

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

144



FROM: Treasurer-Tax Collector

SUBMITTAL DATE:
July 18, 2008

SUBJECT: Resolution No. 2008-347 - Val Verde Unified School District General Obligation Bonds, 2008 Election, 2008 Series A (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2008-347, Authorizing the Issuance and Sale of General Obligation Bonds on Behalf of Val Verde Unified School District in an Aggregate Principal Amount Not to Exceed \$30,000,000.

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)

Paul McDonnell

Paul McDonnell, Treasurer - Tax Collector

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:	
	Current F.Y. Net County Cost:	\$		Budget Adjustment:
	Annual Net County Cost:	\$		For Fiscal Year:

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Chris M. Hans*

Christopher M. Hans

County Executive Office Signature

- Dep't Recomm.: Policy
- Per Exec. Ofc.: Policy
- Consent
- Consent

Prev. Agn. Ref.: _____ **District:** _____ **Agenda Number:** _____

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.152

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER 7/18/08
DATE

Departmental Concurrence

Date: July 18, 2008
From: Treasurer-Tax Collector
Subject: Resolution No. 2008-347
Page 2

Val Verde Unified 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 June 3, 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 \$43,440,000 was approved by 55% or more of the qualified voters of the District.

The District's Board of Education recently adopted Resolution No. 08-09-07 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 \$30,000,000. Resolution No. 2008-347 authorizes the issuance and sale of Val Verde Unified School District General Obligation Bonds, 2008 Election, 2008 Series A in an aggregate principal amount not to exceed \$30,000,000.

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. 2008-347 and the attached documents and has approved them as to form.

RESOLUTION NUMBER 2008-347

RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF RIVERSIDE, CALIFORNIA,
AUTHORIZING THE ISSUANCE AND SALE OF
GENERAL OBLIGATION BONDS, 2008 ELECTION, 2008 SERIES A
OF THE VAL VERDE UNIFIED SCHOOL DISTRICT
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
THIRTY MILLION DOLLARS



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1 amount not to exceed thirty million dollars (\$30,000,000) (the "Bonds") in order to finance the
2 acquisition, construction and improvement of District facilities;

3 **NOW THEREFORE, IT IS ORDERED** by the Board of Supervisors of the
4 County as follows:

5 SECTION 1. Definitions. The following terms shall for all purposes of this
6 Resolution have the following meanings:

7 "Accreted Value" shall mean with respect to any Capital Appreciation Bond, as of
8 any date of calculation, the sum of the Principal Amount thereof and the interest accreted thereto
9 as of such date of calculation, accreted and compounded from the date of initial issuance at the
10 stated accretion rate thereof on each February 1 and August 1, or as otherwise stated in the
11 Contract of Purchase, assuming in any such semiannual period that such Accreted Value
12 increases in amounts on the basis of a 360-day year of twelve 30-day months.

13 "Authorized Investments" shall mean legal investments authorized by
14 Section 53601 of the Government Code of the State of California, as in effect on the date such
15 investments are made, and shall specifically include the County Investment Pool, guaranteed
16 investment contracts, repurchase agreements and reverse repurchase agreements lawful for the
17 investment of surplus funds of the District under and pursuant to clause (i) of said Section 53601.

18 "Authorizing Law" shall mean, collectively, (i) Chapter 2, Part 10, Division 1,
19 Title 1.5 of the Education Code of the State of California (commencing with Section 15264), as
20 amended, and (ii) Article XIII A of the California Constitution.

21 "Board" shall mean the Board of Supervisors of the County.

22 "Bond Obligation" shall mean from time to time as of the date of calculation, with
23 respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any
24 Capital Appreciation Bond, the Accreted Value thereof.

25 "Bond Register" shall mean the books referred to in Section 15 of this Resolution.

26 "Bonds" shall mean the Val Verde Unified School District General Obligation
27 Bonds, 2008 Election, 2008 Series A, issued and delivered pursuant to this Resolution.

28

1 “Bond Year” shall mean the twelve-month period commencing August 1 in any
2 year and ending on the last day of July in the next succeeding year, both dates inclusive, or as
3 otherwise set forth in the Contract of Purchase; provided, however, that the first Bond Year shall
4 commence on the day the Bonds are issued and shall end on July 31, 2009, both dates inclusive,
5 or as otherwise set forth in the Contract of Purchase.

6 “Building Fund” shall mean the General Obligation Building Fund, 2008 Election,
7 2008 Series A of the District established by the Superintendent of Schools at the direction of the
8 District and administered by the County Office of Education.

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

12 “Capital Appreciation Bonds” shall mean the Bonds designated as such in
13 Section 10 of this Resolution.

14 “Chair of the Board of Supervisors” shall mean the Chair, Chairperson or
15 Chairman of the Board of Supervisors of the County of Riverside.

16 “Code” shall mean the Internal Revenue Code of 1986, as amended.

17 “Continuing Disclosure Agreement” shall mean the Continuing Disclosure
18 Agreement of the District for the benefit of the Owners of the Bonds.

19 “Contract of Purchase” shall mean the Contract of Purchase by and among the
20 County, the District and the Underwriters relating to the Bonds.

