

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

705



FROM: Treasurer-Tax Collector


SUBMITTAL DATE:
September 19, 2008

SUBJECT: Resolution No. 2008-439 - Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2008 (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2008-439, Authorizing the Sale and Issuance of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2008, in the Principal Amount not to Exceed \$100,000,000.

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 California law 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, Treasurer - Tax Collector

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 9/16/08
DATE

Departmental Commitments

FINANCIAL DATA	Current F.Y. Total Cost:	N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	N/A	For Fiscal Year:	
SOURCE OF FUNDS: CFD Bonds				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

Dep't Recomm.: Consent Policy

Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: _____ District: 4 Agenda Number: **3.44**

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

Desert Sands Unified School District (the "District"), under the jurisdiction of the Riverside County Superintendent of Schools, wishes to offer bonds via a negotiated sale. Accordingly, the District Board of Education adopted a resolution requesting this Board to sell the District's general obligation bonds which have been duly authorized by the voters of the District.

An election was held on November 6, 2001, pursuant to Article XIII A of the California Constitution and Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15100 *et seq.*) of the Education Code. The measure, which was approved by more than two-thirds of the votes cast by eligible voters of the District, authorized the incurrence of general obligation bonded indebtedness in an aggregate principal amount not to exceed \$450,000,000.

Pursuant to Resolution Number 2004-127, this Board previously authorized the issuance of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2004 (the "Series 2004 Bonds") in an aggregate principal amount not to exceed \$146,000,000. In accordance with that authorization, the Series 2004 bonds were issued in the aggregate principal amount of \$146,000,000 on June 11, 2004.

Pursuant to Resolution Number 2006-106, this Board previously authorized the issuance of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2006 (the "Series 2006 Bonds") in an aggregate principal amount not to exceed \$130,000,000. In accordance with that authorization, the Series 2006 bonds were issued in the aggregate principal amount of \$130,000,000 on June 23, 2006.

The Series 2008 Bonds represent the third series of bonds authorized during the 2001 election. Resolution No. 2008-439 provides for the issuance of the Series 2008 Bonds in an aggregate principal amount not to exceed \$100,000,000. The bond proceeds are to be expended only for identified school facilities and improvements.

The Series 2008 Bonds are general obligation bonds of the Desert Sands Unified School District and 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 the Series 2008 Bonds.

County Counsel has reviewed Resolution No. 2008-439 and the attached documents and has approved them as to form.

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RESOLUTION NO. 2008-439

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF DESERT SANDS UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, GENERAL OBLIGATION BONDS, ELECTION OF 2001, SERIES 2008 IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000

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1 RESOLUTION NO. 2008-439

2 RESOLUTION OF THE BOARD OF SUPERVISORS OF
3 THE COUNTY OF RIVERSIDE, CALIFORNIA,
4 AUTHORIZING THE SALE AND ISSUANCE OF DESERT
5 SANDS UNIFIED SCHOOL DISTRICT, RIVERSIDE
6 COUNTY, CALIFORNIA, GENERAL OBLIGATION
7 BONDS, ELECTION OF 2001, SERIES 2008 IN THE
8 PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000

9 WHEREAS, a duly called election was held in the Desert Sands Unified School
10 District (the "District"), Riverside County (the "County"), State of California, on
11 November 6, 2001, at which the following proposition (the "Measure") was submitted to the
12 qualified electors of the District:

13 "To relieve severe classroom overcrowding, shall Desert
14 Sands Unified School District, in coordination with a citizens'
15 oversight committee, maintain the current tax rate and issue
16 \$450 million of bonds, at legal interest rates, to construct new
17 neighborhood schools, improve student safety conditions,
18 upgrade electrical wiring for technology for all students,
19 renovate bathrooms, science labs, libraries, school sites and
20 facilities, acquire classrooms and school sites, upgrade
21 lighting and ventilation for energy efficiency, and qualify for
22 State matching funds?"

