

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

469



**FROM:** Treasurer-Tax Collector

**SUBMITTAL DATE:**  
May 23, 2008

**SUBJECT:** Resolution No. 2008-261 - Menifee Union School District General Obligation Bonds, Election of 2008, Series A (Vote on Separately)

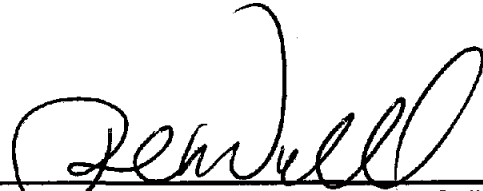
**RECOMMENDED MOTION:** That your Honorable Board approve and adopt Resolution No. 2008-261, Authorizing the Issuance and Sale of General Obligation Bonds on Behalf of Menifee Union School District in an Aggregate Principal Amount Not to Exceed \$15,730,000.

**BACKGROUND:** Education Code Section 15140 requires that General Obligation Bonds of a school district be offered for sale by the Board of Supervisors of the County when the County's Superintendent of Schools has jurisdiction over the district and when the district wishes to offer its bonds via a negotiated sale. Although the Education Code also permits a board of supervisors to opt out of that requirement, this Board has not adopted the necessary enabling resolution. At the same time the County Treasurer has taken the position that school districts should not be negotiating the sale of bonds without his participation.

(Continued on page 2)

FORM APPROVED COUNTY COUNSEL  
BY: DALE A. GARDNER DATE: 5/22/08

Departmental Concurrence

  
\_\_\_\_\_  
Paul McDonnell, Treasurer - Tax Collector

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$	In Current Year Budget: Budget Adjustment: For Fiscal Year:
	Current F.Y. Net County Cost:	\$	
	Annual Net County Cost:	\$	
<b>SOURCE OF FUNDS:</b>			Positions To Be Deleted Per A-30 <input type="checkbox"/>
			Requires 4/5 Vote <input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

**APPROVE**  
BY:   
\_\_\_\_\_  
Christopher M. Hans

**County Executive Office Signature**

Dept't Recomm.:  Consent  Policy   
Per Exec. Ofc.:  Consent  Policy

**Prev. Agn. Ref.:** \_\_\_\_\_ **District:** 3 **Agenda Number:** 3.72

Date: May 23, 2008  
From: Treasurer-Tax Collector  
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Menifee Union School District (the "District"), under the jurisdiction of the Riverside County Superintendent of Schools, wishes to offer bonds via a negotiated sale.

The issuance of the bonds has been approved by the voters of the District. An election was held on February 5, 2008, pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A and subdivision (b) of Section 18 of Article XVI of the California Constitution and Section 15266 of the Education Code which codifies, in part, Proposition 39. During that election, a measure authorizing the District to incur general obligation bonded indebtedness in an aggregate principal amount not to exceed \$31,460,000 was approved by 55% or more of the qualified voters of the District.

The District's Board of Education recently adopted Resolution No. 2007/08-49 which requests the Board of Supervisors to issue and sell the District's general obligation bonds on behalf of the District in an aggregate principal amount not to exceed \$15,730,000. Resolution No. 2008-261 authorizes the issuance and sale of Menifee Union School District General Obligation Bonds, Election of 2008, Series A in an aggregate principal amount not to exceed \$15,730,000.

The bond proceeds are to be expended only for identified school facilities and improvements. All expenditures are subject to the review of a Citizen's Oversight Committee appointed by the District's Board of Education.

These bonds represent general obligations of the District; these bonds do not constitute a debt or obligation of the County. No part of any fund of the County is pledged or obligated to the payment of these Bonds.

The Office of County Counsel has reviewed Resolution No. 2008-261 and the attached documents and has approved them as to form.

RESOLUTION NO. 2008-261

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF MENIFEE UNION SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, 2008 ELECTION GENERAL OBLIGATION BONDS, SERIES A IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$15,730,000

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RESOLUTION NO. 2008-261

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF MENIFEE UNION SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, 2008 ELECTION GENERAL OBLIGATION BONDS, SERIES A IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$15,730,000

WHEREAS, a duly called election was held in the Menifee Union School District (the "District"), Riverside County (the "County"), State of California, on February 5, 2008, at which the following proposition ("Measure B") was submitted to the qualified electors of the District:

"Shall Menifee Union School District relieve overcrowding and improve education throughout the district by constructing two new elementary schools and a middle school to accommodate growth by issuing \$31,460,000 of bonds within the legal limit, with citizen oversight, annual audits of expenditures and performance and no proceeds used for teacher or administrator salaries or other operating expenses?"

