assignee a true and complete copy of such sublease.
- (c) No such sublease by the District may cause the Leased Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State of California.

- (d) The District shall furnish the Corporation and the Assignee with a written opinion of Bond Counsel stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State of California.

SECTION 7.6. *Amendment of Lease.* This Lease may be amended with the prior written consent of the Corporation (which may not unreasonably be withheld) and the Assignee. Prior to the effective date of any such amendment, and as a condition precedent to the effectiveness thereof, the District at its expense shall obtain an opinion of Bond Counsel addressed to the Corporation and the Assignee stating that such amendment will not adversely affect the exclusion from gross income of the interest component of the Lease Payments.

SECTION 7.7. *Tax Covenants.*

(a) Generally. The District will not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Lease Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District will ensure that the proceeds of the Lease Payments are not so used as to cause the District's obligations hereunder 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.

(c) Federal Guarantee Prohibition. The District will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments 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 Lease Payments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) Arbitrage Rebate. The District will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Lease Payments.

(f) Small Issuer Exemption from Bank Nondeductibility Restriction. The District hereby designates the Lease Payments as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Lease Payments, has been or will be issued by the District, including all subordinate entities of the District, during the calendar year 2025.

SECTION 7.8. RECORDS AND ACCOUNTS. THE DISTRICT WILL KEEP PROPER BOOKS OF RECORD AND ACCOUNTS, IN WHICH COMPLETE AND CORRECT ENTRIES SHALL BE MADE OF ALL TRANSACTIONS RELATING TO THE GENERAL FUND OF THE DISTRICT IN EACH FISCAL YEAR DURING THE TERM OF THIS LEASE. THE DISTRICT SHALL CAUSE THE BOOKS AND ACCOUNTS TO BE AUDITED ANNUALLY BY AN INDEPENDENT ACCOUNTANT AND WILL FILE, UPON REQUEST OF THE ASSIGNEE, A COPY OF THE REPORT OF SUCH INDEPENDENT ACCOUNTANT WITH THE ASSIGNEE WITHIN 270 DAYS FOLLOWING THE CLOSE OF EACH FISCAL YEAR IN REASONABLE DETAIL, WITH SUPPORTING SCHEDULES, WHICH MAY BE IN ELECTRONIC FORMAT. SUCH REPORT MAY BE PART OF A COMBINED FINANCIAL AUDIT OR REPORT COVERING ALL OR PART OF THE DISTRICT'S FINANCES. IN THE EVENT THAT THE DISTRICT'S AUDITED FINANCIAL STATEMENTS ARE NOT AVAILABLE WITHIN 270 DAYS FOLLOWING THE CLOSE OF EACH FISCAL YEAR, THE DISTRICT WILL FURNISH UNAUDITED FINANCIAL STATEMENTS TO THE ASSIGNEE IN THE MANNER DESCRIBED IN THIS SECTION, AND WILL THEN SUPPLY THE AUDITED FINANCIAL STATEMENTS PROMPTLY UPON THE AVAILABILITY THEREOF. ARTICLE

VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* Any one or more of the following events constitutes an Event of Default hereunder:

- (a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, provided the Assignee has notified the District of such failure and the District does not make such payment within 30 days of the receipt of such notice.
- (b) Failure by the District to observe and perform any representation, covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Assignee. However, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the Corporation and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 90 days) if corrective action is instituted by the District within such 30-day period and diligently pursued until the default is corrected.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent

jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. *Remedies on Default.* Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Lease; *provided, however,* that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no termination of this Lease shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

- (a) Enforcement of Payments Without Termination. If the Corporation does not elect to terminate this Lease in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, if the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of this Lease, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation. The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place in the County for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The District agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling

the Leased Property to be re-let under this paragraph, and the District further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Leased Property.

- (b) Termination of Lease. If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease and re-lease all or any portion of the Leased Property. If the Corporation terminates this Lease at its option and in the manner hereinafter provided due to a default by the District (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease. The District covenants and agrees that no surrender of the Leased Property, or of the remainder of the Term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.
- (c) Proceedings at Law or In Equity. If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

SECTION 8.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

SECTION 8.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Lease defaults under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including allocable costs

and expenses of in-house legal counsel, if any) and such other expenses so incurred by the nondefaulting party.

SECTION 8.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

SECTION 8.6. *Assignee to Exercise Rights.* Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Assignee, to which assignment the District hereby consents. Such rights and remedies shall be exercised solely by the Assignee.

ARTICLE IX PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. *Security Deposit.* Notwithstanding any other provision of this Lease, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with a fiduciary, in trust, an amount of cash which is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Appendix B, or (b) invested in whole in non-callable Federal Securities in an amount which is sufficient, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, to pay such Lease Payments when due under Section 4.4(a) or when due on any optional prepayment date under Section 9.2, as the District instructs at the time of said deposit. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (a) the Term of this Lease shall continue, (b) all obligations of the District under this Lease, and all security provided by this Lease for said obligations, shall thereupon cease and terminate, excepting only the obligation of the District to make, or cause to be made all of the Lease Payments from such security deposit, and (c) under Section 4.6, title to the Leased Property will vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. The District hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Corporation and the Assignee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease.

SECTION 9.2. *Optional Prepayment.* The Lease Payments are subject to prepayment, at the option of the District, in whole, on any date on or after October 1, 2030, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, without prepayment premium.

The District shall give the Assignee notice of its intention to exercise its option not less than 30 days in advance of the date of exercise.

SECTION 9.3. *Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain.* The District shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part (pro rata among outstanding principal components of remaining Lease Payments) on any date from and to the extent of any proceeds of insurance award or condemnation award with respect to the Leased Property which the District elects to be used for

such purpose under Section 6.1. The District and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the District's obligations under this Section 9.3.

ARTICLE X
MISCELLANEOUS

SECTION 10.1. *Notices.* Any notice, request, complaint, demand or other communication under this Lease shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. In addition to the foregoing, notices hereunder maybe provided by electronic means such as e-mail, to such e-mail addresses as the parties hereto may identify in writing, which shall be effective only upon receipt of a reply from the recipient confirming receipt of said notice. The Corporation, the District and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District: Sequoia Union Elementary School District
23958 Avenue 324
Woodlake, California 93244
Attention: Superintendent

If to the Corporation: Local Facilities Finance Corporation
5301 Office Park Drive, Suite 335
Bakersfield, CA 93309
Attention: President

If to the Assignee: Capital One Public Funding, LLC,
1307 Walt Whitman Road, 3rd Floor
Melville, NY 11747
Attention: Jonathan Lewis, President

SECTION 10.2. *Judicial Reference.*

- (a) The District hereby agrees as follows:
- (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Lease or any document related thereto, any dealings of the District related to the subject matter of this Lease or any related transactions (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time;
 - (ii) upon a written request, or upon an appropriate motion by the District, any pending action relating to any Claim and every Claim shall be heard by a

single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The District agrees that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee;

- (iii) the District shall promptly and diligently cooperate with the Referee and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this section;
- (iv) the District may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; and
- (v) the District will have such rights to assert such objections as are set forth in section 638 et seq. of the California Code of Civil Procedure.

(b) The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State, or a federal court judge, in each case, with at least 10 years of judicial experience in civil matters. The Referee shall be appointed in accordance with section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within 10 days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the County Superior Court, or of the U.S. District Court for the Eastern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this section.

No provision of this section shall limit the right of the District to (i) exercise such self-help remedies as might otherwise be available under applicable law; or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the District to the Reference pursuant to this section.

(c) Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

SECTION 10.3. *Binding Effect.* This Lease inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns.

SECTION 10.4. *Severability.* If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 10.5. *Net-net-net Lease.* This Lease is a “net-net-net lease” and the District hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.6. *Further Assurances and Corrective Instruments.* The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

SECTION 10.7. *Execution in Counterparts.* This Lease may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

SECTION 10.8. *Applicable Law.* This Lease is governed by and construed in accordance with the laws of the State of California.

SECTION 10.9. *Captions.* The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease.

SECTION 10.10. *Acknowledgment of Assignee’s Right to Assign.* The District acknowledges that the Assignee has the right to assign its interest in this Lease as set forth in, and in accordance with, in Section 7 of the Assignment of Lease.