23 WHEREAS, at such election the Measure received the affirmative vote of more than
24 two-thirds of the qualified electors of the District voting on the proposition as certified by the
25 Registrar of Voters of the County of Riverside in the official canvassing of votes; and

26 WHEREAS, on June 11, 2004, the Board of Supervisors of the County issued on
27 behalf of the District an aggregate principal amount of \$146,000,000 of Desert Sands Unified
28 School District, Riverside County, California General Obligation Bonds, Election of 2001,
Series 2004;

WHEREAS, on June 23, 2006, the Board of Supervisors of the County issued on
behalf of the District an aggregate principal amount of \$130,000,000 of Desert Sands Unified
School District, Riverside County, California General Obligation Bonds, Election of 2001,
Series 2006;

WHEREAS, at this time this Board has received a signed, certified copy of the
resolution of the governing board of the District (the "District Board") adopted on August 19,
2008 requesting the issuance of Series 2008 Bonds in an aggregate principal amount not to
exceed \$100,000,000 (the "Bonds") which is attached hereto as Exhibit A; and

WHEREAS, the Bonds will be issued under and pursuant to the provisions of
paragraph 2 of subdivision (b) of Section 1 of Article XIII A of the California Constitution

1 and Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15100 *et seq.*) of the Education
2 Code of the State of California (the "Authorizing Law"); and

3 WHEREAS, the District Board has authorized the sale of the Bonds at a negotiated
4 sale, which the District Board has determined will provide more flexibility in the timing of
5 the sale, an ability to implement the sale in a shorter time period, an increased ability to
6 structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the
7 RBC Capital Markets Corporation (the "Underwriter") to pre-market the Bonds to potential
8 purchasers prior to the sale, all of which will contribute to the District's goal of achieving the
9 lowest overall cost of funds.

10 WHEREAS, the District Board has estimated that the costs associated with the
11 issuance of the Bonds, including and any such costs which the Underwriter agrees to pay
12 pursuant to the Purchase Contract (defined herein), will equal approximately 0.30% of the
13 aggregate principal amount of the Bonds and that the municipal bond insurance premium, if
14 any, is estimated to be 0.60% of the total debt service on the Bonds; and

15 WHEREAS, the District Board has appointed Stradling Yocca Carlson & Rauth, a
16 Professional Corporation, San Francisco, California as Bond Counsel in connection with the
17 issuance of the Bonds; and

18 WHEREAS, the District Board has appointed RBC Capital Markets Corporation, Los
19 Angeles, California as Underwriter in connection with the issuance of the Bonds; and

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

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

28 **Section 1. Purpose of the Bonds.** The Bonds of the District shall be issued in
the name and on behalf of the District in an aggregate Principal Amount not to exceed
\$100,000,000 for the acquisition or improvement of real property for some or all of the
purposes authorized by the Measure (collectively, the "Projects") and to pay all necessary
legal, financial, engineering and contingent costs in connection therewith.

Section 2. Terms and Conditions of Sale. The Bonds shall be sold at a
negotiated sale pursuant to the Authorizing Law in accordance with the terms of this
Resolution. The 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 Contract of Purchase
(the "Purchase Contract"), by and among the County, the District and the Underwriter, for
the purchase and sale of the Bonds, is hereby approved substantially in the form attached
hereto as Exhibit B. The Treasurer-Tax Collector of the County (the "Treasurer"), or

1 designated deputy thereof, is hereby authorized to execute and deliver the Purchase Contract,
2 and the Superintendent of the District, the Deputy Superintendent, Business Services of the
3 District, the Director of Facilities Services of the District, or such other official of the District
4 as the Superintendent may designate, is hereby authorized and requested to acknowledge the
5 execution of such Purchase Contract, if necessary, but with such changes therein, deletions
6 therefrom and modifications thereto as the Treasurer, or designated deputy thereof, may
7 approve, such approval to be conclusively evidenced by his or her execution and delivery
8 thereof; provided, however, that the Bonds shall mature no later than twenty-five (25) years
9 from the date of issue and the Underwriter's discount, excluding original issue discount, shall
10 not exceed 0.65% of the aggregate principal amount of Bonds issued. The District
11 Superintendent, the Deputy Superintendent, Business Services or the Superintendent's
12 designee, shall determine the final principal amount of the Bonds, not to exceed
13 \$100,000,000, and shall determine whether to purchase municipal bond insurance for all or a
14 portion of the Bonds.

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

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

13 "Accreted Value" means with respect to the Capital Appreciation Bonds, as
14 of the date of calculation, the Denominational Amount thereof, plus Accreted Interest
15 thereon to such date of calculation, compounded semiannually on each June 1 and
16 December 1 at the stated Accretion Rate thereof set forth in the Purchase Contract,
17 assuming in any such semiannual period that such Accreted Value increases in equal
18 daily amounts on the basis of a 360-day year of twelve 30-day months.

17 "Accretion Rate" means, unless otherwise provided by the Purchase Contract,
18 that rate which, when applied to the Denominational Amount of any Capital
19 Appreciation Bond and compounded semiannually on each June 1 and December 1
20 (commencing on December 1, 2008), produces the Maturity Value on the maturity
21 date.