WHEREAS, at such election Measure B received the affirmative vote of more than fifty-five percent of the qualified electors of the District voting on the proposition as certified by the Registrar of Voters of the County of Riverside in the official canvassing of votes; and

WHEREAS, at this time this Board has received a signed, certified copy of the resolution of the governing board of the District adopted on May 13, 2008 requesting the issuance of Menifee Union School District, 2008 Election General Obligation Bonds, Series A, in an aggregate principal amount not to exceed \$15,730,000 (the "Series A Bonds" or "Bonds") which is attached hereto as Exhibit A; and

WHEREAS, the Series A Bonds will be issued under and pursuant to the provisions of Chapter 2 of Part 10 of Division 1 of Title 1 (Section 15100 et seq.) of the Education Code of the State of California (the "Authorizing Law"); and

WHEREAS, in its resolution, the District found and informed this Board that all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Series A Bonds, is within all limits prescribed by law;

NOW, THEREFORE, IT IS FOUND, DETERMINED, ORDERED AND RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AS FOLLOWS:

**Section 1**     **Purpose of the Bonds.** The Series A Bonds of the District shall be issued in the name and on behalf of the District in an aggregate Principal Amount not to exceed

\$15,730,000 for the acquisition or improvement of real property for some or all of the purposes authorized by Measure B (collectively, the "Projects").

**Section 2 Terms and Conditions of Sale.** The Series A Bonds shall be sold at a negotiated sale pursuant to the Authorizing Law in accordance with the terms of this Resolution. The Series A Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described in Section 3 below.

**Section 3 Approval of Purchase Contract.** The form of Bond Purchase Agreement (the "Purchase Contract"), by and among the County, the District and George K. Baum & Company (the "Underwriter"), for the purchase and sale of the Series A Bonds, is hereby approved substantially in the form attached hereto as Exhibit B. The Treasurer-Tax Collector of the County (the "Treasurer"), or designated deputy thereof, is hereby authorized to execute and deliver the Purchase Contract, and the Superintendent of the District, Assistant Superintendent, Business Services of the District, or President of the Board of Education of the District or their designees is hereby authorized and requested to acknowledge the execution of such Purchase Contract, if necessary, but with such changes therein, deletions therefrom and modifications thereto as the Treasurer, or designated deputy thereof, may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the Series A Bonds shall mature no later than twenty-five (25) years from the date of issue, the maximum interest rate on the Series A Bonds computed for the issue as a whole shall not exceed 8.00% per annum and the Underwriter's discount, excluding original issue discount, shall not exceed 1.10% of the aggregate principal amount of Series A Bonds issued. The District Superintendent, or his designee, shall determine the final principal amount of the Series A Bonds, not to exceed \$15,730,000, and shall determine whether to purchase municipal bond insurance for all or a portion of the Series A Bonds.

**Section 4 Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them:

"Accreted Interest" means, with respect to the Capital Appreciation Bonds, the Accreted Value thereof minus the Principal Amount thereof as of the date of calculation.

"Accreted Value" means with respect to the Capital Appreciation Bonds, as of the date of calculation, the Principal Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1 at the stated yield to maturity thereof set forth in the Purchase Contract, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

"Authorizing Law" means, collectively, (i) Chapter 2, Part 10, Division 1, of Title 1 of the California Education Code of the State of California (commencing with Section 15100), as amended, and (ii) Article XIII A of the California Constitution.

"Authorized Representative of the District" means each of the Superintendent of the District, the Assistant Superintendent, Business Services of the District, and their designees.

"Board" means the Board of Supervisors of the County.

“Bond Insurer” means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal Amount and Accreted Interest of and interest on the Series A Bonds.

“Bond Obligation” means, from time to time as of the date of calculation, with respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any Capital Appreciation Bond, the Accreted Value thereof.

“Bond Payment Date” means, with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing on the February 1 or August 1 specified in the Purchase Contract with respect to the interest on the Current Interest Bonds and with respect to the Principal payments on the Current Interest Bonds as provided in the Purchase Contract, and, with respect to the Capital Appreciation Bonds, the stated maturity dates thereof, as specified in the Purchase Contract.

“Bond Register” means the listing of names and addresses of the current registered owners of the debt, as maintained by the Paying Agent in accordance with Section 10 hereof.

“Building Fund” means the Menifee Union School District 2008 Election General Obligation Bonds Building Fund, Series A established pursuant to Section 14 of this Resolution.

“Business Day” means a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Capital Appreciation Bonds” means the Series A Bonds the interest component of which is compounded semiannually on each February 1 and August 1 to maturity as shown in the table of Accreted Value for such Series A Bonds in the Purchase Contract.

“Capital Appreciation Term Bonds” means those Capital Appreciation Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate dated the Date of Issuance executed by the District in connection with the delivery of the Series A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all of the costs of issuing the Series A Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Resolution, the Series A Bonds and the Official Statement pertaining to the Series A Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; underwriter’s fees; rating agency fees; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Series A Bonds or the implementation of the financing for the Projects, to the extent such fees and expenses are approved by the District.

“Costs of Issuance Fund” means the Menifee Union School District 2008 Election General Obligation Bonds Costs of Issuance Fund, Series A, established pursuant to Section 14 of this Resolution.

“County” means the County of Riverside, California.

“Current Interest Bonds” means the Series A Bonds the interest on which is payable on each Bond Payment Date specified for each such Series A Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

“Current Interest Term Bonds” means those Current Interest Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

“Date of Issuance” means the date on which the Series A Bonds are delivered to the Underwriter thereof.