21 “Costs of Issuance” shall mean all of the costs of issuing the Bonds, including but
22 not limited to, all printing and document preparation expenses in connection with this Resolution,
23 the Bonds and the Official Statement pertaining to the Bonds and any and all other agreements,
24 instruments, certificates or other documents prepared in connection therewith; financial advisory
25 fees; underwriter’s discount; rating agency fees and related travel expenses; auditor’s fees;
26 CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing;
27 the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the
28 Bonds, if any; and other fees and expenses incurred in connection with the issuance of the Bonds

1 or the implementation of the financing for the Projects, to the extent such fees and expenses are
2 approved by the District.

3 “County” shall mean the County of Riverside, California.

4 “County Office of Education” shall mean the Office of Education of the County
5 and such other persons as may be designated by the County Office of Education to perform the
6 operational and disbursement functions hereunder.

7 “Current Interest Bonds” shall mean the Bonds designated as such in Section 9 of
8 this Resolution.

9 “Debt Service” shall have the meaning given to that term in Section 19(c) of this
10 Resolution.

11 “Debt Service Fund” shall mean the Debt Service Fund established pursuant to
12 Section 19(a) of this Resolution.

13 “Depository” shall mean DTC and its successors and assigns or if (a) the then
14 Depository resigns from its functions as securities depository of the Bonds, or (b) the County
15 discontinues use of the Depository pursuant to this Resolution, any other securities depository
16 which agrees to follow procedures required to be followed by a securities depository in
17 connection with the Bonds and which is selected by the Treasurer.

18 “District” shall mean the Val Verde Unified School District.

19 “DTC” shall mean The Depository Trust Company, New York, New York, and its
20 successors and assigns.

21 “Excess Earnings Fund” shall mean the Excess Earnings Fund established
22 pursuant to Section 20 of this Resolution.

23 “Fiscal Year” shall mean the twelve-month period commencing on July 1 of each
24 year and ending on the following June 30 or any other fiscal year in effect for the District.

25 “Information Services” shall mean Financial Information, Inc.’s “Daily Called
26 Special Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention:
27 Editor; Moody’s “Municipal and Government,” 7 World Trade Center, 250 Greenwich Street,
28 New York, New York 10007, Attention: Municipal News Reports; and Xcitek’s “Called Bond

1 Service,” 5 Hanover Square, New York, New York, 10004, Attention: Bond Redemption Group;
2 provided, however, in accordance with then current guidelines of the Securities and Exchange
3 Commission, Information Services shall mean such other organizations providing information
4 with respect to called bonds as the County may designate in a certificate of the County delivered
5 to the Paying Agent.

6 “Interest Payment Date” shall mean with respect to (i) any Current Interest Bond,
7 February 1 and August 1 in each year, or as otherwise specified in the Contract of Purchase,
8 commencing on the date specified in the Contract of Purchase, and (ii) any Capital Appreciation
9 Bond, the maturity or earlier redemption date thereof.

10 “Maturity Amount” shall mean the Accreted Value of any Capital Appreciation
11 Bond on its maturity date.

12 “Moody’s” shall mean Moody’s Investors Service, its successors and assigns,
13 except that if such corporation shall no longer perform the functions of a securities rating agency
14 for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized
15 securities rating agency selected by the District.

16 “Nominee” shall mean the nominee of the Depository which may be the
17 Depository, as determined from time to time by the Depository.

18 “Outstanding” when used with reference to the Bonds, shall mean, as of any date,
19 Bonds theretofore issued or thereupon being issued under this Resolution except:

20 (i) Bonds canceled at or prior to such date;

21 (ii) Bonds in lieu of or in substitution for which other Bonds shall have been
22 delivered pursuant to Section 14 hereof,

23 (iii) Bonds for the payment or redemption of which funds or eligible securities
24 in the necessary amount shall have been set aside (whether on or prior to the maturity or
25 redemption date of such Bonds), in accordance with Section 39 of this Resolution.

26 “Owner” shall mean the registered owner, as indicated in the Bond Register, of
27 any Bond.

28 “Participant” shall mean a member of or participant in the Depository.

1 “Paying Agent” shall mean U.S. Bank National Association, or its successors or
2 assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent
3 for the Bonds.

4 “Pledged Moneys” shall have the meaning given to that term in Section 18 of this
5 Resolution.

6 “Principal” or “Principal Amount” shall mean, as of any date of calculation, with
7 respect to (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital
8 Appreciation Bond, the Accreted Value thereof.

9 “Principal Payment Date” shall mean August 1 in each year, or as otherwise
10 specified in the Contract of Purchase, commencing on the date specified in the Contract of
11 Purchase.

12 “Projects” shall have the meaning given to that term in Section 7 of this
13 Resolution.

14 “Project Costs” shall mean all of the expenses of and incidental to the construction
15 and/or acquisition of the Projects, including Costs of Issuance.

16 “Record Date” shall mean the close of business on the fifteenth calendar day of the
17 month next preceding an Interest Payment Date.

18 “Regulations” shall mean the regulations of the United States Department of the
19 Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by
20 their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent
21 not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations
22 promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

23 “Representative” shall mean Banc of America Securities LLC, as representative of
24 itself and Kildare Capital, Inc.

25 “Resolution” shall mean this Resolution.

26 “S&P” shall mean Standard & Poor’s, a division of the McGraw-Hill Companies,
27 its successors and assigns, except that if such corporation shall no longer perform the functions of
28

1 a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other
2 nationally recognized securities rating agency selected by the District.