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

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

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

1 “Bond Insurer” means any insurance company and any successor thereto,
2 which issues a municipal bond insurance policy insuring the payment of Principal
3 Amount and Accreted Interest of and interest on the Bonds.

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

7 “Bond Payment Date” means, with respect to the Current Interest Bonds,
8 June 1 and December 1 of each year commencing on the June 1 or December 1
9 specified in the Purchase Contract with respect to the interest on the Current Interest
10 Bonds and with respect to the Principal payments on the Current Interest Bonds as
11 provided in the Purchase Contract, and, with respect to the Capital Appreciation
12 Bonds, the stated maturity dates thereof, as specified in the Purchase Contract.

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

16 “Building Fund” means the Desert Sands Unified School District General
17 Obligation Bonds, Series 2008 Building Fund established pursuant to Section 14 of
18 this Resolution.

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

22 “Capital Appreciation Bonds” means the Bonds the interest component of
23 which is compounded semiannually on each June 1 and December 1 to maturity as
24 shown in the table of Accreted Value for such Bonds in the Purchase Contract.

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

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

 “Continuing Disclosure Certificate” shall mean that certain Continuing
Disclosure Certificate executed by the District in connection with the delivery of the
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 Bonds, including, but
not limited to, all printing and document preparation expenses in connection with this
Resolution, the Bonds and the Official Statement pertaining to the Bonds and any and
all other agreements, instruments, certificates or other documents prepared in
connection therewith; financial advisory fees; 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

1 credit enhancement relating to the Bonds; and other fees and expenses incurred in
2 connection with the issuance of the Bonds or the implementation of the financing for
the Projects, to the extent such fees and expenses are approved by the District.

3 "Costs of Issuance Fund" means the Desert Sands Unified School District
4 General Obligation Bonds, Series 2008 Costs of Issuance Fund, established pursuant
to Section 14 of this Resolution.

5 "County" means the County of Riverside, California.

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

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

10 "Date of Issuance" means the date on which the Bonds are delivered to the
11 Underwriter thereof.

12 "Debt Service Fund" means the Desert Sands Unified School District General
13 Obligation Bonds, Series 2008 Debt Service Fund established pursuant to Section 14
of this Resolution.

14 "Denominational Amount" means, with respect to the Capital Appreciation
15 Bonds, the initial principal amount thereof, and, with respect to the Current Interest
Bonds, the principal amount thereof.

16 "Depository" means the securities depository acting as Depository pursuant to
17 Section 12 hereof.

18 "District" means the Desert Sands Unified School District.

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

21 "Informational Services" means national information services that
22 disseminate securities redemption notices; or, in accordance with then-current
23 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
24 the County and the Paying Agent or as the Paying Agent may select.

25 "Maturity Value" means the Accreted Value of any Capital Appreciation
Bond on its maturity date.

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

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

3 “Rebate Fund” means the Desert Sands Unified School District General
4 Obligation Bonds, Series 2008 Rebate Fund established pursuant to Section 14 of this
5 Resolution.

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

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

11 “Resolution” means this Resolution adopted by the Board of Supervisors of
12 the County on September 30, 2008.

13 “Securities Depositories” means The Depository Trust Company, 55 Water
14 Street, New York, New York 10041, Attn: Redemption Area, Facsimile
15 transmission: (212) 855-7232, (212) 855-7233, or such other securities depositories
16 as are designated by the District or the Paying Agent and whose business is to
17 perform the functions of a clearing agency with respect to exempted securities, as
18 defined in Section 3(a)(12) of the Securities Exchange Act of 1934, and who is
19 registered as a clearing agency under Section 17A of the Act.

20 “Bonds” means the Desert Sands Unified School District General Obligation
21 Bonds, Election of 2001, Series 2008, issued and delivered pursuant to this
22 Resolution.

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

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

28 “Term Bonds” means any of the Capital Appreciation Term Bonds or Current
Interest Term 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-Tax Collector of the County and such other
persons as may be designated by the Treasurer-Tax Collector to act on his behalf.

 “Underwriter” means RBC Capital Markets Corporation.