“Debt Service Fund” means the Menifee Union School District 2008 General Obligation Bonds Debt Service Fund, Series A, established pursuant to Section 14 of this Resolution.

“Depository” means the securities depository acting as Depository pursuant to Section 12 hereof.

“District” means the Menifee Union School District.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Series A Bonds.

“Informational Services” means national information services that disseminate securities redemption notices; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District may specify in a certificate to the County and the Paying Agent or as the Paying Agent may select.

“Maturity Value” means the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 12 hereof.

“Outstanding”, when used with reference to the Series A Bonds, means, as of any date, Series A Bonds theretofore issued or thereupon being issued under this resolution except:

- (a) Series A Bonds canceled at or prior to such date;
- (b) Series A Bonds in lieu of or in substitution for which other Series A Bonds shall have been delivered pursuant to Section 10 hereof; or

(c) Series A Bonds for the payment or redemption of which funds or federal securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Series A Bonds), in accordance with Section 16 or 17 of this Resolution.

“Owner” means the registered owner of a Series A Bond as set forth on the registration books maintained by the Paying Agent pursuant to Section 10 hereof.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

“Paying Agent” means U.S. Bank National Association, or any successor thereto designated in accordance with Section 8 hereof to act in such capacity.

“Principal” or “Principal Amount” means, with respect to any Bond, the principal or principal amount thereof as specified in the Purchase Contract.

“Projects” shall have the meaning given to that term in Section 1 of this Resolution.

“Projects Costs” means all of the expenses of and incidental to the construction and/or acquisition of the Projects, including Costs of Issuance.

“Purchase Contract” means the Contract of Purchase by and among the County, the District and the Underwriter relating to the Series A Bonds.

“Rebate Fund” means the Menifee Union School District 2008 Election General Obligation Bonds Rebate Fund, Series A, established pursuant to Section 14 of this Resolution.

“Record Date” means, with respect to the Current Interest Bonds, the close of business on the fifteenth day of the month preceding each Bond Payment Date.

“Redemption Date” means any date on which any Series A Bond is subject to optional redemption or mandatory sinking fund redemption in accordance with Section 11 hereof.

“Resolution” means this Resolution No. 2008-\_\_\_ adopted by the Board of Supervisors of the County on June 3, 2008.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Facsimile transmission: (516) 227-4039, (516) 227-4190, or such other securities depositories as are designated by the District or the Paying Agent and whose business is to perform the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of the Securities Exchange Act of 1934, and who is registered as a clearing agency under Section 17A of the Act.

“Series A Bonds” means the Menifee Union School District 2008 Election General Obligation Bonds, Series A, issued and delivered pursuant to this Resolution.

“Supplemental Resolution” means any resolution supplemental to or amendatory of this Resolution, adopted by the County in accordance with Section 24 hereof.

“Tax Certificate” means the certificate by that name executed by the District on the Date of Issuance of the Series A Bonds.

“Transfer Amount” shall mean, with respect to any Outstanding Current Interest Bond, the aggregate Principal Amount and, with respect to any Capital Appreciation Bond, the Maturity Value.

“Treasurer” means the Treasurer and Tax Collector of the County and such other persons as may be designated by the Treasurer and Tax Collector to act on his behalf.

“Underwriter” means George K. Baum & Company.

**Section 5     Terms of the Series A Bonds.**

(a)     An issue of bonds entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed \$15,730,000. Such Bonds shall be general obligations of the District, payable as to Principal, premium, if any, and interest from ad valorem taxes to be levied upon all of the taxable property in the District. The Series A Bonds shall be designated “Menifee Union School District, Riverside County, California, 2008 Election General Obligation Bonds, Series A.” The Series A Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds as set forth in the Purchase Contract, subject to the provisions of this Resolution.

(b)     The Series A Bonds shall be issued as Bonds registered as to both principal and interest, in the denominations of, with respect to the Current Interest Bonds, \$5,000 Principal Amount, or any integral multiple thereof, and with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof; provided that one Capital Appreciation Bond may be issued in an odd Maturity Value and one Current Interest Bond may be issued in a denomination in excess of \$5,000 that is not an integral multiple thereof.

(c)     Each Current Interest Bond shall mature in the years and be issued in the Principal Amounts as set forth in the Purchase Contract. Each Current Interest Bond shall be dated as set forth in the Purchase Contract and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its dated date; provided, however, that, if at the time of registration of any Current Interest Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment.

(d)     Each Capital Appreciation Bond shall be dated, and shall accrete Accreted Interest from, its Date of Issuance. Capital Appreciation Bonds will not bear interest on a current basis. The Capital Appreciation Bonds shall be issued in fully registered form, shall mature in

the years and shall be issued in the aggregate Principal Amounts set forth in the Purchase Contract and shall accrete interest at the rate or rates and shall have Principal Amounts per each five thousand dollars (\$5,000) in Maturity Value as shown in the Accreted Value Table contained in Appendix A to the Purchase Contract (herein the "Accreted Value Table"); provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value calculated by the County or the Paying Agent by application of the definition of Accreted Value set forth in this Section 5 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond.

