

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

725A



FROM: Treasurer-Tax Collector

SUBMITTAL DATE:
October 22, 2009

SUBJECT: Resolution No. 2009-316 - Palm Springs Unified School District, 2008 Election, General
Obligation Bonds, Series A (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2009-316,
Authorizing the Issuance and Sale of Palm Springs Unified School District, 2008 Election, General
Obligation Bonds, Series A in a Maximum Aggregate Principal Amount not to Exceed \$25,000,000 and
approving related matters

BACKGROUND: Education Code Section 15140 requires that general obligation bonds of a school district
be offered for sale by the Riverside County Board of Supervisors, when the Riverside County
Superintendent of Schools has jurisdiction over that 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)

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER DATE: 10/21/09

Departmental Concurrence

Don Kent
Don Kent, Treasurer - Tax Collector

FINANCIAL
DATA

Current F.Y. Total Cost: \$
Current F.Y. Net County Cost: \$
Annual Net County Cost: \$

In Current Year Budget:
Budget Adjustment:
For Fiscal Year:

SOURCE OF FUNDS:

Positions To Be
Deleted Per A-30

☐

Requires 4/5 Vote

☐

C.E.O. RECOMMENDATION:

APPROVE

BY: Christopher M. Hans
Christopher M. Hans

County Executive Office Signature

Dep't Recomm.: ☐ Consent ☐ Policy ☒
Per Exec. Ofc.: ☐ Consent ☐ Policy ☒

Prev. Agn. Ref.:

District: 4

Agenda Number:

3.52

The Riverside County Superintendent of Schools has jurisdiction over the Palm Springs Unified School District (the "District") which is planning to issue and sell bonds via a negotiated sale. Therefore the Education Code provides that the Riverside County Board of Supervisors is responsible for issuing and selling these District bonds, via a negotiated sale, on behalf of the District. To that end, the District's Board of Education adopted its resolutions 2009/2010-16 and 2009/2010-22 requesting this Board to sell the District's general obligation bonds Series A in an aggregate principal amount not to exceed \$25,000,000.

An election was held on February 5, 2008, pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A and subdivision (b) of Section 18 of Article XVI of the California Constitution and Sections 15266, 15100 *et seq.* and 15140 *et seq.* of the Education Code which codify, 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 \$516,000,000 was approved by more than 55% of the qualified voters voting on the measure.

The District has been awarded an allocation of Qualified School Construction Bonds ("QSCBs") under the American Recovery and Reinvestment Act of 2009. It is the intent of the District Board that the Series A Bonds may be issued in full or in part as QSCBs pursuant to Section 54F of the Internal Revenue Code. To that end, the District Board has requested that the County issue the Series A bonds on behalf of the District in one or more subseries as determined by the District, its financial advisor, and the County Treasurer.

Resolution No. 2009-316 authorizes the issuance and sale of Palm Springs Unified School District, 2008 Election, General Obligation Bonds Series A in an aggregate principal amount not to exceed \$25,000,000; authorizes the Series A Bonds to be issued in one or more subseries; authorizes the County Treasurer/Tax Collector to negotiate the sale of the bonds; and authorizes all or a portion of the Series A Bonds to be sold to the California Qualified School Construction Bond Joint Powers Authority or any other Joint Powers Authority, all as requested by the District Board of Education. In addition, Resolution No. 2009-316 prescribes the terms of the bonds and conditions of their sale; approves the form of a Bond Purchase Agreement and authorizes its execution and the execution of other necessary documents related to the transaction.

The proceeds of the Series A Bonds are to be expended for identified school facilities and improvements or to provide financing for the construction, reconstruction or repair of public school facilities, or the acquisition of land on which such facilities are to be constructed. Expenditures are subject to the review of a citizens' 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. 2009-316 and has approved it as to form.

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RESOLUTION NO. 2009-316

**RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE
COUNTY PROVIDING FOR THE ISSUANCE AND SALE OF PALM
SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION
BONDS, 2008 ELECTION, SERIES A, IN THE PRINCIPAL AMOUNT OF
NOT TO EXCEED TWENTY-FIVE MILLION DOLLARS (\$25,000,000)
PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE;
APPROVING FORM AND AUTHORIZING EXECUTION AND
DELIVERY OF A BOND PURCHASE AGREEMENT; AND
AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS AND
TAKING RELATED ACTIONS**

PM APPROVED COUNTY COUNSEL

W. A. Gardner 10/21/09
DATE A. GARDNER DATE

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9

10 EXHIBITS:

11

12	EXHIBIT "A" FORM OF BOND PURCHASE CONTACT	A 1
13		
14	EXHIBIT "B" FORM OF CURRENT INTEREST BOND	B 1
15		
16	EXHIBIT "C" FORM OF CAPITAL APPRECIATION BOND	C 1
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3 **RESOLUTION NO. 2009-316**

4 **RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE**
5 **COUNTY PROVIDING FOR THE ISSUANCE AND SALE OF PALM**
6 **SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION**
7 **BONDS, 2008 ELECTION, SERIES A, IN THE PRINCIPAL AMOUNT OF**
8 **NOT TO EXCEED TWENTY-FIVE MILLION DOLLARS (\$25,000,000)**
9 **PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE;**
10 **APPROVING FORM AND AUTHORIZING EXECUTION AND**
11 **DELIVERY OF A BOND PURCHASE AGREEMENT; AND**
12 **AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS AND**
13 **TAKING RELATED ACTIONS**

14 **WHEREAS**, the Palm Springs Unified School District ("District") is a public unified
15 school district duly organized and operating pursuant to the Constitution and the laws of the
16 State of California; and

17
18 **WHEREAS**, an election was duly called and regularly held in the District, County of
19 Riverside ("County"), State of California ("State"), on February 5, 2008 ("Election"), and
20 thereafter canvassed pursuant to law; and

21
22 **WHEREAS**, at such Election there was submitted to, and approved by the requisite fifty-
23 five percent (55%) favorable vote of the qualified electors of the District, as certified by the
24 Riverside County Register of Voters in the official canvassing of the voters, a question as to the
25 issuance and sale of general obligation bonds of the District for various purposes set forth in the
26 ballot measure submitted to the voters, in the maximum principal amount of \$516,000,000,
27 payable from the levy of an ad valorem tax against the taxable property in the District
28 ("Authorization"); and

1 **WHEREAS**, the Board of Education of the District ("District Board") has previously
2 adopted a resolution directing the issuance and sale of the Palm Springs Unified School District
3 General Obligation Bonds, 2008 Election, Series B, in a par amount not to exceed \$110,000,000,
4 leaving not less than \$406,000,000 of bonds of the Authorization authorized and unissued; and
5