3 "Securities Depositories" shall mean The Depository Trust Company, 55 Water
4 Street, New York, New York 10041, Fax (212) 855-1000 or 7320; and, in accordance with then
5 current guidelines of the Securities and Exchange Commission, such other addresses and/or such
6 other securities depositories as the County may designate in a certificate of the County delivered
7 to the Paying Agent.

8 "State" shall mean the State of California.

9 "Superintendent of Schools" shall mean the Superintendent of Schools of the
10 County.

11 "Supplemental Resolution" shall mean any resolution supplemental to or
12 amendatory of this Resolution, adopted by the County in accordance with Section 36 or
13 Section 37 hereof.

14 "Tax Exemption Certificate" shall mean the Tax Exemption Certificate of the
15 District delivered in connection with the issuance of the Bonds.

16 "Transfer Amount" shall mean, with respect to (i) any Outstanding Current
17 Interest Bond, the aggregate Principal Amount thereof, and (ii) any Outstanding Capital
18 Appreciation Bond, the Maturity Amount thereof.

19 "Treasurer" shall mean the Treasurer and Tax Collector of the County or any
20 authorized deputy thereof.

21 "Underwriters" shall mean Banc of America Securities LLC and Kildare Capital,
22 Inc.

23 SECTION 2. Rules of Construction. Words of the masculine gender shall be
24 deemed and construed to include correlative words of the feminine and neuter genders, and vice
25 versa. Except where the context otherwise requires, words importing the singular shall include
26 the plural and vice versa, and words importing persons shall include firms, associations and
27 corporations, including public bodies, as well as natural persons.

28

1 SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant
2 to the provisions of the Authorizing Law.

3 SECTION 4. Resolution to Constitute Contract. In consideration of the purchase
4 and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall
5 own the same from time to time, this Resolution shall be deemed to be and shall constitute a
6 contract among the County, the District and the Owners from time to time of the Bonds; and the
7 pledge made in this Resolution shall be for the equal benefit, protection and security of the
8 Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance
9 or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds
10 over any other thereof.

11 SECTION 5. Approval of Contract of Purchase. The Treasurer, or his deputy, and
12 such other officers of the County as shall be authorized by the Board, in consultation with the
13 Representative and bond counsel and such officers of the District as shall be authorized by the
14 District Board, are hereby authorized and directed to issue and deliver the Bonds and to establish
15 the final Principal Amount thereof, provided, however, that such combined Principal Amount (in
16 one or more series) shall not exceed the maximum aggregate Principal Amount of \$30,000,000.
17 The form of the Contract of Purchase attached hereto as Exhibit B is hereby approved. The
18 Treasurer, or his deputy, and such other officers of the County as may be authorized by the Board
19 are, and each of them acting alone is, authorized and directed to execute and deliver the Contract
20 of Purchase for and in the name and on behalf of the County, with such additions, changes or
21 corrections therein as the officer executing the same on behalf of the County may approve, in his
22 discretion, as being in the best interests of the County and the District, such approval to be
23 conclusively evidenced by such officer's execution thereof, and any other documents required to
24 be executed thereunder, and to deliver the same to the Representative. The Treasurer, or his
25 deputy, and such other officers of the County as may be authorized by the Board are, and each of
26 them acting alone hereby is, in consultation with such authorized officers of the District,
27 authorized and directed to negotiate with the Representative the interest rates on the Bonds and
28 the purchase price of the Bonds to be paid by the Representative, which purchase price shall

1 reflect an Underwriters' discount of not to exceed eight-tenths of one percent (0.8%) (not
2 including original issue discount or any costs of issuance to be paid by the Underwriters) of the
3 Principal Amount thereof. The interest rate on the Bonds shall not exceed twelve percent (12%)
4 per annum. Final terms of the Bonds shall be as set forth in the Contract of Purchase.

5 SECTION 6. Authorization of Officers. The officers of the County and their
6 authorized representatives are, and each of them acting alone is, hereby authorized to execute any
7 and all documents and do and perform any and all acts and things, from time to time, consistent
8 with this Resolution and necessary or appropriate to carry the same into effect and to carry out its
9 purpose.

10 SECTION 7. Use of Bond Proceeds. Bonds of the District shall be issued in the
11 name and on behalf of the District in an aggregate Principal Amount not to exceed \$30,000,000
12 for the financing of the acquisition, construction and improvement of District facilities for some
13 or all of the purposes authorized at the June 3, 2008, Election, the bond proposition and Project
14 List approved at which shall be incorporated herein by this reference as though fully set forth in
15 this Resolution (the "Projects"). The County makes no assurances regarding the use of the
16 proceeds of the Bonds.

17 SECTION 8. Designation and Form; Payment.

18 (a) An issue of Bonds of one or more series entitled to the benefit, protection
19 and security of this Resolution is hereby authorized in an aggregate Principal Amount not to
20 exceed \$30,000,000. Such Bonds shall be general obligations of the District, payable as to
21 Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable
22 property in the District. The Bonds shall be designated "Val Verde Unified School District
23 General Obligation Bonds, 2008 Election, 2008 Series A" with such additional series
24 designations as may be necessary or advisable in order to market the Bonds, as set forth in the
25 Contract of Purchase. The Bonds may be issued as Current Interest Bonds and/or Capital
26 Appreciation Bonds and shall be subject to redemption as further set forth in the Contract of
27 Purchase, pursuant to this Resolution.