**Section 6     Execution.** The Series A Bonds shall be signed by the Chairman of the Board and the Treasurer, or a deputy of the Treasurer, by their manual or facsimile signatures and countersigned by the manual or facsimile signature of the Clerk of the Board, or by an authorized deputy, all in their official capacities. The County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced on each Series A Bond. In case any one or more of the officers who shall have signed or sealed any of the Series A Bonds shall cease to be such officer before the Series A Bonds so signed and sealed shall have been issued by the County on behalf of the District, such Series A Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Series A Bonds had not ceased to hold such offices. No Series A Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Series A Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Series A Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**Section 7     Appointment of Paying Agent.**

(a) This Board does hereby consent to and confirm the appointment of U.S. Bank National Association to act as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Series A Bonds. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Series A Bonds.

(c) The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(d) The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

**Section 8 Resignation or Removal of Paying Agent and Appointment of Successor.**

(a) The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least 60 days' written notice to the District and the County. The Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the County and signed by the District. A successor Paying Agent shall be appointed by the District with the written consent of the Treasurer, which consent shall not be unreasonably withheld, and, if not the Treasurer, shall be a bank or trust company organized under the laws of any state of the United States, a national banking association or any other financial institution, having capital stock and surplus aggregating at least \$50,000,000 and doing business in the State and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, to the Treasurer. In the event that for any reason there shall be a vacancy in the office of the Paying Agent, the Treasurer shall act as such Paying Agent. The County shall cause the new Paying Agent appointed to replace any resigned or removed Paying Agent to mail notice of its appointment and the address of its principal office to all registered Owners.

**Section 9 Payment of Principal and Interest.** The Principal of and interest on the Series A Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent as paying agent. Principal of the Current Interest Bonds and the Maturity Value of the Capital Appreciation Bonds shall be payable when due upon presentation and surrender of the Series A Bonds at the office of the Paying Agent which has been designated by the Paying Agent for purposes of paying Principal of the Current Interest Bonds and Maturity Value of the Capital Appreciation Bonds on the Series A Bonds. Interest on Current Interest Bonds shall be paid on each Bond Payment Date by check mailed by first class mail to the person in whose name the Series A Bond was registered, and to that person's address appearing on the Bond Register (as described in Section 10 below) at the close of business on the Record Date. The Owner of an aggregate Principal Amount of Current Interest Bonds of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of any Record Date.

Payments of Principal and redemption premiums, if any, with respect to the Current Interest Bonds, and the payments of Maturity Value and redemption premiums, if any, with respect to Capital Appreciation Bonds, shall be payable at maturity or redemption upon surrender at the principal office of the Paying Agent. The Paying Agent is hereby authorized to pay the Series A Bonds when duly presented for payment at maturity, and to cancel all Series A Bonds upon payments thereof.

The Series A Bonds are general obligation bonds of the District and do not constitute an obligation of the County except as expressly provided in this Resolution. No part of any fund of the County is pledged or obligated to the payment of the Series A Bonds.

**Section 10 Bond Registration and Transfer.** So long as any of the Series A Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Series A Bonds as provided in this Section.

Subject to the provisions of Section 12 below, the person in whose name a Series A Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal of and interest on any Series A Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Series A Bonds, including interest, to the extent of the amount or amounts so paid.

Any Series A Bond may be exchanged for Series A Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the office of the Paying Agent designated for such purpose, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Series A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series A Bond for cancellation at the office of the Paying Agent designated for such purpose, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Series A Bond or Series A Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Series A Bond surrendered and bearing or accreting interest at the same rate and maturing on the same date. Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

If manual signatures on behalf of the County are required, the Paying Agent shall undertake the exchange or transfer of Series A Bonds only after the new Series A Bonds are signed by the authorized officers of the County. In all cases of exchanged or transferred Series A Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Series A Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the transferor. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Series A Bonds issued upon any exchange or transfer shall be valid

obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Series A Bonds surrendered upon that exchange or transfer.

Any Series A Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Series A Bonds that the District and the County may have acquired in any manner whatsoever, and those Series A Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Series A Bonds shall be made to the District and the County by the Paying Agent at least twice each calendar year. The cancelled Series A Bonds shall be retained for a period of time and then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any Series A Bonds during a period beginning with the opening of business on the 15th Business Day next preceding either any Bond Payment Date or any date of selection of Series A Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any Series A Bonds which have been selected or called for redemption in whole or in part.

In case any Series A Bond secured hereby shall become mutilated or destroyed, stolen or lost, the Paying Agent shall cause to be executed and authenticated a new Series A Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Series A Bond or in lieu of and in substitution for such Series A Bond mutilated, destroyed, stolen or lost, upon the Owner's paying the reasonable expenses and charges in connection therewith, and, in the case of a Series A Bond destroyed, stolen or lost, such Owner's filing with the Paying Agent and the County of evidence satisfactory to them that such Series A Bond was destroyed, stolen or lost, and/or such Owner's ownership thereof in furnishing the Paying Agent and County with indemnity satisfactory to each of them.