1 **Section 5. Terms of the Bonds.**

2 (a) An issue of bonds entitled to the benefit, protection and security of
3 this Resolution is hereby authorized in an aggregate Principal Amount not to exceed
4 \$100,000,000. The Bonds shall be general obligation bonds of the District, payable
5 as to Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon
6 all of the taxable property in the District. The Bonds shall be designated "Desert
7 Sands Unified School District, Riverside County, California, General Obligation
8 Bonds, Election of 2001, Series 2008." The Bonds may be issued as Current Interest
9 Bonds and/or Capital Appreciation Bonds as set forth in the Purchase Contract,
10 subject to the provisions of this Resolution.

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

18 (c) Each Current Interest Bond shall mature in the years and be issued in
19 the Principal Amounts as set forth in the Purchase Contract. Each Current Interest
20 Bond shall be dated as set forth in the Purchase Contract and shall bear interest from
21 the Bond Payment Date next preceding the date of authentication thereof unless it is
22 authenticated as of a day during the period from the 16th day of the month next
23 preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which
24 event it shall bear interest from such Bond Payment Date, or unless it is authenticated
25 on or before the first Record Date, in which event it shall bear interest from its dated
26 date; provided, however, that, if at the time of registration of any Current Interest
27 Bond interest with respect thereto is in default, interest with respect thereto shall be
28 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 have Accretion Rates
and Principal Amounts per each five thousand dollars (\$5,000) in Maturity Value as
shown in the Accreted Value Table appended to the *Official Statement*; 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 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. In case any one or more of the officers who

1 shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed
2 shall have been issued by the County on behalf of the District, such Bonds may, nevertheless,
3 be issued, as herein provided, as if the persons who signed such Bonds had not ceased to hold
4 such offices. No Bond shall be valid or obligatory for any purpose or shall be entitled to any
5 security or benefit under this Resolution unless and until the certificate of authentication
6 printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by
7 the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly
8 issued, signed and delivered under this Resolution and is entitled to the security and benefit
9 of this Resolution.

6
7 **Section 7. Appointment of Paying Agent.**

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

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

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

26 (d) The District shall pay to the Paying Agent from time to time
27 reasonable compensation for all services rendered under this Resolution, and also all
28 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.

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

25 (a) The Paying Agent may at any time resign and be discharged of the
26 duties and obligations created by this Resolution by giving at least 60 days' written
27 notice to the District and the County. The Paying Agent may be removed at any time
28 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

1 such successor Paying Agent is not the Treasurer, then it shall be a bank or trust
2 company organized under the laws of any state of the United States, a national
3 banking association or any other financial institution, having capital stock and surplus
4 aggregating at least \$50,000,000 and doing business in the State and willing and able
5 to accept the office on reasonable and customary terms and authorized by law to
6 perform all the duties imposed upon it by this Resolution. Such Paying Agent shall
7 signify the acceptance of its duties and obligations hereunder by executing and
8 delivering to the County and the District a written acceptance thereof. Resignation or
9 removal of the Paying Agent shall be effective upon appointment and acceptance of a
10 successor Paying Agent.

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

18 **Section 9. Payment of Principal and Interest.** The Principal and Accreted
19 Value of and interest on the Bonds shall be payable in lawful money of the United States of
20 America without deduction for the services of the Paying Agent as paying agent. Principal of
21 the Current Interest Bonds and the Accreted Value of the Capital Appreciation Bonds shall be
22 payable when due upon presentation and surrender of the Bonds at the office of the Paying
23 Agent which has been designated by the Paying Agent for purposes of paying Principal of the
24 Current Interest Bonds and the Maturity Value of the Capital Appreciation Bonds on the
25 Bonds. Interest on Current Interest Bonds shall be paid on each Bond Payment Date by
26 check mailed by first class mail to the person in whose name the Bond was registered, and to
27 that person's address appearing on the Bond Register (as described in section 10 below) at
28 the close of business on the Record Date. The Owner of an aggregate Principal Amount of
Current Interest Bonds \$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 Bonds when duly presented for payment at maturity, and to cancel all Bonds upon
payments thereof.

The Bonds are the 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 Bonds.

Section 10. Bond Registration and Transfer. So long as any of the 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 Bonds as provided in this Section.

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

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

14 If manual signatures on behalf of the County are required, the Paying Agent shall
15 undertake the exchange or transfer of Bonds only after the new Bonds are signed by the
16 authorized officers of the County. In all cases of exchanged or transferred Bonds, the County
17 shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the
18 provisions of this Resolution. All fees and costs of transfer shall be paid by the transferor.
19 Those charges may be required to be paid before the procedure is begun for the exchange or
20 transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the
21 District, evidencing the same debt, and entitled to the same security and benefit under this
22 Resolution as the Bonds surrendered upon that exchange or transfer.