1 (b) The forms of the Bonds shall be substantially in conformity with the
2 standard forms of registered school district bonds, copies of which are attached hereto as
3 Exhibit A-1 and Exhibit A-2 and incorporated herein by this reference.

4 (c) Principal, premium, if any, and interest with respect to any Bond are
5 payable in lawful money of the United States of America. Principal or Accreted Value and
6 premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office
7 designated by the Paying Agent in Los Angeles, California.

8 SECTION 9. Description of Current Interest Bonds.

9 (a) The Bonds issued as Current Interest Bonds shall be issued in fully
10 registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof,
11 provided that one such Bond may be in an irregular denomination. The Current Interest Bonds
12 shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and
13 interest shall be computed at the rates, set forth in the Contract of Purchase.

14 (b) Interest on each Current Interest Bond shall accrue from its dated date as
15 set forth in the Contract of Purchase. Interest on Current Interest Bonds shall be computed using
16 a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest
17 Payment Date to the Owner thereof as of the close of business on the Record Date. Interest with
18 respect to each Current Interest Bond will be payable from the Interest Payment Date next
19 preceding the date of registration thereof, unless (i) it is registered after the close of business on
20 any Record Date and before the close of business on the immediately following Interest Payment
21 Date, in which event interest with respect thereto shall be payable from such following Interest
22 Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in
23 which event interest shall be payable from its dated date; provided, however, that if at the time of
24 registration of any Current Interest Bond interest with respect thereto is in default, interest with
25 respect thereto shall be payable from the Interest Payment Date to which interest has previously
26 been paid or made available for payment. Payments of interest on the Current Interest Bonds will
27 be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class
28 mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner

1 of \$1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in
2 a written request delivered to the Paying Agent on or prior to the Record Date for such Interest
3 Payment Date; provided, however, that payments of defaulted interest shall be payable to the
4 person in whose name such Current Interest Bond is registered at the close of business on a
5 special record date fixed therefor by the Paying Agent which shall not be more than 15 days and
6 not less than ten days prior to the date of the proposed payment of defaulted interest.

7 SECTION 10. Description of Capital Appreciation Bonds.

8 (a) The Bonds issued as Capital Appreciation Bonds shall be issued in fully
9 registered form in any denominations of their Principal Amounts but shall reflect denominations
10 of \$5,000 Maturity Amount or any integral multiple thereof, except that one such Bond may
11 reflect an irregular denomination. The Capital Appreciation Bonds shall be dated the date of their
12 issuance, shall be issued in the aggregate Principal Amounts, shall mature on the dates, in the
13 years and in the Maturity Amounts, and shall accrete interest at the accretion rates, all as set forth
14 in the Contract of Purchase.

15 (b) Interest on each Capital Appreciation Bond, if any, shall be compounded
16 semiannually on February 1 and August 1 of each year until maturity, or as otherwise set forth in
17 the Contract of Purchase, commencing on the date set forth in the Contract of Purchase, computed
18 using a year of 360 days comprised of twelve 30-day months and shall be payable only at
19 maturity as part of its Maturity Amount or at earlier redemption at its Accreted Value.

20 SECTION 11. Book-Entry System.

21 (a) The Bonds shall be initially issued in the form of a separate single fully
22 registered Bond (which may be typewritten) for each of the maturities of the Bonds within each
23 series. Upon initial issuance, the ownership of each such Bond certificate shall be registered in
24 the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided
25 in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in
26 the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the
27 Depository, to a successor Depository or to another nominee of the Depository or of a successor
28 Depository. Each Bond certificate shall bear a legend substantially to the following effect:

1 "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF
2 THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR
3 FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND
4 ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS
5 IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND
6 ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS
7 REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY
8 TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR
9 TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF,
10 CEDE & CO., HAS AN INTEREST HEREIN."

11 With respect to Bonds registered in the Bond Register in the name of the Nominee,
12 the County and the District shall have no responsibility or obligation to any Participant or to any
13 person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without
14 limiting the immediately preceding sentence, the County and the District shall have no
15 responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the
16 Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the
17 delivery to any Participant, beneficial owner or any other person, other than the Depository, of
18 any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the
19 Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or
20 (iv) the payment to any Participant, beneficial owner or any other person, other than the
21 Depository, of any amount with respect to Principal of, premium, if any, and interest on the
22 Bonds. The County and the District may treat and consider the person in whose name each Bond
23 is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment
24 of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption
25 Notices and other notices with respect to such Bond, and for all other purposes whatsoever,
26 including, without limitation, registering transfers with respect to the Bonds.

27 The Paying Agent shall pay all Principal of, premium, if any, and interest on the
28 Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall

1 be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the
2 Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in
3 the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal
4 of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to
5 the Paying Agent and the County of written notice to the effect that the Depository has
6 determined to substitute a new nominee in place of the Nominee, and subject to the provisions
7 hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new
8 nominee of the Depository.

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

24 If the County and the District determine to replace the Depository with another
25 qualified securities depository, the County and the District shall prepare or cause to be prepared a
26 new fully registered book-entry security for each of the maturities of Bonds, registered in the
27 name of such successor or substitute securities depository or its nominee, or make such other
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1 arrangements as are acceptable to the County, the District and such securities depository and not
2 inconsistent with the terms of this Resolution.