6 **WHEREAS**, pursuant to the California Constitution, the Authorization, and the
7 Education Code, the District Board has adopted its Resolution No. 2009/2010-16 on September
8 22, 2009, and Resolution No. 2009/2010-23 on October 13, 2009 (collectively the "District
9 Resolution"), certified copies of which has been filed with this County Board of Supervisors
10 ("County Board") requesting the County Board to issue, in the name of and on behalf of the
11 District, a series of such authorized bonds to be designated "Palm Springs Unified School
12 District General Obligation Bonds, 2008 Election, Series A" in an aggregate principal amount
13 not to exceed \$25,000,000 ("Bonds" or "Series A Bonds"); and
14

15 **WHEREAS**, the Series A Bonds are hereby authorized to be issued by the County, on
16 behalf of the School District, pursuant to the California Constitution, the Authorization and
17 Sections 15100 et seq. and 15140 et seq. of the Education Code of the State of California and
18 other applicable law; and
19

20 **WHEREAS**, all or a portion of the Series A Bonds may be issued as "Qualified School
21 Construction Bonds" pursuant to the provisions and limitations of the American Recovery and
22 Reinvestment Act of 2009 ("ARRA") which was signed into law on February 17, 2009, and the
23 applicable requirements of the Code (as defined herein) as further described in the District
24 Resolution, and the Board desires to provide certain determinations, and provide certain
25 directions, in connection therewith; and
26

27 **WHEREAS**, in the District Resolution, the District found and informed this Board of
28 Supervisors that all acts and conditions necessary to be performed by the District or to have been

1 met precedent to and in the issuing and sale of the Series A Bonds in order to make them legal,
2 valid and binding general obligations of the District have been performed and have been met, or
3 will at the time of delivery of the Series A Bonds have been performed and met, in regular and
4 due form as required by law; and
5

6 **WHEREAS**, the Board has further requested this County Board to sell the Series A
7 Bonds to designated purchaser(s) ("Purchaser(s)") of such Series A Bonds, pursuant to the terms
8 of the proposed form of Bond Purchase Agreement ("Purchase Agreement") among the County,
9 the District, and the designated purchaser(s) of such Series A bonds, subject to the limitations set
10 forth in the District Resolution; and
11

12 **WHEREAS**, this County Board desires to make certain determinations and to authorize
13 the issuance of the Series A Bonds.
14

15 **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF**
16 **THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS FOLLOWS:**
17

18 **SECTION 1. Recitals; Incorporation of District Resolution.** The foregoing
19 recitals are true and correct and are incorporated herein by this reference. The District
20 Resolution, together with the exhibits thereto, and findings and determinations contained therein,
21 is incorporated herein by reference and all of the provisions thereof are made a part hereof and
22 shall be applicable to the Series A Bonds, except as otherwise specified herein.
23

24 **SECTION 2. Purpose of the Series A Bonds.** Bonds of the District shall be issued
25 in the name and on behalf of the District in the aggregate principal or issue amount of not to
26 exceed \$25,000,000 for the purposes of: (a) raising money for acquiring and constructing the
27 projects set forth in the bond measure submitted to, and approved by, the voters at the Election,
28 as further described above and in the District Resolution; (b) funding interest on the Series A

1 Bonds for a specified period of time as authorized by California law; and (c) to pay all necessary
2 legal, financial, printing, insurance and other contingent costs in connection with the issuance
3 and delivery of the Series A Bonds, as further set forth herein and subject to the applicable
4 provisions of the California Constitution and California law including, but not limited to, the
5 Education Code.

6
7 **SECTION 3. Statutory Authorization.** The Series A Bonds are authorized to be
8 sold by the County in the name of the District pursuant to the Election, the Authorization, the
9 District Resolution, the California Constitution, this Resolution, and Education Code Sections
10 15266, 15100 *et seq.* and 15140 *et seq.*

11
12 **SECTION 4. Negotiated Sale.**

13 (a) The Treasurer (as defined in Section 6 below) is hereby authorized to negotiate
14 the sale of the Series A Bonds, in consultation with the District, to the Purchaser(s). The Series
15 A Bonds shall be sold pursuant to the applicable provisions of the Education Code, this
16 Resolution and the terms and conditions set forth in the District Resolution and the Purchase
17 Agreement(s), as described and defined herein.

18
19 (b) All or a portion of the Series A Bonds may be sold to a JPA pursuant to the
20 provisions of the Marks-Roos Local Bond Pooling Act of 1985, as amended, being California
21 Government Code Sections 6584, *et seq.* ("Marks-Roos Act"). It is expected that all or a portion
22 of the Series A Bonds will be purchased by the JPA with the proceeds of revenue bonds (the JPA
23 Bonds), which JPA Bonds will be secured through debt service payments made on the Series A
24 Bonds. The sale of the Series A Bonds to the JPA and the corresponding issuance and sale of the
25 JPA Bonds is expected to be in the best interests of the District as determined in the District
26 Resolution.

27
28 (c) The Series A Bonds may be issued in one or more sub-series as shall be

1 determined by the Treasurer and a Designated Officer of the District as set out in the applicable
2 Purchase Agreement(s). Each sub-series of the Series A Bonds may be issued as QSCB Bonds
3 or Non-QSCB Bonds (which latter may be Tax-Exempt Bonds) as shall be determined by the
4 Treasurer and a Designated Officer of the District in the applicable Purchase Agreement(s).

5
6 **SECTION 5. Approval of Purchase Agreement.**

7 (a) The Series A Bonds will be sold at negotiated sale by the Treasurer pursuant to
8 the terms and conditions set forth in the applicable Bond Purchase Agreement(s) ("Purchase
9 Agreement(s)"), substantially in the form appended hereto as Exhibit "A" and incorporated by
10 reference herein. The form of the Purchase Agreement is hereby approved and the Treasurer, or
11 any designated deputy thereof, is hereby authorized to execute and deliver the Purchase
12 Agreement(s) and the Designated Officer (as defined herein) of the District, is hereby requested
13 to execute the Purchase Agreement, with such changes therein, deletions therefrom and
14 modifications thereto as the Treasurer, or designated deputy thereof, and the Designated Officer
15 may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

16
17 (b) The Treasurer and the Designated Officer, in consultation with Dale Scott &
18 Company, Inc. ("Financial Advisor") and the County Treasurer ("Treasurer"), are authorized and
19 directed to:

- 20
21 (i) establish or modify the terms of redemption of the Series A Bonds, or any sub-
22 series thereof, and establish the final principal amount of the Series A Bonds, or
23 any sub-series thereof, provided, however, that such principal amount, in the
24 aggregate, shall not exceed \$25,000,000;
25
26 (ii) negotiate the term of the Series A Bonds, or any sub-series thereof, which shall be
27 for not more than 25 years from the date of issuance;
28