SECTION 10.11. *Redactions.* In the event that the District delivers or permits, authorizes or consents to the delivery of this Agreement or the other documents relating hereto (the “Lease Documents”) to any person for delivery to the Municipal Securities Rulemaking Board, prior to such delivery the District agrees that it shall redact such information specifically relating to the Assignee, including the following sensitive or confidential information about the Assignee: address and account information of the Assignee or any affiliates, e-mail addresses, telephone numbers, facsimile numbers and names and signatures of officers, employees and signatories of the Assignee or its affiliates. Only such copy of the Lease Documents reflecting such redacted material shall be delivered to the Municipal Securities Rulemaking Board. The District acknowledges and agrees that the Assignee is not responsible for the District’s or any other entity’s (including, but not limited to, any broker-dealer’s) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure undertaking, similar agreement or applicable securities or other laws, including but not limited to those relating to Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, the Corporation and the District have caused this Lease and Sublease Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

**SEQUOIA UNION ELEMENTARY SCHOOL
DISTRICT,**
as Lessor and Sublessee

By: _____
Superintendent

**LOCAL FACILITIES FINANCE
CORPORATION,**
as Lessee and Sublessor

By: _____
President

APPENDIX A

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the land located in the County of Tulare, State of California, which is described as follows, including all buildings, improvements and facilities at any time situated thereon.

Those portions of Lots 3, 4, 5 and 6 of Honora Realty Company's Subdivision, as per Map thereof recorded in [Book 12, page 28](#) of 'Maps in the office of the County Recorder of said County described as follows;

Beginning at the Center of Section 10, Township 18 South, Range 27 East, Mount Diablo Base and Meridian; thence North along the East line of the Northwest quarter of said Section 518.70 feet; thence north 89° 34' West 50 feet to the true point of beginning; thence "North 89° 34' West 1066.72 feet to a point in the centerline of a private drive; thence South 0° 18' West along the centerline of said private drive 626.19 feet to a point in the North line of a County Highway; thence South 89° 34' East along the North line of said highway 1070 feet; thence: North 626.20 feet to the true. point be beginning, containing 15.36 acres more or less.

Excepting therefrom

That portion of the West half of Section 10, Township 18 South, Range 27 East, M.D.B.&H., also being a portion of Lot 4 of the Honora Realty Company's Subdivision, as per a map thereof on file in the office of the County Recorder of said County of Tulare in [Volume 12, page 28](#) of Maps more particularly described as follows:

Beginning at the center of said Section 10; thence South 0°10' East 13.75 feet; thence South 74°29'45" West 51.35 feet to the true point of beginning of the parcel to be described, said point being on the Northerly line of that certain parcel of land conveyed by the Sequoia Union Elementary School District to the County of Tulare by deed dated October 9, 1951, recorded October 24, 1951, as [Instrument No. 27201 in Volume 1548, page 106](#) of the Tulare County Official Records; thence continuing South 74°29'45" West along the North line of said parcel of land so conveyed to the County of Tulare 155.53 feet; thence South 89°45'15" East 150 feet to a point located 50 feet, measured along last said bearing from the North-South Centerline of said section 10; thence South 0°0' East parallel to said North-South centerline 215.82 feet to the trust point of beginning.

APN: [113-220-023-000](#)

(End of Legal Description)

APPENDIX B
SCHEDULE OF LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Rate*	Interest Component	Aggregate Lease Payment
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RECORDING REQUESTED BY:
Sequoia Union Elementary School District

AND WHEN RECORDED
RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Katie J. Dobson, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

ASSIGNMENT OF LEASE AGREEMENT

This ASSIGNMENT OF LEASE AGREEMENT (as amended and supplemented, this “Agreement”), dated as of April 1, 2025, is between LOCAL FACILITIES FINANCE CORPORATION ~~OF CALIFORNIA~~, a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California (the “Corporation”), and CAPITAL ~~ONE~~ ONE PUBLIC FUNDING, LLC, a New York limited liability company (including its successors and assigns, the “Assignee”).

BACKGROUND:

1. The Sequoia Union Elementary School District (the “District”) is proceeding to finance the acquisition and installation of capital projects at District facilities, (the “Project”).
2. The District is authorized pursuant to the California Education Code (the “Education Code”), including Section 17456 thereof, to lease real property to a nonprofit organization formed in part to assist local agencies in obtaining financing, and to simultaneously lease such property back and obtain financing thereby for the purpose of making capital improvements to school facilities.
3. In order to raise funds in the principal amount of \$_____, the District has leased the real property more particularly described in Appendix A attached hereto and by this reference incorporated herein (the “Leased Property”), to the Corporation and simultaneously leased u said property back, all pursuant to a Lease and Sublease Agreement dated the date hereof, and recorded concurrently herewith (the “Lease”).

4. The Corporation wishes to assign its rights under the Lease as sublessor of the Leased Property, including but not limited to its right to receive and enforce the Lease Payments payable thereunder, to the Assignee pursuant to this ~~Assignment~~ Agreement for the purpose of providing the funds required for the financing of the Project.

A G R E E M E N T :

In consideration of the material covenants contained in this Agreement, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Defined Terms.* All capitalized terms not otherwise defined herein have the respective meanings given those terms in the Lease.

SECTION 2. *Assignment.* The Corporation hereby assigns to the Assignee all of the Corporation's rights under the Lease as sublessor of the Leased Property (excepting only the Corporation's rights under Sections 5.11, 7.3 and 8.4 of the Lease), including but not limited to:

- (a) the right to receive and collect all of the Lease Payments from the District under the Lease,
- (b) the right to receive and collect any proceeds of any insurance maintained thereunder with respect to the Leased Property, or any eminent domain award (or proceeds of sale under threat of eminent domain) paid with respect to the Leased Property, and
- (c) the right to exercise such rights and remedies conferred on the Corporation under the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments and any amounts required to be applied to the prepayment of the Lease Payments, or (ii) otherwise to protect the interests of the Assignee in the event of a default by the District under the Lease.

The assignment made under this Section 2 is absolute and irrevocable, and without recourse to the Corporation.

SECTION 3. *Acceptance.* The Assignee hereby accepts the assignments made herein for the purpose of securing the payments due under the Lease to, and the rights under the Lease of, the Corporation.

SECTION 4. *Marketable Title.* Good and marketable title to the rights assigned hereunder has been duly vested in the Assignee free and clear of any liens, security interests, encumbrances or other claims other than the rights of the District under the Lease, and the Corporation has not assigned or transferred any of the rights assigned hereunder or any interest in the rights assigned hereunder to any party other than the Assignee.

SECTION 5. *Consideration; Deposit of Funds.* In consideration of the assignment to the Assignee of the Lease Payments and certain other rights of the Corporation under Section 2, the Assignee hereby agrees to pay or cause to be paid on the Closing Date:

- (a) \$_____ to the Tulare County Treasurer-Tax Collector, for deposit in a separate fund or account created for the purpose of paying Project Costs, which may include capitalized interest.
- (b) \$_____, to _____, to be applied for the payment of Delivery Costs of the Lease, pursuant to a costs of issuance agreement. Any of said funds not applied to Delivery Costs by _____, 2025, shall be wired by the Assignee to the County for deposit in the account established under (a) above.

SECTION 6. *Covenants of the Corporation.* The Corporation makes the following covenants and representations to the Assignee as of the date of the execution and delivery of this Assignment Agreement:

- (a) Non-impairment of Lease. The Corporation agrees that it (1) shall not have any right to amend, modify, compromise, release, terminate or permit prepayment except as set forth in Sections 9.2 and 9.3 of the Lease, and (2) shall not take any action that may impair the payment of Lease Payments or the validity or enforceability of the Lease.
- (b) Lease Payments. If the Corporation receives any Lease Payments, then the Corporation shall receive such payments in trust for the Assignee and shall immediately deliver the same to the Assignee in the form received, duly endorsed by the Corporation for deposit by the Assignee.
- (c) Further Assurances. The Corporation shall execute and deliver to the Assignee such notices of assignment and other documents relating to this Assignment Agreement, in form and substance reasonably satisfactory to the Assignee, and the Corporation shall take such other actions, as the Assignee may reasonably request from time to time to evidence, perfect, maintain, and enforce the Assignee's rights in the rights assigned hereunder and under the Assignment Agreement Lease and/or to enforce or exercise the Assignee's rights or remedies under the Lease.

SECTION 7. *Assignee Representations; Restrictions on Transfer.* The Assignee represents that it has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other obligations similar to the Lease Payments, to be capable of evaluating the merits and risks of the Lease and the Lease Payments, and the Assignee is able to bear the economic risks thereof.