Any new Series A Bonds issued pursuant to this Section 10 in substitution for Series A Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Series A Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Series A Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Series A Bonds.

## **Section 11    Redemption.**

(a)    Terms of Redemption. The Series A Bonds shall be subject to redemption prior to maturity as provided in the Purchase Contract and the Official Statement.

(b)    Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Series A Bonds and less than all Outstanding Series A Bonds are to be redeemed, the Paying Agent, upon written instruction, shall select Series A Bonds for redemption in such manner as directed by the District. Within a maturity, the Paying Agent shall

select Series A Bonds for redemption in such manner as directed by the District. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value of such Capital Appreciation Bond.

(c) Notice of Redemption. When redemption is to be made pursuant to Section 11(a) hereof, the Paying Agent shall give notice (a "Redemption Notice") of the redemption of the Series A Bonds by first class mail, postage prepaid to each Owner of the Series A Bonds at the addresses appearing on the Bond registration books at least 30 but not more than 60 days prior to the Redemption Date. Such Redemption Notice shall specify: (a) the Series A Bonds or designated portions thereof (in the case of redemption of the Series A Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series A Bonds to be redeemed, (f) the numbers of the Series A Bonds to be redeemed in whole or in part and, in the case of any Series A Bond to be redeemed in part only, the Principal Amount or Accreted Value, as applicable, of such Series A Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series A Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified Redemption Date there shall become due and payable upon each Series A Bond or portion thereof being redeemed the Principal Amount thereof and applicable premium, if any, together with the interest accreted to the Redemption Date in the case of the Capital Appreciation Bonds, and that from and after such Redemption Date, interest with respect thereto shall cease to accrue or accrete in value.

In case of the redemption as permitted herein of all the outstanding Series A Bonds of any one maturity, then outstanding, notice of redemption shall be given by mailing as herein provided, except that the Redemption Notice need not specify the serial numbers of the Series A Bonds of such maturity.

Neither failure to receive nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Series A Bonds.

Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not or will not be available on the date fixed for redemption for the payment in full of the Bonds then called for redemption and such cancellation and annulment shall not be a default hereunder.

The District shall have the right to provide a conditional notice of optional redemption to the Owner of any Bond, and to rescind any optional redemption for any reason on any date prior to the redemption date by written notice to the Owner of any Bond previously called for optional redemption.

Notice of rescission of optional redemption shall be provided in the same manner notice of optional redemption was originally provided. The actual receipt by the Owner of any Bond of

notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(d) Additional Notice. In addition to the Redemption Notice given pursuant to Section 11(c), further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption shall be sent at least thirty (30) days before the Redemption Date by registered or certified mail or overnight delivery service to each of the Securities Depositories which are then in the business of holding substantial amounts of obligations of types comprising the Series A Bonds and to one or more of the Informational Services that disseminate notice of redemption of obligations similar to the Series A Bonds or, in accordance with the then-current guidelines of the Securities and Exchange Commission, such other securities depositories and services providing information on called bonds, or such securities depositories and services, as the District may designate in a certificate delivered to the Paying Agent.

(e) CUSIP Numbers. Upon the payment of the redemption price of Series A Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Series A Bonds being redeemed with the proceeds of such check or other transfer.

(f) Payment of Redeemed Series A Bonds. When notice of redemption has been given substantially as provided for herein, and, when the amount necessary for the redemption of the Series A Bonds called for redemption (Principal and premium, if any) is set aside for that purpose in the Debt Service Fund, as provided herein, the Series A Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Series A Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Series A Bonds shall be redeemed and paid at the redemption price out of the Debt Service Fund.

All unpaid interest payable at or prior to the redemption date shall continue to be payable to the respective Owners, but without interest thereon.

(g) Partial Redemption of Series A Bonds. Upon the surrender of any Series A Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Series A Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount to the unredeemed portion of the Series A Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(h) Effect of Notice of Redemption. If on such Redemption Date, money for the redemption of the Series A Bonds to be redeemed as provided in Section 11 hereof, together with interest to such Redemption Date, shall be held by the Paying Agent so as to be available therefore on such Redemption Date, and if notice of redemption thereof shall have been given as

aforesaid, then from and after such Redemption Date, interest with respect to the Series A Bonds to be redeemed shall cease to accrue and become payable.

(i) Series A Bonds No Longer Outstanding. When any Series A Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest Redemption Date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Series A Bonds or portions thereof, and, in the case of Current Interest Bonds, accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Series A Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