- 1 (iii) determine, subject to the provisions of this Resolution and the District Resolution,
2 whether the Series A Bonds shall be issued in one or more sub-series for purposes
3 of issuance and sale, the respective principal amounts, maturity dates, interest rate
4 or rates or yield or yields to maturity or the methods of determining such interest
5 rate or rates, interest payment dates, redemption provisions and authorized
6 denomination(s) (not exceeding the aggregate principal amount of each maturity)
7 of the Series A Bonds or each sub-series thereof, including a provision providing
8 for the increase of the interest rate (or Accretion Rate in the case of Capital
9 Appreciation Bonds) following the issuance of the Series A Bonds in the event
10 and to the extent required to provide sufficient revenues with which to pay the
11 JPA Bonds at maturity, and any other provisions necessary to comply with the
12 provisions of this Resolution and the District Resolution or deemed necessary or
13 advisable by the Treasurer and the Designated Officer and which provisions are
14 not in conflict with or in substitution for the provisions of the provisions of
15 Resolution No. 2009/2010-16, this Resolution and the County Resolution;
16
- 17 (v) determine whether each sub-series of the Series A Bonds shall be issued as either
18 QSCB Bonds or Non-QSCB Bonds (which latter may be Tax-Exempt Bonds);
19
- 20 (vi) determine the application of the proceeds of the Series A Bonds for the purposes
21 stated herein, including, without limitation, the amount of capitalized interest, if
22 any, that will be funded for each sub-series of the Series A Bonds from the
23 proceeds of the Series A Bonds and the date or dates through which such
24 capitalized interest will be funded;
25
- 26 (vii) omit from, add to or incorporate into the designation and title of the Series A
27 Bonds contained in Section 7 of this Resolution any provision, or modify such
28 designation or title in any other manner, in which may be deemed necessary or

advisable by such Designated Officer in connection with the issuance, sale and delivery of, and security for, each sub-series of the Series A Bonds and which is not inconsistent with this Resolution and the District Resolution;

(viii) In connection with any of the transactions authorized by this Resolution and the District Resolution, to make such amendments, modifications and revisions to the form(s) of the Series A Bonds prior to, or simultaneously with, the issuance of the initial sub-series of the Series A Bonds as (i) may be requested by any rating agency in connection with obtaining a rating on any sub-series of the Series A Bonds from such rating agency, (ii) may be requested by the JPA in connection with obtaining a bond insurance policy in connection with any of the Series A Bonds and/or JPA Bonds, (iii) the Treasurer and the Designated Officer may determine, in consultation with the Bond Counsel, are necessary or advisable in order to (a) reflect the actual provisions of this Resolution that shall be applicable to any sub-series of the Series A Bonds, or (b) facilitate the issuance and sale of the Series A Bonds (including the issuance and sale of any sub-series of the Series A Bonds as QSCB Bonds for purposes of the ARRA) and to provide a mechanism for paying all or a portion of the costs and expenses incurred by the District in connection with the transactions contemplated by this Resolution and the District Resolution; and

(ix) make such other determinations, to execute such other documents, instruments and papers, and to do such acts and things as may be necessary or advisable in connection with any sub-series of the Series A Bonds being treated as Qualified School Construction Bonds for purposes of the ARRA or any of the other transactions contemplated by this Resolution and the District Resolution and which are not inconsistent with the provisions thereof.

1 **SECTION 6. Certain Definitions.** Unless otherwise set forth herein, as used in this
2 Resolution, the terms and phrases set forth below shall have the following meanings ascribed to
3 them:
4

5 (a) **“Accreted Interest”** means, with respect to the Capital Appreciation Bonds, the
6 Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.
7

8 (b) **“Accreted Value”** means, with respect to the Capital Appreciation Bonds, as of
9 the date of calculation, the Denominational Amount thereof, plus interest accreted thereon to
10 such date of calculation, compounded semiannually on each February 1 and August 1
11 (commencing on the date stated in the Purchase Agreement, unless otherwise specified in the
12 Purchase Agreement, as executed and delivered), with respect to the Capital Appreciation Bonds
13 maturing on those dates specified in the Purchase Agreement, and at the stated yield to maturity
14 thereof, assuming in any such semiannual period that such Accreted Value increases in equal
15 daily amounts on the basis of a 360-day year of twelve 30-day months.
16

17 (c) **“ARRA” or “Recovery Act”** shall mean the American Recovery and
18 Reinvestment Act of 2009 adopted by the Congress of the United States and signed into law on
19 February 17, 2009, as amended and supplemented.
20

21 (d) **“Authorized Investments”** means the Riverside County Investment Pool (or
22 other investment pools of the County into which the District may lawfully invest its funds), the
23 Local Agency Investment Fund, any investment authorized pursuant to Sections 16429.1 and
24 53601 of the Government Code, or in shares in a California common law trust established
25 pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in
26 investments permitted by Section 53635 of the Government Code, or in guaranteed investment
27 contracts in direct general obligations of the United States of America (including State and Local
28 Government Securities) (provided that such contracts comply with the requirements of Section

1 148 of the Code, and with the requirements of the Bond Insurer, if any, and as shall be
2 applicable).

3
4 (e) **“Authorized Newspaper”** means a newspaper selected by the District which is
5 customarily published at least once a day for at least five days (other than legal holidays) in each
6 calendar week, published in the English language, of general circulation in the County of
7 Riverside and which has been adjudicated or designated as a “newspaper of general circulation”
8 pursuant to California law.

9
10 (f) **“Available Project Proceeds”** means (i) the proceeds from the sale of the Series
11 A Bonds, (ii) less costs of issuing the Series A Bonds paid from proceeds of the sale of the Series
12 A Bonds (not exceeding 2% of the proceeds of the sale thereof), plus (iii) investment earnings on
13 the difference between (i) – (ii).

14
15 (g) **“Bond Counsel”** means (a) the firm of Bowie, Arneson, Wiles & Giannone, or
16 (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering
17 opinions as to the legality and tax exempt status of securities issued by public entities.

18
19 (h) **“Bond Insurer”** means any insurance company which issues a municipal bond
20 insurance policy insuring of the payment of Principal and Maturity Value of, and interest on, all
21 or a portion of the Series A Bonds.

22
23 (i) **“Bond Payment Date”** or **“Interest Payment Date”** means, unless otherwise
24 provided in the corresponding Purchase Agreement as executed and delivered, with respect to the
25 interest on the Current Interest Bonds, February 1 and August 1, and commencing on the date
26 specified in the Purchase Agreement with respect to the Principal payments and interest
27 payments on the Current Interest Bonds. With respect to the Capital Appreciation Bonds,
28 “Bond Payment Date” means the stated maturity dates thereof, as applicable; as stated in the

1 Purchase Agreement as executed and delivered.

2
3 (j) **"Bond Register"** or **"Registration Books"** means the listing of names and
4 addresses of the current registered owners of the Series A Bonds, as maintained by the Paying
5 Agent in accordance with Section 12 hereof.