The Assignee represents that (i) it accepts this interest in the Lease and the Lease Payments for its own account and not as a bond house, broker or similar person acting in the capacity of underwriter or wholesaler and will not make a public offering of the interests conveyed hereby, and is not entering into this Assignment Agreement for the purpose of transferring or assigning its rights hereunder in a manner that would constitute a public offering, (ii) it is paying the price of par for its interest in the Lease, and (iii) -is either a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act

of 1933, as amended (the "Securities Act"), or an "accredited investor" as that term is defined in Regulation D under the Securities Act. The Assignee agrees to execute and deliver to the District a representation letter dated the date hereof confirming the representations made herein.

Nothing herein or in the Lease shall limit the right of the Assignee or its assignees to sell or assign the Lease, provided that sSubsequent transfers hereof are limited to related entities or affiliates of the Assignee or Qualified Institutional Buyers (as defined in Rule 144A of the Securities Act of 1933, as amended ~~which reference to the Securities Act is for convenience only and shall not result in the Lease being deemed a security~~) which is itself purchasing for its own account and not with a view to disposition and which acknowledges in writing that it has conducted its own review of the credit for the Lease Payments, and which further promises to require such future assurances from succeeding purchasers, if any. Nothing herein or in the Lease shall limit the right of the Assignee or its assignees to sell or assign participation interests in the Lease.

The Assignee understands and acknowledges that the execution and delivery of the Lease is not subject to ongoing disclosure requirements and that the District has not undertaken to provide to or for the benefit of the Assignee financial or operating data or any other information with respect to the District, the Lease or Lease Payments on an ongoing basis, other than as described in Section 7.8 of the Lease.

The Assignee must give written notice at least 10 days prior to any proposed transfer or assignment of its interests in this Agreement meeting the requirements set forth in this Section to the District and the Corporation pursuant to Section 10.1 of the Lease.

The Assignee agrees that any written consent required of it pursuant to the Lease shall not be unreasonably withheld.

SECTION 8. *Execution in Counterparts.* This Agreement may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement. Separate counterparts of this Agreement may be separately executed by the Assignee and the Corporation, both with the same force and effect as though the same counterpart had been executed by the Assignee and the Corporation.

SECTION 9. *Binding Effect.* This Agreement inures to the benefit of and binds the Corporation and the Assignee, and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 10. *Governing Law.* This Agreement is governed by the laws of the State of California.

**LOCAL FACILITIES FINANCE
CORPORATION-OF CALIFORNIA,**
a nonprofit public benefit corporation

By: _____
President

ACCEPTANCE OF ASSIGNMENT:

CAPITAL ONE PUBLIC FUNDING, LLC,
a New York limited liability company, *as Assignee*

By _____
~~Senior~~ Vice President

APPENDIX A
DESCRIPTION OF THE LEASED PROPERTY

The Leased Property consists of the land located in the County of Tulare, State of California, which is described as follows, including all buildings, improvements and facilities at any time situated thereon.

Those portions of Lots 3, 4, 5 and 6 of Honora Realty Company's Subdivision, as per Map thereof recorded in [Book 12, page 28](#) of Maps in the office of the County Recorder of said County described as follows;

Beginning at the Center of Section 10, Township 18 South, Range 27 East, Mount Diablo Base and Meridian; thence North along the East line of the Northwest quarter of said Section 518.70 feet; thence north 89° 34' West 50 feet to the true point of beginning; thence "North 89° 34' West 1066.72 feet to a point in the centerline of a private drive; thence South 0° 18' West along the centerline of said private drive 626.19 feet to a point in the North line of a County Highway; thence South 89° 34' East along the North line of said highway 1070 feet; thence: North 626.20 feet to the true. point be beginning, containing 15.36 acres more or less.

Excepting therefrom

That portion of the West half of Section 10, Township 18 South, Range 27 East, M.D.B.&H., also being a portion of Lot 4 of the Honora Realty Company's Subdivision, as per a map thereof on file in the office of the County Recorder of said County of Tulare in [Volume 12, page 28](#) of Maps more particularly described as follows:

Beginning at the center of said Section 10; thence South 0°10' East 13.75 feet; thence South 74°29'45" West 51.35 feet to the true point of beginning of the parcel to be described, said point being on the Northerly line of that certain parcel of land conveyed by the Sequoia Union Elementary School District to the County of Tulare by deed dated October 9, 1951, recorded October 24, 1951, as [Instrument No. 27201 in Volume 1548, page 106](#) of the Tulare County Official Records; thence continuing South 74°29'45" West along the North line of said parcel of land so conveyed to the County of Tulare 155.53 feet; thence South 89°45'15" East 150 feet to a point located 50 feet, measured along last said bearing from the North-South Centerline of said section 10; thence South 0°0' East parallel to said North-South centerline 215.82 feet to the trust point of beginning.

APN: [113-220-023-000](#)

(End of Legal Description)

SEQUOIA UNION ELEMENTARY SCHOOL DISTRICT

March 25, 2025

Action Item: Resolution “AUTHORIZING LEASE FINANCING FOR SCHOOL FACILITY PROJECTS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,200,000 AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND ACTIONS.”

Background: In order to complete facility improvements including construction and modernization at District facilities, the District wishes to identify a funding source. Under California Law, school districts can enter into financing leases to obtain up front financing for capital improvements, which are then repaid pursuant to a lease agreement. The Resolution presented authorizes a lease financing in the principal amount of up to \$1,200,000 to obtain needed financing for the projects. Upon funding, the District will be required to budget and appropriate funds from the general fund for semi-annual repayments during the term of the lease.

The Resolution presented approves the necessary documentation to implement the financing plan. Documents approved as to form in the Resolution, with final changes to be authorized by District officials, are a Lease and Sublease Agreement and Assignment of Lease, each on file with the Superintendent.

Fiscal Impact: Lease payments are payable from the general fund on the District. Costs of the professionals assisting with the financing are payable from the proceeds of the Lease.

Recommendation: Adopt Resolution Authorizing Execution and Delivery of Financing Lease.

**SEQUOIA UNION ELEMENTARY SCHOOL DISTRICT
BOARD OF TRUSTEES**

RESOLUTION NO. _____

**AUTHORIZING LEASE FINANCING FOR SCHOOL FACILITY
PROJECTS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,200,000
AND AUTHORIZING AND DIRECTING THE EXECUTION AND
DELIVERY OF RELATED DOCUMENTS AND ACTIONS**

WHEREAS, the Sequoia Union Elementary School District (the "District") has determined to complete facility improvements including construction and modernization at District facilities, and specifically the construction and modernization of school facilities (the "Project"); which require a source of financing; and

WHEREAS, the District is authorized pursuant to the California Education Code (the "Education Code"), including Section 17456 thereof, to lease real property to a nonprofit organization formed in part to assist local agencies in obtaining financing, and to simultaneously lease such property back and obtain financing thereby for the purpose of making capital improvements to school facilities; and

WHEREAS, in connection with its consideration to undertake financing for the Project, the District has complied with Section 17150.1 of the Education Code, providing at least 30 days' notice of proposed non-voter approved debt to Tulare County officials; and

WHEREAS, at this time, the Board of Trustees of the District (the "Board") has determined that it is in the best interests of the District to authorize the execution and delivery of a Lease and Sublease Agreement in the aggregate principal amount of not to exceed \$1,200,000, and such other documents and actions as are necessary in order to obtain financing to acquire the Project;

WHEREAS, District staff, working with the District's municipal advisor and placement agent, have requested and received proposals from banking institutions to provide the up-front financing and to participate in the financing described herein; and

WHEREAS, the proposed financing is in compliance with a Debt Issuance and Management Policy adopted by the Board pursuant to Government Code Section 8855;

WHEREAS, as required by Government Code Section 5852.1, attached hereto as Appendix A is the information relating to the Lease and Sublease Agreement that has been obtained by the Board and is hereby disclosed and made public; and

WHEREAS, the Board wishes at this time to direct staff to accept the most favorable proposal received by the District, and to approve the proceedings described herein to finance the Project and to approve all related documents and actions;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Trustees of the Sequoia Union Elementary School District as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Approval of Financing Proceedings. The Board hereby approves the financing of the Project. To that end, the Board hereby approves each of the following financing documents in substantially the respective forms on file with the Secretary to the Board, together with any changes therein or additions thereto approved by the President of the Board, the Superintendent or the Business Manager (each, an “Authorized Officer”), provided that the execution thereof by an Authorized Officer shall be conclusive evidence of such approval:

- Lease and Sublease Agreement between the District and the Local Facilities Finance Corporation (the “Corporation”), whereby the District leases the Leased Property (defined below) to the Corporation in consideration of the agreement by the Corporation to provide funds to finance the Project as described in this Resolution, and the Corporation subleases the Leased Property back to the District in consideration of the payment of semiannual lease payments by the District as rental for the Leased Property.
- Assignment of Lease and Sublease Agreement between the Corporation and a bank to be selected by the Superintendent (the “Lender”), as consented to by the District, whereby the Corporation assigns its rights under the Lease and Sublease Agreement to the Lender in consideration of the agreement by the Lender to provide funds to finance the Project and pay related financing costs.