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

25 Neither the District, the County nor the Paying Agent will be required (a) to issue or
26 transfer any Bonds during a period beginning with the opening of business on the 15th
27 business day next preceding either any Bond Payment Date or any date of selection of Bonds
28 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 Bonds which have
been selected or called for redemption in whole or in part.

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

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

16 **Section 11. Redemption.**

17 (a) Optional Redemption. The Bonds shall be subject to redemption
18 prior to maturity as provided in the Purchase Contract.

19 (b) Mandatory Redemption. The Term Bonds, if any, shall be subject to
20 mandatory redemption from moneys in the Debt Service Fund established pursuant to
21 Section 14 hereof prior to their stated maturity date, at the Principal Amount or
22 Accreted Value thereof, without premium, on the dates and in the amounts as set
23 forth in the Purchase Contract.

24 (c) Selection of Bonds for Redemption. Whenever provision is made in
25 this Resolution for the redemption of Bonds and less than all Outstanding Bonds are
26 to be redeemed, the Paying Agent, upon written instruction, shall select Bonds for
27 redemption in such manner as directed by the District, and if not so directed, in
28 inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for
redemption by lot. 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 (except for one odd
denomination, if any) 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 (except for one odd denomination, if any)
of such Capital Appreciation Bond.

(d) Notice of Redemption. When redemption is authorized or required to
be made pursuant to Section 11 hereof, the Paying Agent, upon written notice from
the District, shall give notice (a "Redemption Notice") of the redemption of the
Bonds by first class mail, postage prepaid to each Owner of the 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: (i) the
Bonds or designated portions thereof (in the case of redemption of the Bonds in part
but not in whole) which are to be redeemed, (ii) the date of redemption, (iii) the place

1 or places where the redemption will be made, including the name and address of the
2 Paying Agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to
3 the Bonds to be redeemed, (vi) the numbers of the Bonds to be redeemed in whole or
4 in part and, in the case of any Bond to be redeemed in part only, the Principal
5 Amount or Accreted Value, as applicable, of such Bond to be redeemed, and (vii) the
6 original issue date, interest rate and stated maturity date of each Bond to be redeemed
7 in whole or in part. Such Redemption Notice shall further state that on the specified
8 Redemption Date there shall become due and payable upon each Bond or portion
9 thereof being redeemed the Principal Amount thereof and applicable premium, if any,
10 together with the interest accreted to the Redemption Date in the case of the Capital
11 Appreciation Bonds, and that from and after such Redemption Date, interest with
12 respect thereto shall cease to accrue or accrete in value.

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

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

20 (e) Additional Notice. In addition to the Redemption Notice given
21 pursuant to Section 11(d), further notice shall be given by the Paying Agent as set out
22 below, but no defect in said further notice nor any failure to give all or any portion of
23 such further notice shall in any manner defeat the effectiveness of a call for
24 redemption if notice thereof is given as above prescribed. Each further notice of
25 redemption shall be sent at least thirty (30) days before the Redemption Date by
26 registered or certified mail or overnight delivery service or such other means of
27 delivery as is customary and in accordance with the then-current guidelines of the
28 Securities and Exchange Commission, to each of the Securities Depositories which
are then in the business of holding substantial amounts of obligations of types
comprising the Bonds and to one or more of the Informational Services that
disseminate notice of redemption of obligations similar to the 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.

(f) Upon the payment of the redemption price of 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 Bonds being redeemed with the
proceeds of such check or other transfer.

(g) Payment of Redeemed Bonds. When notice of redemption has been
given substantially as provided for herein, and, when the amount necessary for the
redemption of the Bonds called for redemption (Principal and premium, if any) is set
aside for that purpose in the Debt Service Fund, as provided herein, the Bonds
designated for redemption shall become due and payable on the date fixed for

1 redemption thereof and upon presentation and surrender of said Bonds at the place
2 specified in the notice of redemption with the form of assignment endorsed thereon
3 executed in blank, said Bonds shall be redeemed and paid at the redemption price out
4 of the Debt Service Fund.

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

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

14 (i) Effect of Notice of Redemption. If on such Redemption Date, money
15 for the redemption of the Bonds to be redeemed as provided in Section 11 hereof,
16 together with interest to such Redemption Date, shall be held by the Paying Agent so
17 as to be available therefor on such Redemption Date, and if notice of redemption
18 thereof shall have been given as aforesaid, then from and after such Redemption
19 Date, interest with respect to the Bonds to be redeemed shall cease to accrue and
20 become payable.