3 (c) Notwithstanding any other provision of this Resolution to the contrary, so
4 long as any Bond is registered in the name of the Nominee, all payments with respect to principal
5 or Accreted Value of, premium, if any, and interest on such Bond and all notices with respect to
6 such Bond shall be made and given, respectively, as provided in the Representation Letter or as
7 otherwise instructed by the Depository.

8 (d) The initial Depository under this Resolution shall be DTC. The initial
9 Nominee shall be Cede & Co., as nominee of DTC.

10 SECTION 12. Execution of the Bonds.

11 (a) The Bonds shall be executed in the name of the District by the County by
12 the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the
13 manual or facsimile signature of the Treasurer, and shall be countersigned by the manual or
14 facsimile signature of the Clerk of the Board or by a deputy of either of such officers. The
15 County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise
16 reproduced on each Bond. In case any one or more of the officers who shall have signed or
17 sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall
18 have been issued by the County on behalf of the District, such Bonds may, nevertheless, be
19 issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to
20 hold such offices. Any of the Bonds may be signed and sealed on behalf of the County by such
21 persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall
22 hold the proper offices in the County, although at the date borne by the Bonds such persons may
23 not have been so authorized or have held such offices.

24 (b) The Bonds shall bear thereon a certificate of authentication executed
25 manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of
26 authentication duly executed by the Paying Agent shall be entitled to any right or benefit under
27 this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of
28 authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying

1 Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly
2 authenticated and delivered under this Resolution and that the Owner thereof is entitled to the
3 benefit of this Resolution.

4 SECTION 13. Transfer and Exchange. The transfer of any Bond may be
5 registered upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or
6 accompanied by delivery of the written instrument of transfer shown in Exhibit A-1 or A-2
7 hereto, duly executed by the Owner or his duly authorized attorney, and payment of such
8 reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a
9 new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized
10 denominations, will be executed and delivered to the transferee in exchange therefor.

11 The Paying Agent shall deem and treat the person in whose name any Outstanding
12 Bond shall be registered upon the Bond Register as the absolute Owner of such Bond, whether the
13 Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the
14 purpose of receiving payment of Principal, premium, if any, and interest with respect to such
15 Bond and for all other purposes, and any such payments so made to any such Owner or upon his
16 order shall be valid and effective to satisfy and discharge the liability upon such Bond to the
17 extent of the sum or sums so paid, and the County, the District or the Paying Agent shall not be
18 affected by any notice to the contrary.

19 Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor,
20 maturity and Transfer Amount of other authorized denominations. All Bonds surrendered in any
21 such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge
22 the Owner a reasonable sum for each new Bond executed and delivered upon any exchange
23 (except in the case of the first exchange of any Bond in the form in which it is originally
24 delivered, for which no charge shall be imposed) and the Paying Agent may require the payment
25 by the Owner requesting such exchange of any tax or other governmental charge required to be
26 paid with respect to such exchange.

27 The Paying Agent shall not be required to register the transfer or exchange of any
28 Bond (i) during the period beginning at the close of business on any Record Date through the

1 close of business on the immediately following Interest Payment Date, or (ii) that has been called
2 or is subject to being called for redemption, during a period beginning at the opening of business
3 15 days before any selection of Bonds to be redeemed through the close of business on the
4 applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only
5 in part.

6 SECTION 14. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond
7 shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond
8 of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so mutilated in
9 exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All
10 Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence
11 of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is
12 satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon
13 furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with
14 such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as
15 the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and
16 deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and
17 in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this
18 Section 14 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original
19 additional contractual obligations on the part of the District, whether or not the Bonds so alleged
20 to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured
21 by and entitled to equal and proportionate benefits with all other Bonds issued under this
22 Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of
23 the Bonds.

24 SECTION 15. Bond Register. The Paying Agent shall keep or cause to be kept at
25 its office sufficient books for the registration and registration of transfer of the Bonds. Upon
26 presentation for registration of transfer, the Paying Agent shall, as above provided and under such
27 reasonable regulations as it may prescribe subject to the provisions hereof, register or register the
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1 transfer of the Bonds, or cause the same to be registered or cause the registration of the same to
2 be transferred, on such books.

3 SECTION 16. Unclaimed Money. All money which the Paying Agent shall have
4 received from any source and set aside for the purpose of paying or redeeming any of the Bonds
5 shall be held in trust for the respective Owners of such Bonds, but any money which shall be so
6 set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of
7 such Bonds for a period of one year after the date on which any payment or redemption with
8 respect to such Bonds shall have become due and payable shall be transferred to the general fund
9 of the District; provided, however, that the Paying Agent, before making such payment, shall
10 cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid after a
11 date in said notice, which date shall not be less than 90 days prior to the date of such payment, to
12 the effect that said money has not been claimed and that after a date named therein, any
13 unclaimed balance of said money then remaining will be transferred to the general fund of the
14 District. Thereafter, the Owners of such Bonds shall look only to the General Fund of the District
15 for payment of such Bonds.