In addition, the Board hereby directs an Authorized Officer to accept and execute the most favorable proposal submitted to the District to participate in the financing plan described herein, upon the advice of the District’s municipal advisor and placement agent.

The real property and related facilities to serve as the subject of the Lease and Sublease Agreement shall be the District’s school facilities (the “Leased Property”); provided, however, that an Authorized Officer is hereby authorized to identify additional or other District-owned real property as may be needed in order to accomplish the financing plan described herein, which shall be more particularly described in the foregoing documents.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the District to execute the final form of each of the foregoing documents, and the Secretary or Clerk of the Board is hereby authorized and directed to attest to the final form of each of the foregoing documents.

Section 3. Material Terms of Lease and Sublease Agreement. The aggregate principal amount of the lease payments shall not exceed \$1,200,000, the interest components of the lease payments shall be computed at an initial interest rate not to exceed 8% per annum, the original term of the lease shall not extend beyond October 1, 2040.

Section 4. Payment of Financing Costs; Professionals. All costs and expenses of professional and legal services in connection with the financing plan described herein are contingent upon the successful delivery of the Lease and Sublease Agreement. Such costs and expenses, together with all other financing costs relating to the transactions described in this Resolution, shall be paid by the District from a portion of the proceeds of the Lease and Sublease Agreement. To that end, a portion of the proceeds may be deposited with a banking institution serving as costs of issuance custodian or may be paid directly by the bank submitting the best proposal, at the written direction of an Authorized Officer.

Section 5. Official Actions. The President of the Board, the Vice President of the Board, the Superintendent, the Business Manager, the Secretary to or Clerk of the Board, the written designees of such officials, and all other officers of the Board of Trustees and the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants, terminations and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including but not limited to documentation selecting and identifying the Lender and documentation providing for the deposit and administration of the proceeds of the Lease and Sublease Agreement including with respect to Project Fund administration and payment of costs of issuance, and the execution of any such documents and certifications that may be required in order to clean title to the Leased Property or obtain a title insurance policy with respect thereto. 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 in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED this 25th day of March, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
President of the Board

ATTEST:

By: _____
Secretary to the Board

APPENDIX A

REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the Lease and Sublease Agreement (Estimated): 4.690062%
2. Finance charge of the Lease and Sublease Agreement, being the sum of all fees and charges paid to third parties (Estimated): \$125,000.00
3. Proceeds of the Lease and Sublease Agreement expected to be received by the District for the Project (Estimated): \$875,000.00
4. Total Repayment Amount for the Lease and Sublease Agreement (Estimated): \$1,263,088.05

**Information based on estimates made in good faith by the District, including certain assumptions regarding rates available in the bond market at the time of pricing.*

SEQUOIA UNION ELEMENTARY SCHOOL DISTRICT

Board Policy 3470

Business and Noninstructional Operations

DEBT ISSUANCE AND MANAGEMENT

The Board of Trustees of the Sequoia Union Elementary School District (the “Board”) is committed to long-term capital and financial planning and recognizes that the issuance of debt is a key source for funding the improvement and maintenance of school facilities and managing cash flow. Any debt issued by the district shall be consistent with law and this policy.

(cf. 3000 - Concepts and Roles)

(cf. 3460 - Financial Reports and Accountability)

(cf. 7110 - Facilities Master Plan)

(cf. 7210 - Facilities Financing)

The district shall not enter into indebtedness or liability that in any year exceeds the income and revenue provided for such year, unless two-thirds of the voters approve the obligation or one of the exceptions specified in law applies. (California Constitution, Article 16, Section 18)

When the Board determines that it is in the best interest of the district, the Board may issue debt or order an election to issue debt. The Superintendent or designee shall make recommendations to the Board regarding appropriate financing methods for capital projects or other projects that are authorized purposes for debt issuance. When approved by the Board and/or the voters as applicable, the Superintendent or designee shall administer and coordinate the district's debt issuance program and activities, including the timing of issuance, sizing of issuance, method of sale, structuring of the issue, and marketing strategies.

The Superintendent or designee shall retain a financial advisor, municipal advisor, investment advisor, and other financial services professionals as needed to assist with the structuring of the debt issuance and to provide general advice on the district's debt management program, financing options, investments, and compliance with legal requirements. Contracts for services provided by such advisors may be for a single transaction or for multiple transactions, consistent with the contracting requirements in Education Code 17596. In the event that the district issues debt through a negotiated sale, underwriters may be selected for multiple transactions if multiple issuances are planned for the same project. In addition, the district shall select a legal team on an as-needed basis to assist with debt issuances or special projects.

(cf. 3312 - Contracts)

(cf. 3600 - Consultants)

(cf. 9270 - Conflict of Interest)

Goals

The district's debt issuance activities and procedures shall be aligned with the district's vision and goals for providing adequate facilities and programs that support student learning and well-being. When issuing debt, the district shall ensure that it:

1. Maintains accountability for the fiscal health of the district, including prudent management and transparency of the district's financing programs
2. Attains the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements
3. Takes all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues
4. Maintains effective communication with rating agencies and, as appropriate, credit enhancers such as bond insurers or other providers of credit or liquidity instruments in order to enhance the creditworthiness, liquidity, or marketability of the debt
5. Monitors the district's statutory debt limit in relation to assessed valuation within the district and the tax burden needed to meet long-term debt service requirements
6. When determining the timing of debt issuance, considers market conditions, cash flows associated with repayment, and the district's ability to expend the obtained funds in a timely, efficient, and economical manner consistent with federal tax laws
7. Determines the amortization (maturity) schedule which will fit best within the overall debt structure of the district at the time the new debt is issued
8. Considers the useful lives of assets funded by the debt issue, as well as repair and replacement costs of those assets to be incurred in the future
9. Preserves the availability of the district's general fund for operating purposes and other purposes that cannot be funded by the issuance of voter-approved debt
10. Meets the ongoing obligations and accountability requirements associated with the issuance and management of debt under state and federal tax and securities laws

(cf. 0000 - Vision)

(cf. 0200 - Goals for the School District)

(cf. 7000 - Concepts and Roles)

Authorized Purposes for the Issuance of Debt

The district may issue debt for any of the following purposes:

1. To pay for the cost of capital improvements, including acquiring, constructing, reconstructing, rehabilitating, replacing, improving, extending, enlarging, and/or equipping district facilities

2. To refund existing debt
3. To provide for cash flow needs

(cf. 3100 - Budget)

(cf. 3110 - Transfer of Funds)

Pursuant to Government Code 53854, general operating costs, including, but not limited to, items normally funded in the district's annual operating budget, shall not be financed from debt payable later than 15 months from the date of issuance. The district may deem it desirable to finance cash flow requirements under certain conditions so that available resources better match expenditures within a given fiscal year. To satisfy both state constitutional and statutory constraints, such cash flow borrowing shall be payable from taxes, income, revenue, cash receipts, and other moneys attributable to the fiscal year in which the debt is issued.