6
7 (k) **"Bonds"** or **"Series A Bonds"** means the Palm Springs Unified School District
8 General Obligation Bonds, 2008 Election, Series A.

9
10 (l) **"Building Fund"** shall have the meaning set forth in Section 19 hereof.

11
12 (m) **"Business Day"** means a day which is not a Saturday or Sunday or a day on
13 which banking institution are authorized or required by law or executive order to be closed in
14 California and New York for commercial banking purposes and on which the Federal Reserve
15 system is not closed.

16
17 (n) **"Capital Appreciation Bonds"** means those Series A Bonds the interest
18 component of which is compounded semiannually on each Bond Payment Date to maturity as
19 shown in the table of Accreted Values for such Series A Bonds set forth in the Purchase
20 Agreement.

21
22 (o) **"Capital Appreciation Term Bonds"** means those Capital Appreciation Bonds
23 for which mandatory sinking fund redemption dates have been established in the Purchase
24 Agreement.

25
26 (p) **"Code"** means the Internal Revenue Code of 1986 as in effect on the date of
27 issuance of the Series A Bonds or (except as otherwise referenced herein) as it may be amended
28 to apply to obligations issued on the date of issuance of the Series A Bonds, together with

1 applicable proposed, temporary and final regulations promulgated, and applicable official public
2 guidance published, under the Code.

3
4 (q) **"County"** means the County of Riverside, a political subdivision of the State of
5 California organized and existing under the Constitution and laws of the State of California, and
6 any lawful successor thereto.

7
8 (r) **"Current Interest Bonds"** means the Series A Bond the interest on which is
9 payable on each Bond Payment Date specified for each such Series A Bond as designated and
10 maturing in the years and in the amounts set forth in the Purchase Agreement.

11
12 (s) **"Current Interest Term Bonds"** means those Current Interest Bonds for which
13 mandatory sinking fund redemption dates have been established in the Purchase Agreement.

14
15 (t) **"Date of Issuance"** means the delivery date with respect to the Current Interest
16 Bonds and the Capital Appreciation Bonds, or such other date(s) for the Series A Bonds as shall
17 be designated by the Purchase Agreement.

18
19 (u) **"Debt Service Fund"** shall have the meaning set forth in Section 19 hereof.

20
21 (v) **"Denominational Amount"** means, with respect to the Capital Appreciation
22 Bonds, the initial offering price thereof, which represents the principal amount thereof (exclusive
23 of any initial premium thereon), and, with respect to the Current Interest Bonds, the Principal
24 Amount thereof.

25
26 (w) **"Designated Officer(s)"** means the District's Superintendent, Assistant
27 Superintendent of Business Services, or other persons designated in writing by the District's
28 Superintendent as a Designated Officer of the District.

1
2 (x) **"District"** or **"School District"** means the Palm Springs Unified School District,
3 a public school district organized and operating under the Constitution and the laws of the State
4 of California, and any lawful successor thereto.

5
6 (y) **"District Board"** means the Board of Education of the District.

7
8 (z) **"DTC"** or **"Depository"** means The Depository Trust Company, New York, New
9 York, a limited purpose trust company organized under the laws of the State of New York in its
10 capacity as securities depository for the Bonds.

11
12 (aa) **"Expenditure Period"** means the "expenditure period" defined in Section
13 54A(d)(2)(B)(ii) of the Code and consists of the period beginning on the date of issuance of the
14 Series A Bonds and ending on the later of the date which is three years after the date of such
15 issuance or such later date, if any, as permitted by the Internal Revenue Service in response to a
16 request to extend the Expenditure Period.

17
18 (bb) **"Independent Accountant"** means any certified public accountant or firm of
19 certified public accountants appointed and paid by the JPA, and who, or each of whom (a) is in
20 fact independent and not under domination of the JPA; (b) does not have any substantial interest,
21 direct or indirect, in the JPA; and (c) is not connected with the JPA as an officer or employee of
22 the JPA but who may be regularly retained to make annual or other audits of the books of or
23 reports to the JPA.

24
25 (cc) **"Informational Services"** means Financial Information, Inc.'s "Daily Called
26 Bond Service," 1 Cragwood Road, 2nd Floor, Jersey City, New Jersey 07080, Attention: Editor;
27 Standard & Poor's Ratings Group "Called Bond Data," 55 Water Street, 45th Floor, New York,
28 New York, 10041; FIS/Mergent, 5250 77 Center Drive, Suite 150, Charlotte, North Carolina,

1 28217, Attention: Called Bond Department, and, in accordance with then current guidelines of
2 the Securities and Exchange Commission, such other addresses and/or such other services
3 providing information with respect to called bonds as the District may designate in a written
4 request of the District delivered to the Paying Agent.

5
6 (dd) **"JPA"** shall mean the California Qualified School Bond Joint Powers Authority,
7 or any other joint powers agency formed pursuant to the provisions of the California Government
8 Code Sections 6500, et seq.

9
10 (ee) **"JPA Bonds"** means one or more series of revenue bonds issued by the JPA
11 pursuant to the Marks-Roos Act which are secured by the payment of principal and interest on
12 the Series A Bonds.

13
14 (ff) **"Letter of Representations"** or **"Representation Letter"** shall have the
15 meaning set forth in Section 13 hereof.

16
17 (gg) **"Maturity Value"** means the Accreted Value of any Capital Appreciation Bond
18 on its maturity date.

19
20 (hh) **"Moody's"** means Moody's Investors Service, Inc., a corporation duly organized
21 and existing under the laws of the State of Delaware, and its successors and assigns, except that
22 if such entity shall be dissolved or liquidated or shall no longer perform the functions of a
23 securities rating agency, then the term "Moody's" shall be deemed to refer to any other
24 nationally recognized securities rating agency selected by the District.

25
26 (ii) **"Non-QSCB Bond(s)"** shall mean any Series A Bond which is not issued and
27 sold as a Qualified School Construction Bond, whether or not such bond is sold to a JPA. Non-
28 QSCB Bonds may, or may not, be Tax-Exempt Bonds.

1
2 (jj) **"Nominee"** means the nominee of the Depository, which may be the Depository,
3 as determined from time to time pursuant to Section 13 hereof.

4 (kk) **"Office of the Paying Agent"** means the principal corporate trust office of the
5 Paying Agent in Los Angeles, California, or such other office as may be specified to the District
6 by the Paying Agent in writing.

7
8 (ll) **"Official Statement"** shall have the meaning set forth in Section 22 hereof.