16 SECTION 17. Application of Proceeds. Upon the sale of the Bonds, the
17 Treasurer shall deposit or cause to be deposited the proceeds of the Bonds into the fund
18 established for the account of the District and designated as the "Val Verde Unified School
19 District General Obligation Building Fund, 2008 Election, 2008 Series A" which shall be
20 administered by the County Office of Education for the account of the District and which shall be
21 kept separate and apart from all other accounts held hereunder. The District shall, from time to
22 time, disburse amounts from the Building Fund to pay the Project Costs. Amounts in the
23 Building Fund shall be invested so as to be available for the aforementioned disbursements. The
24 District shall keep a written record of disbursements from the Building Fund. The County makes
25 no assurance regarding the use of proceeds of the Bonds.

26 Any amounts that remain in the Building Fund at the completion of the Projects
27 shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any,
28 and interest on the Bonds, subject to any conditions set forth in the Tax Exemption Certificate.

1 SECTION 18. Payment and Security for the Bonds. The Board shall annually at
2 the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax
3 for the Fiscal Year upon the taxable property in the District in an amount at least sufficient,
4 together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay
5 the Principal of, premium, if any, and interest on each Bond as each becomes due and payable in
6 the next succeeding Bond Year. The tax levy may include an allowance for an annual reserve,
7 established for the purpose of avoiding fluctuating tax levies. The County, on behalf of the
8 District, hereby pledges as security for the Bonds and the interest thereon, and shall deposit or
9 cause to be deposited in the District's Debt Service Fund, the proceeds from the levy of the
10 aforementioned tax which the County receives (the "Pledged Moneys"). The Pledged Moneys
11 shall be used to pay the Principal of, premium, if any, and interest on the Bonds when and as the
12 same shall become due and payable. The Bonds are the general obligations of the District and do
13 not constitute an obligation of the County except as provided in this Resolution. No part of any
14 fund or account of the County is pledged or obligated to the payment of the Bonds or the interest
15 thereon.

16 SECTION 19. Debt Service Fund.

17 (a) The County shall deposit or cause to be deposited any accrued interest and
18 any original issue premium received by the County from the sale of the Bonds in the fund
19 established for the account of the District and designated as the "Val Verde Unified School
20 District, General Obligation Bonds, 2008 Election, 2008 Series A, Debt Service Fund" (the "Debt
21 Service Fund") to be administered by the County and used only for the payment of the Principal
22 of, premium, if any, and interest on the Bonds.

23 (b) All Pledged Moneys shall be deposited upon collection by the County into
24 the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest
25 on the Bonds.

26 (c) The County shall transfer or cause to be transferred from the Debt Service
27 Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the
28 Principal of, premium, if any, and interest on the Bonds (collectively, the "Debt Service") on such

1 Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the
2 manner provided by law for the payment of Debt Service.

3 (d) The District shall cause moneys to be transferred to the extent needed to
4 comply with the Tax Exemption Certificate. Any amounts on deposit in the Debt Service Fund
5 when there are no longer any Bonds Outstanding shall be transferred to the general fund of the
6 District.

7 SECTION 20. Establishment and Application of Excess Earnings Fund. The
8 District shall establish a special fund designated "Val Verde Unified School District General
9 Obligation Bonds, 2008 Election, 2008 Series A Excess Earnings Fund" (the "Excess Earnings
10 Fund") which shall be administered by the County Office of Education for the account of the
11 District and which shall be kept separate and apart from all other funds and accounts held
12 hereunder. The District shall deposit, or cause to be deposited, moneys from the Building Fund to
13 the Excess Earnings Fund in accordance with the provisions of the Tax Exemption Certificate.
14 Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the
15 United States or otherwise transferred to other accounts or funds established hereunder in
16 accordance with the Tax Exemption Certificate.

17 SECTION 21. Payments of Costs of Issuance. The District may pay, or cause to
18 be paid, Costs of Issuance using proceeds of the Bonds.

19 SECTION 22. Establishment of Additional Funds and Accounts. If at any time it
20 is deemed necessary or desirable by the District, the County Office of Education may establish
21 additional funds under this Resolution and/or accounts within any of the funds or accounts
22 established hereunder.

23 SECTION 23. Redemption. The Bonds shall be subject to redemption as
24 provided in the Contract of Purchase.

25 SECTION 24. Selection of Bonds for Redemption. Whenever provision is made
26 in this Resolution or in the Contract of Purchase for the redemption of the Bonds and less than all
27 Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the
28 District given at least 60 days prior to the date designated for such redemption, shall select Bonds

1 for redemption in such order as the District may direct, or, in the absence of such direction, in
2 inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds
3 for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall
4 determine; provided, however, that the portion of any Current Interest Bond to be redeemed in
5 part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of
6 any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Amount of \$5,000
7 or any integral multiple thereof.

8 SECTION 25. Notice of Redemption. When redemption is authorized or required
9 pursuant to this Resolution or the Contract of Purchase, the Paying Agent, upon written
10 instruction from the District given at least 60 days prior to the date designated for such
11 redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such
12 Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of
13 redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of
14 redemption, (c) the place or places where the redemption will be made, including the name and
15 address of the Paying Agent, (d) the redemption price or Accreted Value, (e) the CUSIP numbers
16 (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed
17 in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal
18 Amount or Accreted Value, as appropriate, of such Bond to be redeemed, and (g) the original
19 issue date, interest rate or accretion rate and stated maturity date of each Bond to be redeemed in
20 whole or in part. Such Redemption Notice shall further state that on the specified date there shall
21 become due and payable upon each Bond or portion thereof being redeemed the redemption price,
22 together with the interest accrued to the redemption date in the case of Current Interest Bonds,
23 and that from and after such date interest with respect thereto shall cease to accrue or accrete and
24 be payable.