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

Section 12. Book-Entry System.

21 (a) The Bonds shall be initially executed and delivered in the form of a
22 single, fully registered Bond for each maturity (which may be typewritten). Upon
23 initial execution and delivery, as provided for herein, the ownership of such Bond
24 shall be registered in the Bond Register in the name of the Depository or its nominee
25 (the "Nominee"), and its successors and assigns. Except as hereinafter provided, all
26 of the outstanding Bonds shall be registered in the Bond Register in the name of the
27 Nominee of the Depository, which may be the Depository, as determined from time
28 to time pursuant to this Section. Each 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

1 REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS
2 IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE
3 DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH
4 OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED
5 REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR
6 OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY
7 PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER
8 HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

6 With respect to the Bonds registered in the Bond Register in the name of the
7 Nominee, neither the District, the County nor the Paying Agent shall have any
8 responsibility or obligation to any broker-dealers, banks and other financial
9 institutions from time to time for which the Depository holds Bonds as securities
10 depository (the “Participant”) or to any person on behalf of which such a Participant
11 holds an interest in the Bonds. Without limiting the immediately preceding sentence,
12 neither the District, the County nor the Paying Agent shall have any responsibility or
13 obligation (unless the District is at such time the Depository) with respect to (i) the
14 accuracy of the records of the Depository, the Nominee, or any Participant with
15 respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or
16 any other person, other than an Owner of a Bond as shown in the Bond Register, of
17 any notice with respect to the Bonds, including any notice of redemption, (iii) the
18 selection by the Depository and its Participants of the beneficial interests in the
19 Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the
20 payment to any Participant or any other person, other than an Owner of a Bond as
21 shown in the Bond Register, of any amount with respect to Principal of or interest on
22 the Bonds. The District and the Paying Agent may treat and consider the person in
23 whose name each Bond is registered in the Bond Register as the holder and absolute
24 Owner of such Bond for the purpose of the payment of Principal and interest with
25 respect to such Bond, for the purpose of giving notices of redemption, if applicable,
26 and other matters with respect to such Bond, for the purpose of registering transfers
27 with respect to such Bond, and for all other purposes whatsoever. The Paying Agent
28 shall pay all Principal of and interest on the Bonds only to or upon the order of the
respective Owner of the 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 Bonds to the extent of the sum or sums so paid. No
person other than an Owner of a Bond, as shown in the Bond Register, shall receive 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 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 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 Bonds other than the

1 owners of the Bonds, as shown on the Bond Register. In addition, to the execution
2 and delivery of the Representation Letter, the District shall take such other actions,
3 not inconsistent with this Resolution, as are reasonably necessary to qualify the
4 Bonds for the Depository's book-entry program.

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

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

28 Notwithstanding any other provisions of this Resolution to the contrary, so
long as any Bond is registered in the name of the Nominee, all payments with respect
to Principal of, and interest on such Bond and all notices with respect to such 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 Bonds shall be in substantially the forms as
shown in Exhibit C hereto; provided, however, that those officials executing the Bonds are
hereby authorized to make the insertions and deletions necessary to conform the 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.

1 **Section 14. Deposit of Proceeds of Bonds; Creation of Funds.**

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

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

18 (c) Any premium received by the County from the sale of the Bonds, if
19 any after all or a portion of Underwriter's discount and Costs of Issuance are paid,
20 and the accrued interest on the Bonds shall be kept separate and apart in the fund
21 hereby created and established and to be designated as the "Desert Sands Unified
22 School District General Obligation Bonds, Series 2008 Debt Service Fund" (the
23 "Debt Service Fund") for the Bonds. Amounts in the Debt Service Fund shall be
24 used only for payments of Principal, premium, if any, Accreted Interest and interest
25 on the Bonds on each Bond Payment Date and Redemption Date. All *ad valorem*
26 taxes levied for the purposes described in Section 15 hereof shall be deposited upon
27 collection by the County into the Debt Service Fund and used for the payment of the
28 Principal of, premium, if any, Accreted Interest and interest on the Bonds on each
29 Bond Payment Date and Redemption Date. On the Business Day immediately
30 preceding each Bond Payment Date and Redemption Date, the District shall transfer
31 or cause to be transferred from the Debt Service Fund to the Paying Agent, an
32 amount, in immediately available funds, sufficient to pay all the Principal of,
33 premium, if any, Accreted Interest and interest on the Bonds (collectively, the "Debt
34 Service") on such Bond Payment Date or Redemption Date, as applicable. Debt
35 Service on the Bonds shall be paid by the Paying Agent in the manner provided by
36 law for the payment of Debt Service. If, after payment in full of the Bonds, there
37 remain excess proceeds, any such excess amounts shall be transferred to the general
38 fund of the District.