9
10 (mm) **"Outstanding"** means all Series A Bonds theretofore issued by the District,
11 except:

12 (1) Series A Bonds theretofore canceled by the District or surrendered to the
13 District for cancellation;

14
15 (2) Series A Bonds for the transfer or exchange of or in lieu of or in
16 substitution for which other Series A Bonds shall have been authenticated
17 and delivered pursuant to the terms hereof; and

18
19 (3) Series A Bonds paid and discharged pursuant to Section 16 or 17 hereof.

20
21 (nn) **"Owner"** or **"Bond Owner"** means the current registered holder of a Series A
22 Bond or Series A Bonds to whom payments of Principal and interest are made.

23
24 (oo) **"Participants"** means those broker-dealers, banks and other financial institutions
25 from time to time for which DTC holds book-entry certificates as securities depository.

26
27 (pp) **"Paying Agent"** means U.S. Bank National Association, or such other party as
28 selected by the Designated Officer of the District, or any successor thereto, acting as the

1 authenticating agent, bond registrar, transfer agent and paying agent.

2
3 (qq) **"Person"** means an individual, corporation, limited liability company, firm,
4 association, partnership, trust, or other legal entity or group of entities, including a governmental
5 entity or any agency or political subdivision thereof.
6

7 (rr) **"Principal"** or **"Principal Amount"** means, with respect to any Current Interest
8 Bond, the Principal amount thereof, and, with respect to any Capital Appreciation Bond, the
9 Denominational Amount.
10

11 (ss) **"Purchase Agreement(s)"** or **"Bond Purchase Agreement(s)"** shall have the
12 meaning set forth in Section 5 hereof.
13

14 (tt) **"Purchaser(s)"** means the initial purchaser(s) of the Series A Bonds, or any of
15 them, as identified in the corresponding Purchase Agreement.
16

17 (uu) **"QSCB Bond"** shall mean any Series A Bond issued, sold and designated as a
18 Qualified School Construction Bond under the provisions and requirements of the ARRA and the
19 Code and corresponding limitations and requirements, whether or not such QSCB Bond is sold
20 to the JPA.
21

22 (vv) **"Qualified Purposes"** means the construction, rehabilitation, or repair of a public
23 school facility or for the acquisition of land on which such a facility is to be constructed with part
24 of the Available Project Proceeds as described in Section 54F(a)(1) of the Code. Expenditures
25 for costs of acquisition of equipment to be used in such portion of the public school facility that
26 that is being constructed, rehabilitated, or repaired with proceeds of the Series A Bonds
27 constitute a Qualified Purpose.
28

1 (ww) **"Rebate Fund"** shall have the meaning set forth in Section 19 hereof.

2
3 (xx) **"Record Date"** means the close of business on the fifteenth day of the month
4 preceding each Bond Payment Date.

5
6 (yy) **"Redemption Notice"** shall have the meaning set forth in Section 8 hereof.

7
8 (zz) **"Resolution"** or **"Bond Resolution"** means this Resolution, including the
9 Exhibits hereto, as adopted by the County Board of Supervisors and as such may be amended
10 pursuant to Section 30.

11
12 (aaa) **"Securities Depositories"** means the following: The Depository Trust Company,
13 with Cede & Co. as its nominee, 55 Water Street, 25th Floor, New York, New York, 10041-
14 0099, Attn: Call Notification Department, Fax (212) 855-5004, and in accordance with then
15 current guidelines of the Securities and Exchange Commission, such other addresses and/or such
16 other securities depositories as the District may designate in a Written Request of the District
17 delivered to the Paying Agent.

18
19 (bbb) **"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-
20 Hill Companies, Inc., a corporation duly organized and existing under the law of the State of
21 New York, and its successors and assigns, except that if such entity shall be dissolved or
22 liquidated or shall no longer perform the functions of a securities rating agency, then the term
23 "S&P" shall be deemed to refer to any other nationally recognized securities rating agency
24 selected by the District.

25
26 (ccc) **"State"** means the State of California.

27
28 (ddd) **"Tax Certificate"** means the Tax Certificate executed by the District at the time

1 of issuance of the Series A Bonds relating to the requirements of Section 148 of the Code, as
2 originally executed and as it may be amended from time to time.

3
4 (eee) **"Taxable Bonds"** shall mean any Series A Bonds the interest on which is
5 includable in gross income for federal income tax purposes pursuant to the Internal Revenue
6 Code of 1986, as amended.

7
8 (fff) **"Tax-Exempt Bond(s)"** shall mean any issued and sold Series A Bond, which
9 has received and opinion of Bond Counsel to the effect that the interest paid on such Series A
10 Bond is exempt from income taxes under then-applicable federal tax law.

11
12 (ggg) **"Term Bonds"** means, if issued, collectively, the Current Interest Term Bonds
13 and the Capital Appreciation Term Bonds.

14
15 (hhh) **"Transfer Amount"** means, with respect to any Outstanding Current Interest
16 Bond, the aggregate principal amount thereof and, with respect to any Capital Appreciation
17 Bond, the Maturity Value thereof.

18
19 (iii) **"Treasurer"** or **"County Treasurer"** means the Treasurer-Tax Collector of the
20 County of Riverside, California, or any authorized deputy thereof.

21
22 (jjj) **"Written Request"** means a written request or directive of the District provided
23 by a Designated Officer.

24
25 Unless the context otherwise indicates, words expressed in the singular shall include the
26 plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience
27 only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.
28 Headings of sections herein and the table of contents hereof are solely for convenience of

1 reference, do not constitute a part hereof and shall not affect the meaning, construction or effect
2 hereof.

3
4 All references herein to "Sections" and other subdivisions are to the corresponding
5 Sections or subdivisions of this Resolution; the words "herein," "hereof," "hereby", "hereunder"
6 and other words of similar import refer to this Resolution as a whole and not to any particular
7 Section or subdivision hereof.

8
9 **SECTION 7. Terms of Bonds.** The Series A Bonds shall be issued in one series
10 (which may be made up of one or more sub-series) designated "**Palm Springs Unified School**
11 **District General Obligation Bonds, 2008 Election, Series A.**" The Series A Bonds shall
12 consist of Current Interest Bonds, and/or, if issued pursuant to the terms of the corresponding
13 Purchase Agreement(s) (as executed and delivered), Capital Appreciation Bonds.

14
15 The Series A Bonds shall be issued as fully registered bonds, without coupons, in the
16 denominations of, with respect to the Current Interest Bonds, Five Thousand Dollar (\$5,000)
17 Principal Amount, or any integral multiple thereof, and, with respect to the Capital Appreciation
18 Bonds, Five Thousand Dollar (\$5,000) Maturity Value, or any integral multiple thereof; provided
19 that one Capital Appreciation Bond may be issued in an odd Maturity Value.