1 The Paying Agent shall take the following actions with respect to such
2 Redemption Notice:

3 (a) At least 30 but not more than 45 days prior to the redemption date, such
4 Redemption Notice shall be given to the respective Owners of Bonds designated for redemption
5 by first class mail, postage prepaid, at their addresses appearing on the Bond Register.

6 (b) In the event that the Bonds shall no longer be held in book-entry only form,
7 at least two days before the date of the notice required by clause (a) of this Section, such
8 Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically
9 confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities
10 Depositories.

11 (c) In the event that the Bonds shall no longer be held in book-entry only form,
12 at least two days before the date of notice required by clause (a) of this Section, such Redemption
13 Notice shall be given by (i) first class mail, postage prepaid, or (ii) overnight delivery service, to
14 one of the Information Services.

15 Neither failure to receive any Redemption Notice nor any defect in any such
16 Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of
17 the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for
18 the purpose of redeeming Bonds shall bear the CUSIP number identifying, by series and maturity,
19 the Bonds being redeemed with the proceeds of such check or other transfer.

20 SECTION 26. Partial Redemption of Bonds. Upon the surrender of any Bond
21 redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new
22 Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer
23 Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be
24 valid upon payment of the amount required to be paid to such Owner, and the County and the
25 District shall be released and discharged thereupon from all liability to the extent of such
26 payment.

27 SECTION 27. Effect of Notice of Redemption. Notice having been given as
28 aforesaid, and the moneys for the redemption (including the interest to the applicable date of

1 redemption) having been set aside for the payment of their redemption price, the Bonds to be
2 redeemed shall become due and payable on such date of redemption.

3 If on such redemption date, money for the redemption of all the Bonds to be
4 redeemed as provided in Section 24 hereof, together with interest to such redemption date, shall
5 be held by the Paying Agent so as to be available therefor on such redemption date, and if notice
6 of redemption thereof shall have been given as aforesaid, then from and after such redemption
7 date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.
8 All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in
9 trust for the account of the Owners of the Bonds so to be redeemed.

10 All Bonds paid at maturity or redeemed prior to maturity pursuant to the
11 provisions of Sections 24, 25 and 26 shall be cancelled upon surrender thereof and delivered to or
12 upon the order of the County and the District. All or any portion of a Bond purchased by the
13 County or the District shall be cancelled by the Paying Agent upon written notice by the County
14 or the District given to the Paying Agent.

15 SECTION 28. Paying Agent, Appointment and Acceptance of Duties.

16 (a) The Board and the Treasurer hereby consent to and confirm the
17 appointment of U.S. Bank National Association to act as Paying Agent for the Bonds under this
18 Resolution. All fees and expenses incurred for services of the Paying Agent shall be the sole
19 responsibility of the District. The Paying Agent, if other than the Treasurer acting as Paying
20 Agent, shall have a corporate trust office in Los Angeles, California.

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

24 SECTION 29. Liability of Paying Agent. The Paying Agent makes no
25 representations as to the validity or sufficiency of this Resolution or of any Bonds issued
26 hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no
27 liability in respect hereof or thereof.

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1 SECTION 30. Evidence on Which Paying Agent May Act. The Paying Agent,
2 upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or
3 other paper or document furnished to it pursuant to any provision of this Resolution, shall
4 examine such instrument to determine whether it conforms to the requirements of this Resolution
5 and shall be protected in acting upon any such instrument believed by it to be genuine and to have
6 been signed or presented by the proper party or parties. The Paying Agent may consult with
7 counsel, who may or may not be counsel to the County or the District, and the opinion of such
8 counsel shall be full and complete authorization and protection in respect of any action taken or
9 suffered by it under this Resolution in good faith and in accordance therewith.

10 SECTION 31. Compensation. The District shall pay to the Paying Agent from
11 time to time reasonable compensation for all services rendered under this Resolution, and also all
12 reasonable expenses, charges, counsel fees and other disbursements, including those of its
13 attorneys, agents, and employees, incurred in and about the performance of their powers and
14 duties under this Resolution. In no event shall the County be required to expend its own funds
15 hereunder.

16 SECTION 32. Ownership of Bonds Permitted. The Paying Agent or the
17 Underwriter may become the Owner of any Bonds.

18 SECTION 33. Resignation or Removal of Paying Agent and Appointment of
19 Successor.

20 (a) The Paying Agent initially appointed hereunder may resign from service as
21 Paying Agent and the County may remove such Paying Agent or any subsequent Paying Agent.
22 Without further action by the District, if at any time the Paying Agent shall resign or be removed,
23 the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company
24 doing business in and having a corporate trust office in Los Angeles, California, with at least
25 \$50,000,000 in net assets. The Paying Agent shall keep accurate records of all funds
26 administered by it and of all Bonds paid and discharged by it. Such records shall be provided,
27 upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and
28 the County. Such successor Paying Agent shall signify the acceptance of its duties and

1 obligations hereunder by executing and delivering to the County and the District, a written
2 acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon
3 appointment and acceptance of a successor Paying Agent.

4 (b) In the event of the resignation or removal of the Paying Agent, such Paying
5 Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor,
6 or, if there is no successor, the Treasurer.