Authorized Types of Debt

The Superintendent or designee shall recommend to the Board potential financing method(s) that result in the highest benefit to the district, with the cost of staff and consultants considered. Potential financing sources may include:

1. Short-Term Debt
 - a. Short-term debt, such as tax and revenue anticipation notes (TRANs), when necessary to allow the district to meet its cash flow requirements (Government Code 53850-53858)
 - b. Bond anticipation notes (BANs) to provide interim financing for capital bond projects that will ultimately be paid from general obligation bonds (Education Code 15150)
 - c. Grant anticipation notes (GANs) to provide interim financing pending the receipt of grants and/or loans from the state or federal government that have been appropriated and committed to the district (Government Code 53859-53859.08)
2. Long-Term Debt
 - a. General obligation bonds for projects approved by voters (California Constitution, Article 13A, Section 1; Education Code 15100-15262, 15264-15276; Government Code 53506-53509.5)

(cf. 7214 - General Obligation Bonds)

- b. Special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 (Government Code 53311-53368.3)

(cf. 7212 - Mello Roos Districts)

3. Lease financing, including certificates of participation (COPs)

- a. Lease financing to fund the highest priority capital equipment purchases when pay-as-you-go financing is not feasible (Education Code 17450-17453.1)
 - b. Lease financing to fund facilities projects when there is insufficient time to obtain voter approval or in instances where obtaining voter approval is either not feasible or unavailable (Education Code 17400-17429)
4. Special financing programs or structures offered by the federal or state government, such as Qualified Zone Academy Bonds or other tax credit obligations or obligations that provide subsidized interest payments, when the use of such programs or structures is determined to result in sufficiently lower financing costs compared to traditional tax-exempt bonds and/or COPs
5. Temporary borrowing from other sources such as the county treasuries

COPs, TRANs, revenue bonds, or any other non-voter approved debt instrument shall not be issued by the district in any fiscal year in which the district has a qualified or negative certification, unless the County Superintendent of Schools determines, pursuant to criteria established by the Superintendent of Public Instruction, that the district's repayment of that indebtedness is probable. (Education Code 42133)

Relationship of Debt to District Facilities Program and Budget

Decisions regarding the issuance of debt for the purpose of financing capital improvement shall be aligned with current needs for acquisition, development, and/or improvement of district property and facilities as identified in the district's facilities master plan or other applicable needs assessment, the projected costs of those needs, schedules for the projects, and the expected resources.

The cost of debt issued for major capital repairs or replacements shall be evaluated against the potential cost of delaying such repairs and/or replacing such facilities.

When considering a debt issuance, the Board and the Superintendent or designee shall evaluate both the short-term and long-term implications of the debt issuance and additional operating costs associated with the new projects involved. Such evaluation may include, but is not limited to, the projected ratio of annual debt service to the tax burden on the district's taxpayers and the ratio of annual debt service secured by the general fund to general fund expenditures.

The district may enter into credit enhancement agreements such as municipal bond insurance, surety bonds, letters of credit, and lines of credit with commercial banks, municipal bond insurance companies, or other financial entities when their use is judged to lower borrowing costs, eliminate restrictive covenants, or have a net economic benefit to the financing.

Structure of Debt Issues

The district shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.

The district shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, ensure cost effectiveness, provide flexibility, and, as practical, recapture or maximize its debt capacity for future use. Principal amortization will be structured to meet debt repayment, tax rate, and flexibility goals.

For new money debt issuances for capital improvements, the district shall size the debt issuance with the aim of funding capital projects as deemed appropriate by the Board, as long as the issuance is consistent with the overall financing plan, does not exceed the amount authorized by voters, and, unless a waiver is sought and received from the state, will not cause the district to exceed the limitation on debt issuances specified in the California Constitution or Education Code 15106.

To the extent practicable, the district shall also consider credit issues, market factors, and tax law when sizing the district's bond issuance. The sizing of refunding bonds shall be determined by the amount of money that will be required to cover the principal of, any accrued interest on, and any redemption premium for the debt to be paid on the call date and to cover appropriate financing costs.

Any general obligation bond issued by the district shall mature within 40 years of the issuance date or as otherwise required by law. (California Constitution, Article 16, Section 18; Government Code 53508.6)

The final maturity of equipment or real property lease obligations will be limited to the useful life of the assets to be financed but, with respect to a lease purchase of equipment, no longer than a period of 10 years. (Education Code 17452)

Method of Sale

For the sale of any district-issued debt, the Superintendent or designee shall recommend the method of sale with the potential to achieve the lowest financing cost and/or to generate other benefits to the district. Potential methods of sale include:

1. A competitive bidding process through which the award is based on, among other factors, the lowest offered true interest cost
2. Negotiated sale, subject to approval by the district to ensure that interest costs are in accordance with comparable market interest rates
3. Private placement sale, when the financing can or must be structured for a single or limited number of purchasers or where the terms of the private placement are more beneficial to the district than either a negotiated or competitive sale

Investment of Proceeds

The district shall actively manage the proceeds of debt issued for public purposes in a manner that is consistent with state law governing the investment of public funds and with the permitted securities covenants of related financing documents executed by the district. Where applicable, the district's official investment policy and legal documents for a particular debt issuance shall govern specific methods of investment of bond-related proceeds. Preservation of principal shall be the primary goal of any investment strategy, followed by the availability of funds and then by return on investment.

(cf. 3430 - Investing)

With regard to general obligation bonds, the district shall invest new money bond proceeds in the county treasury pool as required by law. (Education Code 15146)

The management of public funds shall enable the district to respond to changes in markets or changes in payment or construction schedules so as to ensure liquidity and minimize risk.

Refunding/Restructuring

The district may consider refunding or restructuring outstanding debt if it will be financially advantageous or beneficial for debt repayment and/or structuring flexibility. When doing so, the district shall consider the maximization of the district's expected net savings over the life of the debt issuance and, when using a general obligation bond to refund an existing bond, shall ensure that the final maturity of the refunding bond is no longer than the final maturity of the existing bond.

Internal Controls

The Superintendent or designee shall establish internal control procedures to ensure that the proceeds of any debt issuance are directed to the intended use. Such procedures shall assist the district in maintaining the effectiveness and efficiency of operations, properly expending funds, reliably reporting debt incurred by the district and the use of the proceeds, complying with all laws and regulations, preventing fraud, and avoiding conflict of interest.

(cf. 3314 - Payments for Goods and Services)

(cf. 3400 - Management of District Assets/Accounts)

The district shall be vigilant in using bond proceeds in accordance with the stated purposes at the time such debt was incurred as defined in the text of the voter-approved bond measure. (Government Code 53410)

When feasible, the district shall issue debt with a defined revenue source in order to preserve the use of the general fund for general operating purposes.

The district shall annually conduct a due diligence review to ensure its compliance with all ongoing obligations applicable to issuers of debt. Such a review may be conducted by general legal counsel or bond counsel. Any district personnel involved in conducting such reviews shall receive periodic training regarding their responsibilities.

In addition, the Superintendent or designee shall ensure that the district completes, as applicable, all performance and financial audits that may be required for any debt issued by the district, including disclosure requirements applicable to a particular transaction.

Records/Reports

At least 30 days prior to the sale of any debt issue, the Superintendent or designee shall submit a report of the proposed issuance to the California Debt and Investment Advisory Commission (CDIAC). Such report shall include a self-certification that the district has adopted a policy concerning the use of debt that complies with law and that the contemplated debt issuance is consistent with that policy. (Government Code 8855)

On or before January 31 of each year, the Superintendent or designee shall submit a report to the CDIAC regarding the debt authorized, the debt outstanding, and the use of proceeds of the issued debt for the period from July 1 to June 30. (Government Code 8855)

The Superintendent or designee shall provide initial and any annual or ongoing disclosures required by 17 CFR 240.10b-5 and 240.15c2-12 to the Municipal Securities Rulemaking Board, investors, and other persons or entities entitled to disclosure, and shall ensure that the district's disclosure filings are updated as needed.

The Superintendent or designee shall maintain transaction records of decisions made in connection with each debt issuance, including the selection of members of the financing team, the structuring of the financing, selection of credit enhancement products and providers, and selection of investment products. Each transaction file shall include the official transcript for the financing, interest rates and cost of issuance on the day when the debt was sold ("final number runs"), and a post-pricing summary of the debt issue. In addition, documentation evidencing the expenditure of proceeds, the use of debt-financed property by public and private entities, all sources of payment or security for the debt, and investment of proceeds shall be kept for as long as the debt is outstanding, plus the period ending three years after the financial payment date of the debt or the final payment date of any obligations or series of bonds issued to refund directly or indirectly all of any portion of the debt, whichever is later.

The Superintendent or designee shall annually report to the Board regarding debts issued by the district, including information on actual and projected tax rates, an analysis of bonding capacity, ratings on the district's bonds, market update and refunding opportunities, new development for California bond financings, and the district's compliance with post-issuance requirements.