20
21 The Current Interest Bonds shall be dated the Date of Issuance, and shall bear interest at
22 the rate or rates not to exceed the maximum legal interest and as specified in Section 5 hereof,
23 payable on each Bond Payment Date of each year commencing on the date specified in the
24 applicable Applicable Purchase Agreement, the actual interest rate or rates and the actual
25 maturity schedule to be fixed at the time of sale and set forth in the Applicable Purchase
26 Agreement as executed and delivered. Each Current Interest Bond shall bear interest from the
27 Interest Payment Date next preceding the date of authentication thereof unless it is authenticated
28 as of a day during the period from the 16th day of the month next preceding any Interest

1 Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from
2 such Interest Payment Date, or unless it is authenticated on or before the first Record Date in
3 which event it shall bear interest from the Date of Issuance, computed using a year of 360 days,
4 comprised of twelve 30-day months; provided, however, that if at the time of authentication of
5 any Current Interest Bond, interest is then in default on outstanding Current Interest Bonds, such
6 Current Interest Bond shall bear interest from the Interest Payment Date to which interest has
7 previously been paid or made available for payment thereon. The foregoing terms shall be
8 subject to the terms of the Applicable Purchase Agreement as executed and delivered.
9

10 The Capital Appreciation Bonds, if issued, shall be dated as of their delivery date and
11 shall accrete interest from the Date of Issuance of the Capital Appreciation Bonds to their
12 maturity at a rate or rates such that the interest rate(s) on the Series A Bonds shall not exceed the
13 maximum legal rate of interest as specified in Section 5 hereof. Capital Appreciation Bonds will
14 not bear interest on a current basis. The Capital Appreciation Bonds shall be issued in any
15 denominations of their Principal Amounts but shall reflect denominations of \$5,000 Maturity
16 Value or any integral multiple thereof; provided that one Capital Appreciation Bond may be
17 issued in an odd Maturity Value. The Capital Appreciation Bonds shall mature on the Bond
18 Payment Date(s) of the years designated in the Applicable Purchase Agreement, or as may
19 otherwise be specified in the Applicable Purchase Agreement provided, that in the event that the
20 amount shown in such Accreted Value Table and the Accreted Value calculated by the District
21 and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set
22 forth in Section 6 differ, the latter amount shall be the Accreted Value of such Capital
23 Appreciation Bond. Interest on each Capital Appreciation Bond shall be compounded
24 semiannually on each Bond Payment Date, or as may be provided for in the Applicable Purchase
25 Agreement, of each year until maturity, commencing on the date of issuance thereof, computed
26 using a year of 360 days, comprised of twelve 30-day months, and shall be payable only at
27 maturity at their Maturity Value or on their redemption date if redeemed prior to their respective
28 stated maturity date(s).

1
2 The Series A Bonds will be sold as provided in Sections 4 and 5 hereof. Notwithstanding
3 anything herein to the contrary, the terms of the Series A Bonds, as set forth in this Resolution,
4 may be modified prior to delivery in accordance with the provisions of the Applicable Purchase
5 Agreement, as finally approved and executed. The Series A Bond maturities may be adjusted by
6 the Treasurer and the Designated Officer, in consultation with the District's Financial Advisor
7 and District Bond Counsel, as appropriate to provide funds to finance school facilities as set forth
8 in the Authorization and pay for the costs of issuance of the Series A Bonds, provided that the
9 total par amount of the Series A Bonds shall not exceed \$25,000,000 and the covenants set out in
10 the District Resolution are complied with. In the event of a conflict or inconsistency between
11 this Resolution and the applicable Purchase Agreement relating to the terms of the Series A
12 Bonds, the provisions of the applicable Purchase Agreement shall be controlling.
13

14 **SECTION 8. Redemption Provisions.**
15

16 (a) Optional Redemption. The Series A Bonds shall be subject to optional
17 redemption prior to maturity upon the terms and conditions set forth in the Purchase Agreement
18 as executed and delivered.
19

20 (b) Extraordinary Mandatory Redemption. In the event and to the extent that the
21 District fails to expend all of the funds held in the Building Fund within the Expenditure Period,
22 the Series A Bonds shall be subject to extraordinary mandatory redemption on the date on which
23 the JPA Bonds are subject to extraordinary mandatory redemption under terms of the JPA Bond
24 Indenture (being a date which is not more than 90 days following the expiration of the
25 Expenditure Period.
26

27 If funds remain on deposit in the Building Fund at the expiration of the Expenditure
28 Period, the District shall promptly engage the services of an Independent Account to determine

1 the applicable value of the Series A Bonds to be redeemed under this sub-section (b). The
2 Independent Accountant shall calculate the amount of the Series A Bonds which may be
3 redeemed without causing an insufficiency of revenues to pay the Series A Bonds. Upon such
4 determination, the JPA Financial Advisor shall file a written notice of such determination and all
5 supporting calculations and documentation to be filed with the District and the JPA Bond
6 Trustee. The principal amount of the Series A Bonds to be redeemed under this sub-section (b)
7 shall be the amount identified in such notice.
8

9 The redemption price of any Series A Bonds under this sub-section (b) shall be payable
10 solely from a portion of the amounts held by the Treasurer in the Building Fund at the expiration
11 of the Expenditure Period and shall be paid to the JPA Bond Trustee for the corresponding
12 redemption of JPA Bonds under the applicable terms of the JPA Bond Indenture. The Series A
13 Bonds to be redeemed under this subsection (b) shall be selected for redemption among each
14 remaining maturity on a pro rata basis. For purposes of such selection, each Series A Capital
15 Appreciation Bond shall be deemed to consist of individual bonds of \$5,000 Maturity Value
16 each, which may be separately redeemed.
17

18 (c) Mandatory Sinking Fund Redemption of Current Interest Term Bonds. The
19 Current Interest Term Bonds, if any, are subject to mandatory sinking fund redemption prior to
20 their maturity, by lot, without premium, on each August 1, in the years and in the amounts as set
21 forth in the applicable Purchase Agreement. In the event that there are no Current Interest Term
22 Bonds specified in the applicable Purchase Agreement, this subsection shall not apply.
23

24 (d) Mandatory Sinking Fund Redemption of Capital Appreciation Term Bonds. The
25 Capital Appreciation Term Bonds are subject to mandatory sinking fund redemption prior to
26 their maturity date from monies in the Debt Service Fund established in Section 19 hereof, by
27 lot, without premium, on each August 1 (or other date specified in the applicable Purchase
28 Agreement), in the years and in the amounts as set forth in the applicable Purchase Agreement

1 and in the Official Statement described below. In the event that there are no Capital
2 Appreciation Term Bonds specified in the Purchase Agreement, this subsection shall not apply.

