STIFEL

One Montgomery Street, 37th Floor, San Francisco CA 94104

July 18, 2017

Mr. Douglas Marquand
Assistant Superintendent, Business Services
San Rafael City Schools
310 Nova Albion Way
San Rafael, CA 94903

Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction
San Rafael City Elementary School District
Election of 2015 General Obligation Bonds, Series B
2017 General Obligation Refunding Bonds
Refunding Certificates of Participation

Dear Doug:

The San Rafael City Elementary School District (the "Elementary District") and Stifel, Nicolaus & Company, Incorporated ("Stifel"), are entering into this engagement to confirm that they are engaged in discussions related to a potential issue of (or series of issuances of) municipal securities referenced above (the "Bonds") and to formalize Stifel's role as underwriter or placement agent with respect to the Bonds.

Engagement as Underwriter/Placement Agent

The Elementary District is aware of the "Municipal Advisor Rule" of the Securities and Exchange Commission ("SEC") and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. The Elementary District expects that Stifel will provide advice to the Elementary District on the structure, timing, terms and other matters concerning the Bonds.

Limitation of Engagement

It is the Elementary School District's intent that Stifel serve as an underwriter or placement agent for the Bonds, subject to satisfying applicable procurement laws or policies, formal approval by the Elementary School District's Board of Education, finalizing the structure of the Bonds and executing a bond purchase agreement or placement agent agreement, as applicable. While the Elementary District presently engages Stifel as the underwriter or placement agent for the Bonds, this engagement letter is preliminary, nonbinding and may be terminated at any time by the Elementary School District, without penalty or liability for any costs incurred by Stifel. Furthermore, this engagement letter does not restrict the Elementary District from entering into the sale of the Bonds with any other underwriters or placement agents or selecting an underwriting syndicate that does not include Stifel.

Role Disclosure

The Elementary District hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter or placement agent:

(1) Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires underwriters and placement agents to deal fairly at all times with both municipal issuers and investors;

(2) the underwriter's primary role is to purchase securities for distribution to investors in an arm's-length commercial transaction with the Elementary District and it has financial and other interests that may differ from those of the Elementary District;

(3) the placement agent's primary role is to place securities directly with an investor or investors on behalf of the Elementary District without first purchasing the securities;

(4) unlike a municipal advisor, the underwriter/placement agent does not have a fiduciary duty to the Elementary District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Elementary District without regard to its own financial or other interests;

(5) the underwriter has a duty to purchase securities from the Elementary District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable;

(6) and the underwriter will review the official statement for the Bonds, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Disclosures Concerning the Underwriter's Compensation and Placement Agent Fee

The underwriter will be compensated by a fee and/or underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the Bonds. The placement agent will be compensated by a fee agreed upon with the Elementary District in connection with the private placement of the Bonds. Payment of the underwriting fee or discount or the placement agent fee will be contingent on the closing of the transaction and the amount of the discount or fee may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a potential conflict of interest since the underwriter or placement agent may have an incentive to recommend to the Elementary District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Conflicts of Interest Disclosures

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

Disclosures Relating to Complex Municipal Securities Financing – Capital Appreciation Bonds

Under MSRB Rule G-17, underwriters must provide an issuer with disclosures about "complex municipal securities financings" that they recommend to the issuer for a negotiated offering. Some of the maturities of the Bonds may be issued as capital appreciation bonds ("CABs"). CABs may be considered by some to be a "complex municipal securities financing".

The following is a general description of capital appreciation bonds, as well as a description of certain financial factors that you should consider before deciding whether to issue CABs.

Financial Characteristics

A capital appreciation bond is a form of municipal bond on which the interest accretes, or compounds on itself, and is not paid out periodically. This can be contrasted with traditional current interest bonds ("CIBs"). The issuer of a CIB pays interest periodically to the bondholder, and pays back the principal at maturity. The issuer of a CAB pays no periodic interest to the bondholder. Instead, on each accretion date (the date on which interest would normally be paid on a CIB) the interest on a CAB is computed and then compounded, or essentially added to the principal. At maturity, the issuer repays the principal, all of the interest, and all of the interest on interest.

Convertible CABs are a hybrid structure in which the bonds accrete while in the CAB mode and then pay annual principal and semi-annual interest as a standard current interest bond after a designated conversion date. The interest and principal paid after the conversion date is based on the accreted value of bonds while in the CAB mode instead of the initial principal amount.

Financial Considerations

Listed below are certain factors to be considered when issuing CABs:

(1) The rate of interest on a CAB is typically higher than a CIB of the same maturity.

(2) The total debt service, or total principal and interest paid, on a CAB will be more than on a CIB of corresponding maturity. This is due to two reasons: first, the CAB interest rate is higher, which leads to more interest being paid. Second, since each interest payment is accreted, or added to principal, the issuer is paying interest on interest.

(3) Because no payments are being made on a CAB until maturity, the maturity value can be large in comparison with the original principal amount. The longer the term of the CAB, the greater the maturity value compared with the original principal amount.

(4) Often CABs have been issued without an optional prepayment provision, although AB 182 effective on January 1, 2014, now requires all CABs sold by a California school district to be subject to optional prepayment beginning in the tenth year after issuance.

(5) If a CAB has an optional prepayment provision, it often requires a higher interest rate (reflecting the value of the prepayment provision) than a comparable CAB without an optional prepayment option.

(6) The cost associated with selling CABs, primarily the underwriter's discount, is usually greater for a CAB than for a comparable CIB.

(7) Convertible CABs carry the inherent risk that, upon conversion from CABs to CIBs, the CIBs will require semi-annual interest payments.

It is our understanding that you have the authority to bind the Elementary Districtby contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement of the receipt of this letter. Accordingly, sign and return the enclosed copy of this letter to us as a PDF.

We look forward to working with the Elementary District on the sale of the Bonds. Do not hesitate to contact us at the phone numbers indicated below with any questions regarding the content of this letter.

Sincerely,

Stifel, Nicolaus & Company, Incorporated

Erica Gonzalez

Name: Bruce Kerns
Title: Managing Director
Phone: 415-364-6839

Name: Erica Gonzalez
Title: Managing Director
Phone: 415-364-6841

The San Rafael City Elementary School District acknowledges the foregoing.

Accepted and Executed

____
Mr. Douglas Marquand
Assistant Superintendent, Business Services

Date: ____________________

cc: Michael Watenpaugh, *San Rafael City Schools*
Dan Zaich, *San Rafael City Schools*
Greg Isom, *Isom Advisors*
Janet Mueller, *Dannis Woliver Kelley*
Scott Beck, *Kutak Rock*
Roberto Ruiz, *Stifel*