Legal Reference:

EDUCATION CODE

5300-5441 Conduct of elections

15100-15262 Bonds for school districts and community college districts

15264-15276 Strict accountability in local school construction bonds

15278-15288 Citizen's oversight committees

15300-15425 School Facilities Improvement Districts

17150 Public disclosure of non-voter-approved debt

17400-17429 Leasing of district property

17450-17453.1 Leasing of equipment

17456 Sale or lease of district property

17596 Duration of contracts

42130-42134 Financial reports and certifications

ELECTIONS CODE

1000 Established election dates

GOVERNMENT CODE

8855 California Debt and Investment Advisory Commission

53311-53368.3 Mello-Roos Community Facilities Act

53410-53411 Bond reporting

53506-53509.5 General obligation bonds

53550-53569 Refunding bonds of local agencies

53580-53595.55 Bonds

53850-53858 Tax and revenue anticipation notes

53859-53859.08 Grant anticipation notes

CALIFORNIA CONSTITUTION

Article 13A, Section 1 Tax limitation

Article 16, Section 18 Debt limit

UNITED STATES CODE, TITLE 15

78o-4 Registration of municipal securities dealers

UNITED STATES CODE, TITLE 26

54E Qualified Zone Academy Bonds

CODE OF FEDERAL REGULATIONS, TITLE 17

240.10b-5 Prohibition against fraud or deceit

240.15c2-12 Municipal securities disclosure

CODE OF FEDERAL REGULATIONS, TITLE 26

1.103 Interest on state and local bonds

1.141 Private activity bonds

1.148 Arbitrage and rebate

1.149 Hedge bonds

1.6001-1 Records

Management Resources:

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION PUBLICATIONS

California Debt Issuance Primer

GOVERNMENT FINANCE OFFICERS ASSOCIATION PUBLICATIONS

An Elected Official's Guide to Debt Issuance, 2nd Ed., 2016

Understanding Your Continuing Disclosure Responsibilities, Best Practice, September 2015

Investment of Bond Proceeds, Best Practice, September 2014

Selecting and Managing Municipal Advisors, Best Practice, February 2014

Debt Management Policy, Best Practice, October 2012

Analyzing and Issuing Refunding Bonds, Best Practice, February 2011

INTERNAL REVENUE SERVICE PUBLICATIONS

Tax Exempt Bond FAQs Regarding Record Retention Requirements

Tax-Exempt Governmental Bonds, Publication 4079, rev. 2016

U.S. GOVERNMENT ACCOUNTABILITY OFFICE PUBLICATIONS

Internal Control System Checklist

WEB SITES

California Debt and Investment Advisory Commission: <http://www.treasurer.ca.gov/cdiac>

Government Finance Officers Association: <http://www.gfoa.org>

Internal Revenue Service: <https://www.irs.gov>

Municipal Security Rulemaking Board, Electronic Municipal Market Access (EMMA):

<http://www.emma.msrb.org>

U.S. Government Accountability Office: <http://www.gao.gov>

U.S. Securities and Exchange Commission: <https://www.sec.gov>



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

CONSENT AGENDA

15.1 Approve the Minutes of the Special Board Meeting 1-23-2025

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106



MINUTES – SEQUOIA UNION BOARD OF TRUSTEES SPECIAL BOARD MEETING

Thursday, January 23, 2025
6:00pm

AGENDA

ATTENDANCE

Board Members <i>Present</i>	Cody Bogan, Board President Jon Cotta, Board Member Lane Anderson, Board Clerk
Board Members <i>Absent</i>	Greg Dunn, Board Member Melissa Myers, Board Member
Staff Members <i>Present</i>	Scott Pickle, Superintendent

OPENING BUSINESS

1. CALL TO ORDER

Special Board meeting on January 23, 2025 was called to order at 6:01 pm by President, Cody Bogan. All Board members were present in the Gymnasium at Sequoia Union Elementary, 23958 Ave 324, Lemon Cove, CA 93244.

2. FLAG SALUTE

Board President, Cody Bogan led the flag salute.

3. APPROVAL OF AGENDA with amendment, Cody Bogan asked for a motion to approve the agenda

Motion by Trustee, Jon Cotta, seconded by Trustee Lane Anderson, to approve of the agenda Motion carried 3-0.

Vote:

Ayes: Jon Cotta, Cody Bogan and Lane Anderson

Small School, Big Heart



Noes: None

4. COMMENTS FROM THE PUBLIC

Board President, Cody Bogan opened up for public comments. No public comments. Dr. Pickle reported no on online comment.

5. STUDENT/STAFF ACKNOWLEDGEMENT

6. CORRESPONDENCE

6.1 School Board Appreciation Dinner – Tulare-Kings

Dr. Pickle let the Board Members know that the School Board Appreciation Dinner will be on Tuesday March 4, 2025 at Hilton Garden Inn in Visalia. They must register online to attend

7. PUBLIC HEARING

8. ACTION ITEMS

9. DISCUSSION & REPORTS

10. CONSTRUCTION/MODERNIZATION ITEMS

11. SUPERINTENDENT

11.1 Field Trips

3-19-25 – 4th Grade – Exeter Historical Museum

5-16-25 – 3rd Grade – Adventure Park, Visalia

Motion by Trustee, Jon Cotta **seconded** by Trustee Lane Anderson, to approve Field Trips

3-19-25 – 4th Grade – Exeter Historical Museum

5-16-25 – 3rd Grade – Adventure Park, Visalia

Motion carried 3-0.

Vote:

Ayes: Jon Cotta, Cody Bogan and Lane Anderson

Noes: None

11.2 Financing Private Placement (Amortization Schedule):

The Board had a discussion of cost of financing at the 5 year mark

Small School, Big Heart



11.3 Resolution Declaring Intention to Reimbursement Expenditures
*Motion by Trustee, Lane Anderson **seconded** by Trustee Jon Cotta, to Approve Resolution Declaring Intention to Reimbursement Expenditures, **Motion carried 4-0.***

Vote:

Ayes: Jon Cotta, Cody Bogan and Lane Anderson

Noes: None

12. HUMAN RESOURCES

13. BUSINESS

14. MAINTENANCE, OPERATIONS AND GROUNDS

14.1 Update:

Dr. Pickle updated the board that the Grant from San Joaquin Valley Pollution district has been approved. We will be ordering 2 electric vehicles.

15. CONSENT AGENDA

Items listed under the Consent Agenda are considered to be routine and are acted on by the Board of Trustees in one motion. There is no discussion of these items before the Board vote unless a member of the Board, staff, or public requests specific items be discussed and/or removed from the Consent Agenda. It is understood that the Administration recommends approval on all Consent Items. Each item on the Consent Agenda approved by the members of the Governing Board shall be deemed to have been considered in full and adopted as recommended.

15.1 Approve the Minutes of the Regular Board Meeting 1-9-25

Motion by Trustee, Lane Anderson **seconded** by Trustee Jon Cotta, to table the Minutes of the Regular Board Meeting 1-9-25,

Motion carried 3-0.

Vote:

Ayes: Jon Cotta, Cody Bogan and Lane Anderson

Noes: None

16. ORGANIZATION BUSINESS

16.1 Consideration of Agenda Items the Board Wishes to Discuss in Future Meetings:

Small School, Big Heart



H. Scott Pickle, Ed. D.
Superintendent/Principal

Lane Anderson would like to look into getting a concrete estimate to explore options on sidewalks

17. BOARD CALENDAR

18. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (GC 54956.9)
Initiation of Litigation Pursuant to paragraph (4) of subdivision (d) of section 54956.9 of the Government Code (Deciding Whether to Initiate Litigation): 2 potential cases

A.PERSONNEL

1. Public Employee Discipline/Dismissal/Release (Certificated) (GC 54947)

19. OPEN SESSION: OTHER ACTION ITEMS

Motion by Trustee, Lane Anderson **seconded** by Trustee Jon Cotta, to give direction to Superintendent Dr. Scott Pickle to work on the boards behalf to rectify funding and Mangini situations

Motion carried 3-0.

Vote:

Ayes: Jon Cotta, Cody Bogan and Lane Anderson

Noes: None

20. ADJORNMENT

Meeting adjourned at 7:25 pm by Board President, Cody Bogan

Small School, Big Heart



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

CONSENT AGENDA

15.2 Approve the Minutes of the Regular Board Meeting 2-6-2025

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106



MINUTES – SEQUOIA UNION BOARD OF TRUSTEES REGULAR BOARD MEETING

**Thursday, February 6, 2025
6:00pm**

AGENDA

ATTENDANCE

Board Members <i>Present</i>	Cody Bogan, Board President Lane Anderson, Board Clerk Greg Dunn, Board Member Melissa Myers, Board Member
Board Members <i>Absent</i>	Jon Cotta, Board Member
Staff Members <i>Present</i>	Scott Pickle, Superintendent

OPENING BUSINESS

1. CALL TO ORDER

Special Board meeting on February 6, 2025 was called to order at 6:00 pm by President, Cody Bogan. All Board members were present in the Gymnasium at Sequoia Union Elementary, 23958 Ave 324, Lemon Cove, CA 93244.