3
4 (e) Selection of Bonds for Redemption. Subject to the provisions of sub-section (b),
5 above, whenever less than all of the outstanding Series A Bonds are to be redeemed, the Paying
6 Agent, upon written direction from the District shall select the Series A Bonds to be redeemed as
7 so directed by the District, and if not so directed in inverse order of maturity, and within a
8 maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be
9 in such manner as the Paying Agent shall determine; provided, however, that the portion of any
10 Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any
11 integral multiple thereof, and the portion of any Capital Appreciation Bonds to be redeemed in
12 part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value of such
13 Capital Appreciation Bond. The Paying Agent shall promptly notify the District of the Series A
14 Bonds so selected for redemption on such date.

15
16 (f) Form of Notice of Redemption. The Paying Agent shall give notice of each
17 designated redemption ("Redemption Notice") of the Series A Bonds at the expense of the
18 District. Such Redemption Notice shall specify: (a) that the Series A Bonds or a designated
19 portion thereof are to be redeemed; (b) if less than all of the then outstanding Bonds are to be
20 called for redemption, shall designate the numbers (or state that all Series A Bonds between two
21 stated numbers both inclusive have been called for redemption) and CUSIP® numbers, if any, of
22 the Series A Bonds to be redeemed; (c) the date of notice and the date of redemption; (d) the
23 place or places where the redemption will be made; and (e) descriptive information regarding the
24 Series A Bonds and the specific Series A Bonds to be redeemed, including the dated date,
25 interest rate and stated maturity date of each. Such Redemption Notice shall further state that on
26 the specified date there shall become due and payable upon each Series A Bond to be redeemed,
27 the portion of the principal amount of such Series A Bond to be redeemed, together with interest
28 accrued or accreted, as applicable, to the date of redemption, and redemption premium, if any,

1 and that from and after such date interest with respect thereto shall cease to accrue or accrete, as
2 applicable.

3
4 (g) Provision of Notice of Redemption. Any Redemption Notice shall be mailed, first
5 class postage, to the registered owners of the Series A Bonds, to a Securities Depository and to a
6 national Information Service, and by first class mail, postage prepaid, to the District and County
7 and the respective Owners of any registered Series A Bonds designated for redemption at their
8 addresses appearing on the Bond registration books, in every case at least thirty (30) days, but
9 not more than forty-five (45) days, prior to the designated redemption date; provided that neither
10 failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of
11 the proceedings for the redemption of such Series A Bonds nor entitle the Owner thereof to
12 interest beyond the date given for redemption. A certificate provided by the Paying Agent that
13 notice of such redemption has been given as herein provided shall be conclusive as against all
14 parties, and it shall not be open to a Bond Owner to show that he or she failed to receive notice
15 of such redemption. In case of the redemption as permitted herein of all the Outstanding Bonds
16 of any one maturity, notice of redemption shall be given by mailing as herein provided, except
17 that the notice of redemption need not specify the serial numbers of the Series A Bonds of such
18 maturity.

19
20 Neither failure to receive or failure to send, to the Securities Depositories or
21 Informational Services, any Redemption Notice nor any defect in any such Redemption Notice
22 so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.
23 Neither the failure to receive such notice nor any defect in any notice so mailed shall affect the
24 sufficiency of the proceedings for the redemption of such Series A Bonds or the cessation of
25 accrual or accretion of interest, as applicable, represented thereby from and after the redemption
26 date.

27
28 (h) Contingent Redemption; Rescission of Redemption. Any Redemption Notice

1 may specify that redemption of the Series A Bonds designated for redemption on the specified
2 date will be subject to the receipt by the District of monies sufficient to cause such redemption
3 (and will specify the proposed source of such monies), and neither the District or the County will
4 have any liability to the Owners of any Series A Bonds, or any other party, as a result of the
5 District's failure to redeem the Series A Bonds designated for redemption as a result of
6 insufficient monies therefor.

7
8 Additionally, the District may rescind any optional redemption of the Series A Bonds,
9 and notice thereof, for any reason on any date prior to the date fixed for such redemption by
10 causing written notice of the rescission to be given to the Owners of the Series A Bonds so called
11 for redemption. Notice of rescission of redemption shall be given in the same manner in which
12 notice of redemption was originally given. The actual receipt by the Owner of any Series A
13 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to
14 receive such notice or any defect in such notice shall not affect the validity of the rescission.
15 Neither the District nor the County will have any liability to the Owners of any Series A Bonds,
16 or any other party, as a result of the District's decision to rescind a redemption of any Series A
17 Bonds pursuant to the provisions of this subsection.

18
19 (i) Payment of Redeemed Series A Bonds. When a Redemption Notice has been
20 given substantially as provided for herein, and, when the amount necessary for the redemption of
21 the Series A Bonds called for redemption (Principal and premium, if any) is set aside for that
22 purpose in the Debt Service Fund, as provided herein, the Series A Bonds designated for
23 redemption shall become due and payable on the date fixed for redemption thereof and upon
24 presentation and surrender of said Series A Bonds at the place specified in the Redemption
25 Notice, said Series A Bonds shall be redeemed and paid at the redemption price out of the Debt
26 Service Fund.

27
28 Each check issued or other transfer of funds made by the Paying Agent for the purpose of

1 redeeming Series A Bonds shall bear or include the CUSIP® number identifying, by issue and
2 maturity, the Series A Bonds being redeemed with the proceeds of such check or other transfer.
3

4 If on such redemption date, money for the redemption of all the Series A Bonds to be
5 redeemed as provided in this Section, together with interest to such redemption date, shall be
6 available therefor, and if notice of redemption thereof shall have been given as aforesaid, then
7 from and after such redemption date, interest with respect to the Series A Bonds to be redeemed
8 shall cease to accrue. All money held for the redemption of Series A Bonds shall be held in trust
9 for the account of the registered Owners of the Series A Bonds so to be redeemed. All unpaid
10 interest payable at or prior to the designated redemption date shall continue to be payable to the
11 respective Owners, but without interest thereon.
12

13 (j) Partial Redemption of Series A Bonds. Upon the surrender of any Series A Bond
14 redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new
15 Series A Bond or Series A Bonds of like tenor and maturity and of authorized denominations
16 equal in Transfer Amounts to the unredeemed portion of the Series A Bond surrendered. Such
17 partial redemption shall be valid upon payment of the amount required to be paid to such Owner,
18 and the District shall be released and discharged thereupon from all liability to the extent of such
19 payment.
20

21 (k) Effect of Notice of Redemption. Notice having been given as aforesaid, and the
22 moneys for the redemption (including the interest to the applicable date of redemption) having
23 been set aside in the District's Debt Service Fund, the Series A Bonds to be redeemed shall
24 become due and payable on such date of redemption.
25

26 If on such redemption date, money for the redemption of all the Series A Bonds to be
27 redeemed as provided in this Section 8, together with interest to such redemption date, shall be
28 held by the Paying Agent so as to be available therefor on such redemption date, and if notice of

1 redemption thereof shall have been given as aforesaid, then from and after such redemption date,
2 interest with respect to the Series A Bonds to be redeemed shall cease to accrue and become
3 payable. All money held by or on behalf of the Paying Agent for the redemption of Series A
4 Bonds shall be held in trust for the account of the Owners of the Series A Bonds so to be
5 redeemed.