39 (d) There is hereby created and established a "Desert Sands Unified
40 School District General Obligation Bonds, Series 2008 Rebate Fund" (the "Rebate
41 Fund"). The County shall from time to time receive funds from the District for
42 deposit into the Rebate Fund as required to enable the District to comply with the
43 requirements of Section 148(f) of the Code. The District shall instruct the County, in
44 writing, as to the method of investing and disbursing funds held in the Rebate Fund to
45 the United States Treasury. The County agrees to comply with such instructions of

1 the District. Any money remaining in the Rebate Fund after the payment in full of
2 the Bonds, either at maturity or earlier redemption, and the payment to the United
3 States Treasury of any amounts required pursuant to Section 148(f) of the Code, and
4 any regulations thereunder, shall be transferred to the Building Fund, or if the
5 Building Fund is not then in the existence, shall be transferred to the general fund of
6 the District. The County shall have no liability or obligation with respect to the
7 required deposits to or disbursements from the Rebate Fund, which shall remain the
8 sole responsibility of the District.

6 (e) There shall hereby be created and established the "Desert Sands
7 Unified School District General Obligation Bonds, Series 2008 Costs of Issuance
8 Fund" (the "Costs of Issuance Fund") which shall be accounted for separately and
9 distinctly from all other District and County funds and accounts. Upon direction
10 from an Authorized Representative of the District, the Treasurer shall transfer from
11 the Building Fund and deposit in the Costs of Issuance Fund an amount not to exceed
12 two percent (2%) of the initial principal amount of the Bonds. Monies held in the
13 Costs of Issuance Fund shall be applied, upon direction from an Authorized
14 Representative of the District, solely to pay Costs of Issuance. Upon direction from
15 an Authorized Representative of the District amounts held in the Costs of Issuance
16 Fund shall be transferred from the Costs of Issuance Fund and deposited in the
17 Building Fund.

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

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

20 **Section 15. Security for the Bonds; Tax Levy.** There shall be levied on all the
21 taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem*
22 tax annually during the period the Bonds are Outstanding in an amount sufficient, together
23 with moneys on deposit in the Debt Service Fund available for such purpose, to pay the
24 Principal of, premium, if any, and interest on the Bonds when due. The taxes collected for
25 the Bonds will be placed in the Debt Service Fund of the District, which taxes, together with
26 the amounts on deposit in the Debt Service Fund, are irrevocably pledged for the payment of
27 the Principal of, premium, if any, and interest on the Bonds when and as due. The Bonds are
28 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 Bonds or the interest thereon.

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

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

4 (b) by irrevocably depositing with a bank or trust company in escrow
5 noncallable Government Obligations (defined below), together with cash, if required,
6 in such amount as will, in the opinion of an independent certified public accountant,
7 together with interest to accrue thereon and moneys then on deposit in the Debt
8 Service Fund together with the interest to accrue thereon, be fully sufficient to pay
and discharge all the 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;

9 then, notwithstanding that any Bonds shall not have been surrendered for payment, all
10 obligations of the District, the County and the Paying Agent with respect to all Outstanding
11 Bonds shall cease and terminate, except only the obligation of the County and the Paying
12 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 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.

13 For purposes of this Section and Section 17, Government Obligations shall mean:

14 Direct and general obligations of the United States of America (which may consist of
15 obligations of the Resolution Funding Corporation that constitute interest strips), or
16 obligations that are unconditionally guaranteed as to principal and interest by the United
17 States of America, or "prerefunded" municipal obligations rated in the highest rating
18 category by Moody's Investors Service or Standard & Poor's. In the case of direct and
19 general obligations of the United States of America, Government Obligations shall include
20 evidences of direct ownership of proportionate interests in future interest or principal
21 payments of such obligations. Investments in such proportionate interests must be limited to
22 circumstances where (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
claim 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 or assessed "AAA"
by Standard & Poor's or "Aaa" by Moody's Investors Service.

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

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

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

5 then, notwithstanding that any of such designated maturities of Bonds shall not have been
6 surrendered for payment, all obligations of the District and the County with respect to such
7 Outstanding maturities of Bonds shall cease and terminate, except only the obligation of the
8 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.