2. FLAG SALUTE

Board President, Cody Bogan led the flag salute.

3. APPROVAL OF AGENDA with amendment, Cody Bogan asked for a motion to approve the agenda with amended agenda adding

- 10.2** Notice of Completion TK
- 10.3** Notice of Completion Sewer
- 10.4** DSA Statement of Final Project Cost - TK
- 11.5** Pay scale - Certificated

Small School, Big Heart



H. Scott Pickle, Ed. D.
Superintendent/Principal

Motion by Trustee, Lane Anderson, seconded by Trustee Greg Dunn, to approve of the agenda with adding

10.2 Notice of Completion TK

10.3 Notice of Completion Sewer

10.4 DSA Statement of Final Project Cost - TK

11.5 Pay scale - Certificated

Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

4. COMMENTS FROM THE PUBLIC

Board President, Cody Bogan opened up for public comments. No public comments. Dr. Pickle reported no on online comment.

5. STUDENT/STAFF ACKNOWLEDGEMENT

6. CORRESPONDENCE

7. PUBLIC HEARING

8. ACTION ITEMS

9. DISCUSSION & REPORTS

10. CONSTRUCTION/MODERNIZATION ITEMS

10.1 Financing:

Different financing options were shown to the board. There will still need to be a resolution and an approval before any loans for financing is moved forward with. Interest rates were about all the same. But have different terms. These will all be discussed further if financing is needed. We are still waiting on the money from the State for the \$2,400,000

10.2 Notice of Completion TK

Motion by Trustee, Lane Anderson seconded by Trustee Melissa Myers, to Approve the Notice of Completion TK,

Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

Small School, Big Heart



10.3 Notice of Completion Sewer

Motion by Trustee, Lane Anderson **seconded** by Trustee Melissa Myers, to Approve Notice of Completion Sewer,
Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

10.4 DSA Statement of Final Project Cost – TK:

Dr. Pickle let the board know that the TK/K building

There is one more bill to pay for \$6,000 for the soil compaction.

We have a positive balance for the TK/K building for \$132,000 minus the \$6,000. The balance of this project will go into the general fund.

11. SUPERINTENDENT

11.1 Field Trips

4-3-25 - AG - Sacramento

3-27-25 - 7th & 8th Grade - Math Super Bowl, Visalia Convention Center

2-13-25 - 8th Grade - TCOE History Day, Visalia

4-29-25 - 3rd-8th Grade - Character Counts, Rawhide Stadium

3-11-25 - TK & K - Zoo, Fresno

5-15-25 - TK & K - Reptile Exhibit, Sequoia Union

3-20-25 - 3rd Grade - TC Planetarium & TC Museum

6-2-25 - 2nd Grade - Cat Haven

5-13-25 - 1st Grade - Imagine U

5-30-25 - 2nd Grade - Big L Ranch

5-30-25 - 3rd Grade - Big L Ranch

Motion by Trustee, Melissa Myers **seconded** by Trustee Lane Anderson, to approve *Field Trips*

4-3-25 - AG - Sacramento

3-27-25 - 7th & 8th Grade - Math Super Bowl, Visalia Convention Center

2-13-25 - 8th Grade - TCOE History Day, Visalia

4-29-25 - 3rd-8th Grade - Character Counts, Rawhide Stadium

3-11-25 - TK & K - Zoo, Fresno

5-15-25 - TK & K - Reptile Exhibit, Sequoia Union

3-20-25 - 3rd Grade - TC Planetarium & TC Museum

6-2-25 - 2nd Grade - Cat Haven

Small School, Big Heart



5-13-25 - 1st Grade - Imagine U
5-30-25 - 2nd Grade - Big L Ranch
5-30-25 - 3rd Grade - Big L Ranch

Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

11.2 LCAP Mid-Year Report:

Test scores are up in ELA. We are still struggling with Math. Sequoia Union is moving in the right direction. We had 2 students reclassified from our ELA classes. All students are enrolled in broad base of studies.

11.3 CSBA Board Policies Workshop Update:

We spent time updating board policies we are about 65% complete. We will continue to work through these policies. We are planning to be done the end of February. They will be brought to the board on 2 separate meetings to be read and approved. Goal is to start 25-26 school year with the new policies online on the school website.

11.4 County SELPA MOU

Motion by Trustee, Lane Anderson **seconded** by Trustee Melissa Myers, to Approve County SELPA MOU

Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

11.5 TK-K half day proposal

Motion by Trustee, Lane Anderson **seconded** by Trustee Melissa Myers, to Approve TK-K half day proposal with the addition of applying for the Extended Day Kindergarten program,

Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

11.6 Certificated Pay Scale

Small School, Big Heart



H. Scott Pickle, Ed. D.
Superintendent/Principal

Motion by Trustee, Melissa Myers **seconded** by Trustee Lane Anderson, to Approve Certificated Pay Scale pending bargaining unit approval,
Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

12. HUMAN RESOURCES

13. BUSINESS

13.1 Business Financial Report:

Enrollment as of January 31, 2025 is 393 students.

Charter Budget Report Projected Income is \$4,854,397.00.

District Budget Report Projected Income is \$721,706.00.

Cafeteria Budget Report Projected Income is \$257,000.00

December Payroll Certificated was \$254,555.68.

Classified was \$5,543.09

Vendor Payments

1-2-25 was \$6,371.48

1-9-25 was \$78,458.05

1-16-25 was \$16,402.38

1-3-25 was \$76,120.17

Bank Reconciliation Balances Revolving Account is \$1,927.95, Student Body Account is \$11,938.45, Afterschool Program is \$50.00 and FFA Chapter is \$50.00

Attendance Summary by Grade was 95.83% for Charter

Attendance Summary by Grade was 98.84% for Elementary

Motion by Trustee, Melissa Myers **seconded** by Trustee Greg Dunn, to Approve Business Financial Report,
Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

14. MAINTENANCE, OPERATIONS AND GROUNDS

14.1 Update:

Dr. Pickle let the board know there is 3 bids on the freezer.

Small School, Big Heart



H. Scott Pickle, Ed. D.
Superintendent/Principal

14.2 Freezer Bid - American Incorporated, Palafox Prestige, 4Creeks
Motion by Trustee, Lane Anderson **seconded** by Trustee Melissa Myers, to
Approve the Palafox Prestige Bid,
Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

15. CONSENT AGENDA

Items listed under the Consent Agenda are considered to be routine and are acted on by the Board of Trustees in one motion. There is no discussion of these items before the Board vote unless a member of the Board, staff, or public requests specific items be discussed and/or removed from the Consent Agenda. It is understood that the Administration recommends approval on all Consent Items. Each item on the Consent Agenda approved by the members of the Governing Board shall be deemed to have been considered in full and adopted as recommended.

15.1 Approve the Minutes of the Special Board Meeting 1-23-25
Motion by Trustee, Melissa Myers **seconded** by Trustee Lane Anderson, to
table the Minutes of the Special Board Meeting 1-23-25,
Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

15.2 Approve the Minutes of the Regular Board Meeting 1-9-25
Motion by Trustee, Melissa Myers **seconded** by Trustee Lane Anderson, to
approve the Minutes of the Regular Board Meeting 1-9-25,
Motion carried 4-0.

Vote:

Ayes: Greg Dunn, Melissa Myers, Cody Bogan and Lane Anderson

Noes: None

16. ORGANIZATION BUSINESS

16.1 Consideration of Agenda Items the Board Wishes to Discuss in Future Meetings:

More information for wavier for TK/K more than 4 hours

Small School, Big Heart



**H. Scott Pickle, Ed. D.
Superintendent/Principal**

17. BOARD CALENDAR

We still need to figure out a day to move the June 19th meeting. We will wait until all board members are present to change the date

18. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (GC 54956.9)
Initiation of Litigation Pursuant to paragraph (4) of subdivision (d) of section 54956.9 of the Government Code (Deciding Whether to Initiate Litigation): 2 potential cases
A. PERSONNEL
1. Public Employee Discipline/Dismissal/Release (Certificated) (GC 54947)

19. OPEN SESSION: OTHER ACTION ITEMS

Nothing to Report

20. ADJORNMENT

Meeting adjourned at 7:26 pm by Board President, Cody Bogan

Small School, Big Heart



SEQUOIA UNION | ELEMENTARY SCHOOL

H. Scott Pickle, Ed. D.
Superintendent/Principal

CONSENT AGENDA

15.3 Approve the Minutes of the Regular Board Meeting 3-6-2025

Small School, Big Heart

23958 AVE 324/P.O. Box 44260
LEMON COVE, CA 93244-4260

PHONE: 559-564-2106



MINUTES – SEQUOIA UNION BOARD OF TRUSTEES REGULAR BOARD MEETING

Thursday, March 6, 2025
6:00pm

AGENDA

ATTENDANCE

Board Members <i>Present</i>	Lane Anderson, Board Clerk Greg Dunn, Board Member Jon Cotta, Board Member
Board Members <i>Absent</i>	Melissa Myers, Board Member Cody Bogan, Board President
Staff Members <i>Present</i>	Scott Pickle, Superintendent Gladys Ramirez, Business Manager

OPENING BUSINESS

1. CALL TO ORDER

Special Board meeting on March 6, 2025 was called to order at 6:00 pm by Clerk, Lane Anderson. 3 Board members were present in the Gymnasium at Sequoia Union Elementary, 23958 Ave 324, Lemon Cove, CA 93244.