## **Section 12    Book-Entry System.**

(a) The Series A Bonds shall be initially executed and delivered in the form of a single, fully registered Series A Bond for each maturity (which may be typewritten). Upon initial execution and delivery, as provided for herein, the ownership of such Series A Bond shall be registered in the Bond Register in the name of the Depository or its nominee (the "Nominee"), and its successors and assigns. Except as hereinafter provided, all of the outstanding Series A Bonds shall be registered in the Bond Register in the name of the Nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section. Each Series A Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to the Series A Bonds registered in the Bond Register in the name of the Nominee, neither the District, the County nor the Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Series A Bonds as securities depository (the "Participant") or to any person on behalf of which such a Participant holds an interest in the Series A Bonds. Without limiting the immediately preceding sentence, neither the District, the County nor the Paying Agent shall have any responsibility or obligation (unless the District is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Series A Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Series A Bond as shown in the Bond Register, of any notice with respect to the Series A Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Series A Bonds to be redeemed in the event the District redeems the Series A Bonds in part,

or (iv) the payment to any Participant or any other person, other than an Owner of a Series A Bond as shown in the Bond Register, of any amount with respect to Principal of or interest on the Series A Bonds. The District and the Paying Agent may treat and consider the person in whose name each Series A Bond is registered in the Bond Register as the holder and absolute Owner of such Series A Bond for the purpose of the payment of Principal and interest with respect to such Series A Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Series A Bond, for the purpose of registering transfers with respect to such Series A Bond, and for all other purposes whatsoever. The Paying Agent shall pay all Principal of and interest on the Series A Bonds only to or upon the order of the respective Owner of the Series A Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Principal of and interest on the Series A Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Series A Bond, as shown in the Bond Register, shall receive a Series A Bond evidencing the obligation of the District to make payments of Principal and interest. Upon delivery by the Depository to the Owners of the Series A Bonds, and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Resolution shall refer to such nominee of the Depository.

(b) In order to qualify the Series A Bonds for the Depository's book-entry system, the District has executed and delivered to the Depository a Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Series A Bonds other than the owners of the Series A Bonds, as shown on the Bond Register. In addition, to the execution and delivery of the Representation Letter, the District shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify the Series A Bonds for the Depository's book-entry program.

(c) If at any time the Depository notifies the County and the District that it is unwilling or unable to continue as Depository with respect to the Series A Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Treasurer within 90 days after the County and the District receive notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Treasurer shall issue bonds representing the Series A Bonds as provided below. In addition, the County and the District may determine at any time that the Series A Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Series A Bonds. In any such event, the Treasurer shall execute and deliver certificates representing the Series A Bonds as provided below. Series A Bonds issued in exchange for book-entry securities pursuant to this subsection (c) shall be registered in such names and delivered in such denominations as the Depository shall instruct the County and the District. The Treasurer shall deliver such bonds representing the Series A Bonds to the persons in whose names such Bonds are so registered.

If the County and the District determine to replace the Depository with another qualified securities depository, the County and the District shall prepare or cause to be prepared new fully-

registered book-entry securities for each of the maturities of the Series A Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the County, the District and such securities depository and not inconsistent with the terms of this Resolution.

Notwithstanding any other provisions of this Resolution to the contrary, so long as any Series A Bond is registered in the name of the Nominee, all payments with respect to Principal of, and interest on such Series A Bond and all notices with respect to such Series A Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the District.

(d) The initial Depository under this Section shall be The Depository Trust Company, New York, New York ("DTC"). The initial Nominee shall be Cede & Co., as Nominee of DTC.

**Section 13 Forms of Bonds.** The Series A Bonds shall be in substantially the forms as shown in Exhibit C hereto; provided, however, that those officials executing the Series A Bonds are hereby authorized to make the insertions and deletions necessary to conform the Series A Bonds to this Resolution and the Purchase Contract, and the Official Statement and to correct any defect or inconsistent provision therein or to cure any ambiguity or omission therein.

**Section 14 Deposit of Proceeds of Series A Bonds; Creation of Funds.**

(a) The proper officials of the County shall cause the proper officials of the District to cause the Series A Bonds to be prepared and, following their sale, shall have the Series A Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Series A Bonds, to the Underwriter upon payment of the purchase price in immediately available funds.

(b) The proceeds from the sale of the Series A Bonds, to the extent of the Principal amount thereof, shall be paid to the Treasurer to the credit of the fund hereby created and established and to be known as the "Menifee Union School District 2008 Election General Obligation Bond Building Fund, Series A" (the "Building Fund") of the District, which shall be kept separate and distinct from all other District and County funds. Such proceeds shall be used solely for the purpose for which the Series A Bonds are being issued and shall be applied solely to authorized purposes which relate to the Projects. Any amounts that remain in the Building Fund at the completion of the Projects, at the written direction of the District, shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

(c) Any premium received by the County from the sale of the Series A Bonds, if any, after all or a portion of Underwriter's discount and Costs of Issuance are paid, and the accrued interest on the Series A Bonds, if any, shall be kept separate and apart in the fund hereby created and established and to be designated as the "Menifee Union School District 2008 Election General Obligation Bond Debt Service Fund, Series A" (the "Debt Service Fund") for the Series A Bonds. Amounts in the Debt Service Fund shall be used only for payments of Principal and Maturity Value of, premium, if any, Accreted Interest and interest on the Series A Bonds on each Bond Payment Date and Redemption Date. All ad valorem taxes levied for the purposes

described in Section 15 hereof shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal and Maturity Value of, premium, if any, Accreted Interest and interest on the Series A Bonds on each Bond Payment Date and Redemption Date. On the Business Day immediately preceding each Bond Payment Date and Redemption Date, the Treasurer shall transfer from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal and Maturity Value of, premium, if any, Accreted Interest and interest on the Series A Bonds (collectively, the "Debt Service") on such Bond Payment Date or Redemption Date, as applicable. Debt Service on the Series A Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service. If, after payment in full of the Series A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