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

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

14 **Section 19. Tax Covenants of the District.** The District has covenanted for and
15 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 Bonds under Section 103 of the Code.

16 **Section 20. Arbitrage Covenant.** The District has covenanted for and on behalf
17 of the Owners that it will restrict the use of the proceeds of the Bonds in such manner and to
18 such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds
under Section 148 of the Code and the applicable regulations prescribed under that section or
19 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
20 directions as are given to it by the District to restrict the use of the proceeds of the Bonds in
such manner and to such extent, if any, as may be necessary, so that the Bonds will not
21 constitute arbitrage bonds under Section 148 of the Code and the applicable regulations
prescribed under that section or any predecessor section.

22 **Section 21. Conditions Precedent.** This Board determines that all acts and
23 conditions necessary to be performed by the Board or to have been met precedent to and in
the issuing of the Bonds in order to make them legal, valid and binding general obligations of
24 the District have been performed and have been met, or will at the time of delivery of the
Bonds have been performed and have been met, in regular and due form as required by law;
25 and that no statutory or constitutional limitation of indebtedness or taxation will have been
exceeded in the issuance of the Bonds.

26 **Section 22. Preliminary Official Statement.** The District has agreed to cause a
27 Preliminary Official Statement and a final Official Statement meeting the requirements of

1 Securities and Exchange Commission Rule 15c2-12 to be prepared. Such Preliminary
2 Official Statement and Official Statement shall be referred to as the "Official Statement," and
3 will be substantially in the form of the Preliminary Official Statement on file with the Clerk
4 of the Board of Supervisors, together with such changes as the District deems necessary to
5 make such Official Statement accurate as of its date.

6 **Section 23. Other Actions.**

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

15 (b) Notwithstanding any other provision hereof, the provisions of this
16 Resolution as they relate to the terms of the Bonds may be amended by the Purchase
17 Contract.

18 **Section 24. Supplemental Resolutions.**

19 (a) This Resolution, and the rights and obligations of the County, the
20 District and of the Owners of the Bonds issued hereunder, may be modified or
21 amended at any time by a Supplemental Resolution adopted by the County with the
22 written consent of Owners owning at least 60% in aggregate Bond Obligation of the
23 Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District;
24 provided, however, that no such modification or amendment shall, without the
25 express consent of the Owner of each Bond affected, reduce the Principal Amount of
26 any Bond, reduce the interest rate payable thereon, advance the earliest redemption
27 date thereof, extend its maturity or the times for paying interest thereon or change the
28 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 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;

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

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

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

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

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

22 **Section 25. Insurance.** In the event the District purchases bond insurance for the
23 Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted
24 Value or interest on the Bonds, it shall become the owner of such Bonds with the right to
25 payment of Principal, Accreted Value or interest on the Bonds, and shall be fully subrogated
26 to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence
27 such subrogation (i) in the case of subrogation as to claims that were past due interest, the
28 Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for
the 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 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 Bonds maintained by the Paying
Agent upon surrender of the 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.

25 **Section 26. Resolution to Constitute Contract.** In consideration of the purchase
26 and acceptance of any and all of the Bonds authorized to be issued hereunder by those who
27 shall own the same from time to time, this Resolution shall be deemed to be and shall
28 constitute a contract among the County, the District and the Owners from time to time of the
Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and

1 security of the Owners of any and all of the Bonds, all of which, regardless of the time or
2 times of their issuance or maturity, shall be of equal rank without preference, priority or
3 distinction of any of the Bonds over any other thereof.

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

7 If to the County: County of Riverside
8 4080 Lemon Street, 4th Floor
9 Riverside, California 92501
Attention: Treasurer-Tax Collector

10 If to the Paying Agent: U.S. Bank National Association
11 633 West Fifth Street, 24th Floor
12 Los Angeles, California 90071
Attention: Corporate Trust Department

13 If to the District: Desert Sands Unified School District
14 47-950 Dune Palms Road
15 La Quinta, California 92253
Attention: Superintendent

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

24 **Section 29. Permitted Investments.**

25 (a) All amounts held in the funds and accounts established hereunder
26 shall be invested by the Treasurer in any instrument which is a lawful investment for
27 funds of the District. Unless otherwise instructed by the District in writing, amounts
28 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

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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 Bonds. At the written request of the District, all or any portion of the amounts in the Building Fund may be invested in Permitted Investments. 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.

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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 September 30, 2008.

COUNTY OF RIVERSIDE

By: _____
Chairman

ATTEST:

Clerk of the Board of Supervisors