2. FLAG SALUTE

Board Clerk, Lane Anderson led the flag salute.

- 3. APPROVAL OF AGENDA** of the Agenda with the modification of moving the Consent Action items to after the Board Calendar Items ***Motion*** by *Trustee, Jon Cotta* ***seconded*** by *Trustee Greg Dunn*, to Approve the agenda with the modifications

Motion carried 3-0.

Vote:

Small School, Big Heart



Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

4. COMMENTS FROM THE PUBLIC

Board Clerk, Lane Anderson opened up for public comments.

Keyv Mendes spoke and thanked the staff for making Kindergarten stay a full day program. She would Like Dr. Pickle to look into having a credentialed teacher for the little cougars.

Danielle Mendez spoke as well she would also like Dr. Pickle to look into having a credentialed teacher in the TK Little Cougars Program.

Dr. Pickle reported no on online comment.

5. STUDENT/STAFF ACKNOWLEDGEMENT

5.1 Jason Castillo, President, SETA:

As president of SETA Jason brought before the articles that they will be bringing up during negotiations which are 13.3.4 and 13.3.5 SETA seeks to make adjustments to stipend positions, appendix A to increase the certificated salary schedule and Appendix C to cover non credentialed teachers and interns

Article 14.4 cost analysis of gap insurance

Article 9 lower class size maximums

Article 7.5 Fall break to the list

Article 10 define procedure for emergency student placement

Article 13.5 Hours on non-overnight fieldtrips that are over contracted time to be the teachers hourly rate

Also Clean up some of the language the affected Articles are 7.7.1, 7.7.2 and 7.7.7 and 9.1.5

5.2 Yearbook Photos:

Photographer did not show up

6. CORRESPONDENCE

Reminder for Spring Dinner Board Member Dinner

7. PUBLIC HEARING

8. ACTION ITEMS

8.1 OES 130

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to Approve OES 130

Motion carried 3-0.

Small School, Big Heart



Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

8.2 Interdistrict Transfers

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to Approve Interdistrict Transfers

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

9. DISCUSSION & REPORTS

10. CONSTRUCTION/MODERNIZATION ITEMS

11. SUPERINTENDENT

11.1 Field Trips

3-13-25 – 8th Grade – Monarch Madness – Exeter High School

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to approve Field Trips

3-13-25 – 8th Grade – Monarch Madness – Exeter High School

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

11.2 Kaweah Pump – Downed Power Pole/Line

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to Approve Kaweah Pump – Downed Power Pole/Line

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

11.3 Extended Day Kindergarten Resolution (EC46111)

Motion by Trustee, Jon Anderson **seconded** by Trustee Greg Dunn, to Approve Extended Day Kindergarten Resolution (EC46111)

Small School, Big Heart



Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

11.4 TK/Kinder Program Plan review:

Dr. Pickle went over the slides that were gone over at the TK/K parent meeting that was held on Tuesday 3-4-25.

12. HUMAN RESOURCES

13. BUSINESS

13.1 Business Financial Report:

Enrollment as of February 28, 2025 is 394 students.

Charter Budget Report Projected Income is \$4,885,918.00.

District Budget Report Projected Income is \$731,191.00.

Cafeteria Budget Report Projected Income is \$257,000.00

February Payroll Certificated was \$255,811.96.

Classified was \$75,488.83

Vendor Payments

2-6-25 was \$54,324.11

2-13-25 was \$61,092.75

2-27-25 was \$1,699,498.43

Bank Reconciliation Balances Revolving Account is \$40,314.95, Student Body Account is \$11,938.45, Afterschool Program is \$4,736.50

Attendance Summary by Grade was 95.51% for Charter

Attendance Summary by Grade was 98.53% for Elementary

Motion by Trustee, Jon Cotta seconded by Trustee Greg Dunn, to Approve Business Financial Report,

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

13.2 Audit Report

Motion by Trustee, Jon Cotta seconded by Trustee Greg Dunn, to Approve Audit Report

Motion carried 3-0.

Vote:

Small School, Big Heart



Ayes: Greg Dunn, Jon Cotta, and Lane Anderson
Noes: None

13.3 Budget Revision

Motion by Trustee, Jon Cotta ***seconded*** by Trustee Greg Dunn, to Approve Budget Revision

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson
Noes: None

13.4 2nd Interim Report

Motion by Trustee, Jon Cotta ***seconded*** by Trustee Greg Dunn, to Approve 2nd Interim Report

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson
Noes: None

13.5 E-Rate Internet Bids (3)

Motion by Trustee, Jon Cotta ***seconded*** by Trustee Greg Dunn, to Approve E-Rate Internet Bid option number 2

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson
Noes: None

13.6 Financing Discussion:

We will be bringing back all the financing options to the board in the next board meeting. The board will be able to weigh in on the options.

14. MAINTENANCE, OPERATIONS AND GROUNDS

14.1 Update:

Transportation- We are trying to get a bus driver. The individual has signed up for the bus classes.

15. CONSENT AGENDA

Items listed under the Consent Agenda are considered to be routine and are acted on by the Board of Trustees in one motion. There is no discussion of these items before the Board vote unless a member of the Board, staff, or public requests

Small School, Big Heart



H. Scott Pickle, Ed. D.
Superintendent/Principal

specific items be discussed and/or removed from the Consent Agenda. It is understood that the Administration recommends approval on all Consent Items. Each item on the Consent Agenda approved by the members of the Governing Board shall be deemed to have been considered in full and adopted as recommended.

15.1 Approve the Minutes of the Special Board Meeting 1-23-25

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to table the Minutes of the Special Board Meeting 1-23-25,

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

15.2 Approve the Minutes of the Regular Board Meeting 2-6-25

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to table the Minutes of the Regular Board Meeting 2-6-25,

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

16. ORGANIZATION BUSINESS

16.1 Consideration of Agenda Items the Board Wishes to Discuss in Future Meetings:

Greg asked for cost of where we are at for Construction management.

Lane would like to add an agenda item to fence in the AG ground.

17. BOARD CALENDAR

17.1 Add Special Board Meeting on 3-25-2025

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to Approve to Add a Special Board Meeting on 3-25-2025

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

18. CLOSED SESSION

18.1 ANTICIPATED LITIGATION (GC 54956.9) update: 2 potential cases

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18.2. Public Employee Discipline/Dismissal/Release (Certificated) (GC 54947)

18.3 GOVERNMENT CODE SECTION 54957.6: CONFERENCE WITH LABOR
NEGOTIATOR

AGENCY REPRESENTATIVE: Superintendent-Principal. EMPLOYEE ORGANIZATION:
S.E.T.A.

UNREPRESENTED EMPLOYEES: Sequoia Union Classified Staff.

18.4 25-26 School Year Revoking Charter Agreement

Motion by Trustee, Jon Cotta **seconded** by Trustee Greg Dunn, to Approve to
Go into Open Session at 7:53 pm

Motion carried 3-0.

Vote:

Ayes: Greg Dunn, Jon Cotta, and Lane Anderson

Noes: None

19. OPEN SESSION: OTHER ACTION ITEMS

Nothing to Report

20. ADJORNMENT

Meeting adjourned at 7:55 pm by Board Clerk, Lane Anderson

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ORGANIZATIONAL BUSINESS

16.1 Consideration of Agenda Items the Board Wishes to Discuss in Future Meetings

Small School, Big Heart

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BOARD CALENDAR

17.1 Reschedule Board Meeting June 19, 2025

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