(d) There is hereby created and established a "Menifee Union School District 2008 Election General Obligation Bond Rebate Fund, Series A" (the "Rebate Fund"). The County shall from time to time receive funds from the District for deposit into the Rebate Fund as required to enable the District to comply with the requirements of Section 148(f) of the Code. The District shall instruct the County, in writing, as to the method of investing and disbursing funds held in the Rebate Fund to the United States Treasury. The County agrees to comply with such instructions of the District. Any money remaining in the Rebate Fund after the payment in full of the Series A Bonds, either at maturity or earlier redemption, and the payment to the United States Treasury of any amounts required pursuant to Section 148(f) of the Code, and any regulations thereunder, shall be transferred to the Building Fund, or if the Building Fund is not then in the existence, shall be transferred to the general fund of the District. The County shall have no liability or obligation with respect to the required deposits to or disbursements from the Rebate Fund, which shall remain the sole responsibility of the District.

(e) There shall hereby be created and established the "Menifee Union School District 2008 Election General Obligation Bond Costs of Issuance Fund, Series A" (the "Costs of Issuance Fund") which shall be accounted for separately and distinctly from all other District and County funds and accounts. Upon direction from an Authorized Representative of the District, the Treasurer may deposit in the Costs of Issuance Fund an amount derived from the premium received by the Underwriter and not used for its payment of Costs of Issuance, if any. Monies held in the Costs of Issuance Fund shall be applied, upon direction from an Authorized Representative of the District, solely to pay Costs of Issuance. Upon direction from an Authorized Representative of the District amounts held in the Costs of Issuance Fund shall be transferred from the Costs of Issuance Fund and deposited in the Building Fund.

(f) Interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund, interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund, interest earned on the investment of moneys in the Costs of Issuance Fund shall be transferred and credited to the Building Fund, and interest earned in the investments in the Rebate Fund shall be retained in the Rebate Fund.

(g) If at any time it is deemed necessary or desirable by the District, upon the written direction of the District, the County may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

**Section 15** **Security for the Series A Bonds; Tax Levy.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct ad valorem tax annually during the period the Series A Bonds are Outstanding in an amount sufficient, together with moneys on deposit in the Debt Service Fund available for such purpose, to pay the Principal of, premium, if any, and interest on the Series A Bonds when due. The taxes collected for the Series A Bonds will be placed in the Debt Service Fund of the District, which taxes, together with the amounts on deposit in the Debt Service Fund, are irrevocably pledged for the payment of the Principal and Maturity Value of, premium, if any, Accreted Interest and interest on the Series A Bonds when and as due. The Series A Bonds are the general obligations of the District and do not constitute an obligation of the County except as expressly provided in this Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Series A Bonds or the interest thereon.

**Section 16** **Defeasance.** The Series A Bonds may be defeased, in whole, prior to maturity in the following ways:

(a) by well and truly paying or causing to be paid the Principal, Accreted Value, premium, if any, and interest on all Series A Bonds Outstanding, and when the same become due and payable;

(b) by irrevocably depositing with a bank or trust company in escrow an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Series A Bonds Outstanding, including all Principal, premium, if any, Accreted Value and interest; or

(c) by irrevocably depositing with a bank or trust company in escrow noncallable United States Obligations (defined below), together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all the Series A Bonds Outstanding, including all Principal, premium, if any, Accreted Value and interest due with respect thereto at or before their maturity date or applicable redemption date;

then, notwithstanding that any Series A Bonds shall not have been surrendered for payment, all obligations of the District, the County and the Paying Agent with respect to all Outstanding Series A Bonds shall cease and terminate, except only the obligation of the County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a), (b) or (c) of this Section, to the owners of the Series A Bonds not so surrendered and paid all sums due with respect thereto and the obligations of the County with respect to the Rebate Fund in accordance with Section 14 hereof.

For purposes of this Section and Section 17, United States Obligations shall mean:

Direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such

obligations. Investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claims of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service.

**Section 17 Partial Defeasance.** A portion of the then-outstanding maturities of the Series A Bonds may be defeased prior to maturity in the following ways:

(a) by irrevocably depositing with the County, or a bank or trust company appointed by the County, in escrow, an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay the designated Outstanding maturities of Series A Bonds, including all Principal, Accreted Value, interest and premium, if any; or

(b) by irrevocably depositing with the County, or a bank or trust company appointed by the County, in escrow, noncallable United States Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon, be fully sufficient to pay and discharge the designated Outstanding maturities of Series A Bonds (including all Principal, Accreted Value, interest and premium, if any, at or before their maturity date);

then, notwithstanding that any of such designated maturities of Series A Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to such Outstanding maturities of Series A Bonds shall cease and terminate, except only the obligation of the County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of the Bonds of such maturities designated for redemption not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, United States Obligations shall have the same meaning as set forth in Section 16 hereof.