7 SECTION 34. Investment of Certain Funds. Moneys held in all funds and
8 accounts established hereunder shall be invested and reinvested by the Treasurer in Authorized
9 Investments to the fullest extent practicable as shall be necessary to provide moneys when needed
10 for payments to be made from such funds or accounts. Nothing in this Resolution shall prevent
11 any investment securities acquired as investments of funds held hereunder from being issued or
12 held in book-entry form on the books of the Department of the Treasury of the United States. All
13 investment earnings on amounts on deposit in the Building Fund, the Excess Earnings Fund and
14 the Debt Service Fund shall remain on deposit in such funds.

15 SECTION 35. Valuation and Sale of Investments. Obligations purchased as an
16 investment of moneys in any fund or account shall be deemed at all times to be a part of such
17 fund or account. Profits or losses attributable to any fund or account shall be credited or charged
18 to such fund or account. In computing the amount in any fund or account created under the
19 provisions of this Resolution for any purpose provided in this Resolution, obligations purchased
20 as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued
21 interest.

22 SECTION 36. Supplemental Resolutions With Consent of Owners. This
23 Resolution, and the rights and obligations of the County, the District and of the Owners of the
24 Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution
25 adopted by the County with the written consent of Owners owning at least 60% in aggregate
26 Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or
27 the District; provided, however, that so long as the Bond Insurance Policy is in effect, and
28 provided that the Bond Insurer complies with its obligations thereunder, the Bond Insurer shall be

1 deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the
2 foregoing, no such modification or amendment shall, without the express consent of the Owner of
3 each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable
4 thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying
5 interest thereon or change the monetary medium in which Principal and interest is payable, nor
6 shall any modification or amendment reduce the percentage of consents required for amendment
7 or modification thereof or hereof. No such Supplemental Resolution shall change or modify any
8 of the rights or obligations of any Paying Agent without its written assent thereto.
9 Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners
10 are not directly and adversely affected by such amendment or modification.

11 SECTION 37. Supplemental Resolutions Effective Without Consent of Owners.

12 For any one or more of the following purposes and at any time or from time to time, a
13 Supplemental Resolution of the County may be adopted, which, without the requirement of
14 consent of the Owners, shall be fully effective in accordance with its terms:

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

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

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

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

26 (e) To amend or supplement this Resolution in any other respect, provided
27 such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel,
28 adversely affect the interests of the Owners.

1 SECTION 38. Effect of Supplemental Resolution. Any act done pursuant to a
2 modification or amendment so consented to shall be binding upon the Owners of all the Bonds
3 and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the
4 character of such act may be, and may be done and performed as fully and freely as if expressly
5 permitted by the terms of this Resolution, and after consent relating to such specified matters has
6 been given, no Owner shall have any right or interest to object to such action or in any manner to
7 question the propriety thereof or to enjoin or restrain the County or the District or any officer or
8 agent of either from taking any action pursuant thereto.

9 SECTION 39. Defeasance. If all Outstanding Bonds shall be paid and discharged
10 in any one or more of the following ways:

11 (1) by well and truly paying or causing to be paid the Principal of and interest
12 on all Bonds Outstanding, as and when the same become due and payable;

13 (2) by depositing with the Paying Agent, in trust, at or before maturity, cash
14 which, together with the amounts then on deposit in the Debt Service Fund plus the
15 interest to accrue thereon without the need for further investment, is fully sufficient to pay
16 all Bonds Outstanding on their redemption date or at maturity thereof, including any
17 premium and all interest thereon, notwithstanding that any Bonds shall not have been
18 surrendered for payment; or

19 (3) by depositing with an institution to act as escrow agent selected by the
20 District and which meets the requirements of serving as Paying Agent pursuant to
21 Section 33, in trust, lawful money or noncallable direct obligations issued by the United
22 States Treasury (including State and Local Government Series Obligations) or obligations
23 which are unconditionally guaranteed by the United States of America and permitted
24 under Section 149(b) of the Code and Regulations which, in the opinion of nationally
25 recognized bond counsel, will not impair the exclusion from gross income for federal
26 income tax purposes of interest on the Bonds, in such amount as will, together with the
27 interest to accrue thereon without the need for further investment, be fully sufficient, in
28 the opinion of a verification agent, to pay and discharge all Bonds Outstanding at maturity

1 thereof, including any premium and all interest thereon, notwithstanding that any Bonds
2 shall not have been surrendered for payment;

3 then all obligations of the County, the District and the Paying Agent under this Resolution with
4 respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the
5 Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the
6 obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under
7 Section 31 hereof.

8 SECTION 40. Bond Insurance. All or a portion of the Bonds may be sold with
9 bond insurance or other form of credit enhancement, if the Treasurer, in consultation with the
10 Representative, the District and the District's financial advisor, determines that the savings to the
11 District resulting from the purchase of such bond insurance exceeds the cost thereof.

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The foregoing resolution was, on the ___ day of _____, 2008, adopted by the Board of Supervisors of the County of Riverside and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

NANCY ROMERO,
Clerk of the Board of Supervisors
of the County of Riverside

By: _____
Deputy

APPROVED AS TO FORM:
JOE S. RANK,
County Counsel

By: _____
Deputy

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 9/15/08
DALE A. GARDNER DATE