**Section 18 Continuing Disclosure.** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Any Series A Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Certificate.

**Section 19 Tax Covenants of the District.** The District has covenanted for and on behalf of the Owners that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series A Bonds under Section 103 of the Code.

**Section 20 Arbitrage Covenant.** The District has covenanted for and on behalf of the Owners that it will restrict the use of the proceeds of the Series A Bonds in such manner and

to such extent, if any, as may be necessary, so that the Series A Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that section or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District. The County hereby covenants that it will follow such written directions as are given to it by the District. The County shall have no liability with respect to the use of the proceeds of the Series A Bonds. Nor shall the County have an obligation to ensure that the use of the proceeds of the Series A Bonds has been properly restricted by the District.

**Section 21 Conditions Precedent.** This Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Series A Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Series A Bonds have been performed and have been met, in regular and due form as required by law; that the full faith, credit and revenues of the District are pledged for the timely payment of the principal of and interest on the Series A Bonds; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series A Bonds.

**Section 22 Preliminary Official Statement.** The District has agreed to cause a Preliminary Official Statement and a final Official Statement meeting the requirements of Securities and Exchange Commission Rule 15c2-12 to be prepared. Such Preliminary Official Statement and Official Statement shall be referred to as the "Official Statement," and will be substantially in the form of the Preliminary Official Statement on file with the Clerk of the Board of Supervisors, together with such changes as the District deems necessary to make such Official Statement accurate as of its date.

**Section 23 Approval of Actions.** Officers of the Board and County officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Series A Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution, including the execution of any documents required by a Bond Insurer as a precondition to obtaining bond insurance if purchased by the District. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

**Section 24 Supplemental Resolutions.**

(a) This Resolution, and the rights and obligations of the County, the District and of the Owners of the Series A Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the County with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Series A Bonds, exclusive of Series A Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Series A Bond affected, reduce the Principal Amount of any Series A Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for

amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

(b) This Resolution, and the rights and obligations of the County, the District and of the Owners of the Series A Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the County without the written consent of the Owners;

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

(ii) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

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

(iv) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(v) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not adversely affect the interests of the Owners.

(c) Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Series A Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the County or the District or any officer or agent of either from taking any action pursuant thereto.

**Section 25 Insurance.** In the event the District purchases bond insurance for the Series A Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted Value or interest on the Series A Bonds, it shall become the owner of such Series A Bonds with the right to payment of Principal, Accreted Value or interest on the Series A Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Series A Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer or other evidence satisfactory to the Paying Agent for the payment of such interest to the Owners of the Series A Bonds, and (ii) in the case of subrogation as to claims for past due Principal, Accreted Value or interest, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Series A Bonds

maintained by the Paying Agent upon surrender of the Series A Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer. The Paying Agent shall request payment pursuant to the terms of any bond insurance policy to the extent required to pay the Principal of and interest on the Bonds when due if amounts on deposit in the Debt Service Fund are not adequate for that purpose.

**Section 26 Resolution to Constitute Contract.** In consideration of the purchase and acceptance of any and all of the Series A Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the County, the District and the Owners from time to time of the Series A Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Series A Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Series A Bonds over any other thereof.

**Section 27 Notices.** All notices or communications herein required or permitted to be given to any party shall be given to each of the following parties and shall be given in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopier or by being deposited, postage prepaid, in a post office letter box, to the addresses set forth below, or to such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the County: County of Riverside  
4080 Lemon Street, 4th Floor  
Riverside, California 92501  
Attention: Treasurer-Tax Collector

If to the Paying Agent: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Trust Department

If to the District: Menifee Union School District  
30205 Menifee Road  
Menifee, CA 92584  
Attention: Assistant Superintendent, Business Services

**Section 28 Unclaimed Moneys.** Anything in this Resolution to the contrary notwithstanding, any moneys held by the Paying Agent in trust for the payment and discharge of any of the Series A Bonds which remain unclaimed for two (2) years after the date when such Series A Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Paying Agent after said date when such Series A Bonds become due and payable, shall be repaid by the Paying Agent to the District, as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Series A Bond Owners shall look only to the District for the payment of such Series A Bonds; provided, however, that before being required

to make such payment to the District, the Paying Agent shall, at the expense of District, cause to be mailed to the Owners of all such Series A Bonds, at their respective addresses appearing on the registration books, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the District.

**Section 29 Permitted Investments.**

(a) All amounts held in the funds and accounts established hereunder shall be invested by the Treasurer in any instrument which is a lawful investment for funds of the District. Unless otherwise instructed by the District in writing, amounts held hereunder shall be invested in the Treasurer's Pooled Investment Fund. If invested in other than the Pooled Investment Fund, amounts in the Debt Service Fund shall be invested in investments maturing not later than the date on which such amounts will be needed to pay the Principal of and interest on the Series A Bonds. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

(b) Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

**Section 30 Effective Date.** This Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted by the Board of Supervisors of the County of Riverside on June 3, 2008.

COUNTY OF RIVERSIDE

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

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

FORM APPROVED COUNTY COUNSEL  
BY: DALE A. GARDNER 5/22/08  
DATE