6
7 All Series A Bonds paid at maturity or redeemed prior to maturity pursuant to the
8 provisions of this Section 8 shall be canceled upon surrender thereof. All or any portion of a
9 Series A Bond purchased by the County or the District shall be canceled and destroyed by the
10 Paying Agent and the Paying Agent shall provide a written certification of such cancellation and
11 destruction to the District.

12
13 (l) Purchase in lieu of Redemption. In lieu of, or partially in lieu of, any mandatory
14 sinking fund redemption of Series A Bonds pursuant to the terms hereof, monies in the Debt
15 Service Fund may be used to purchase the Outstanding Series A Bonds that were to be redeemed
16 with such funds in the manner hereinafter provided. Purchases of Outstanding Series A Bonds
17 may be made by the District or the Treasurer through the Paying Agent prior to the selection of
18 Series A Bonds for redemption at public or private sale as and when and at such prices as the
19 District may in its discretion determine but only at prices (including brokerage or other expenses)
20 not more than par plus accrued interest. Any accrued interest payable upon the purchase of
21 Series A Bonds may be paid from the Debt Service Fund for payment of interest on the next
22 following Interest Payment Date. Any Series A Bond purchased in lieu of redemption shall be
23 transmitted to the Paying Agent and shall be canceled by the Paying Agent upon surrender
24 thereof, as provided for in Section 8(m) below and shall not be re-issued or resold.

25
26 (m) Cancellation of Redeemed Bonds. All Series A Bonds paid at maturity or
27 redeemed prior to maturity pursuant to the provisions of this Section and Section 18 shall be
28 canceled upon surrender thereof and be delivered to or upon the order of the County and the

1 District. All or any portion of a Series A Bond purchased by the Treasurer or the District
2 pursuant to subsection (i) above shall be canceled by the Paying Agent and the Paying Agent
3 shall provide a written certification of such cancellation and destruction to the District.
4

5 (n) Bonds No Longer Outstanding. When any Series A Bonds (or portions thereof),
6 which have been duly called for redemption prior to maturity under the provisions of this
7 Resolution, or with respect to which irrevocable instructions to call for redemption prior to
8 maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory
9 to it, and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the
10 payment of the redemption price of such Series A Bonds or portions thereof, and, in the case of
11 Series A Bonds, accrued interest with respect thereto to the date fixed for redemption, all as
12 provided in this Resolution, then such Series A Bonds shall no longer be deemed outstanding and
13 shall be surrendered to the Paying Agent for cancellation.
14

15 **SECTION 9. Form of Bonds; Temporary Bonds; CUSIP® Numbers.** The Series
16 A Bonds shall be substantially in conformity with the standard form of registered school district
17 bonds, copies of which are attached hereto as Exhibits "B" (as to the Current Interest Bonds) and
18 "C" (as to the Capital Appreciation Bonds) and incorporated herein by this reference as if set
19 forth in full, with necessary or appropriate variations, omissions and insertions as may be
20 permitted or required by this Resolution and to conform with the requirements of the Purchase
21 Agreement.
22

23 The Series A Bonds may be initially issued in temporary form exchangeable for
24 definitive Series A Bonds when ready for delivery. The temporary Series A Bonds may be
25 printed, lithographed or typewritten, shall be of such denominations as may be determined by the
26 Treasurer and the District, and may contain such reference to any of the provisions of this
27 Resolution as may be appropriate. Every temporary Series A Bond shall be executed by the
28 County upon the same conditions and in substantially the same manner as the definitive Series A

1 Bonds. If the County issues temporary Series A Bonds it will execute and furnish definitive
2 Series A Bonds without delay, and thereupon the temporary Series A Bonds may be surrendered,
3 for cancellation, in exchange therefor at the principal office of the Paying Agent and the Paying
4 Agent shall deliver in exchange for such temporary Series A Bonds an equal aggregate Principal
5 amount of definitive Series A Bonds of authorized denominations. Until so exchanged, the
6 temporary Series A Bonds shall be entitled to the same benefits pursuant to this Resolution as
7 definitive Series A Bonds executed and delivered hereunder.
8

9 The the extent required under the terms of purchase for the Series A Bonds, or any of
10 them, "CUSIP®" identification numbers may be imprinted on the Series A Bonds, but such
11 numbers shall not constitute a part of the contract evidenced by the Series A Bonds and any error
12 or omission with respect thereto shall not constitute cause for refusal of the Purchaser to accept
13 delivery of and pay for the Series A Bonds. In addition, failure on the part of the District to use
14 such CUSIP® numbers in any notice to Owners of the Series A Bonds shall not constitute an
15 event of default or any violation of the District's contract with such Owners and shall not impair
16 the effectiveness of any such notice.
17

18 **SECTION 10. Execution of Bonds.** The Series A Bonds shall be executed by the
19 manual or facsimile signature of the Chairperson of the Board of Supervisors, attested by the
20 manual or facsimile signature of the Treasurer, and countersigned by the manual or facsimile
21 signature of the Clerk of the Board of Supervisors or any designated deputy. The facsimile
22 signatures of the Chairperson, the Treasurer and the Clerk of the Board of Supervisors may be
23 printed, lithographed, engraved, or otherwise mechanically reproduced. The provisions of
24 Education Code Sections 15181 and 15182 shall apply to such execution of the Series A Bonds.
25

26 No Series A Bond shall be valid or obligatory for any purpose or shall be entitled to any
27 security or benefit under this Resolution unless and until the certificate of authentication printed
28 on the Series A Bond is signed by the Paying Agent as authenticating agent for the Series A

1 Bonds. Authentication by the Paying Agent shall be conclusive evidence that the Series A Bond
2 so authenticated has been duly issued, signed and delivered under this Resolution and is entitled
3 to the security and benefit of this Resolution.
4

5 **SECTION 11. Delivery of Bonds.** The proper officials of the County shall cause the
6 proper officials of the District to cause the Series A Bonds to be prepared and, following their
7 sale, shall have the Series A Bonds executed and delivered to the Purchaser upon payment of the
8 purchase price in immediately available funds.
9

10 **SECTION 12. Bond Registration; Transfers.** To the extent required under the
11 terms of purchase for the Series A Bonds, or any of them, and as hereinafter provided, the Series
12 A Bonds may be delivered in a form and with such terms as will permit them to be in book-entry
13 only form, deposited with DTC. If the book-entry only system is no longer in effect, the District
14 will cause the Paying Agent to maintain and keep at its principal corporate trust office all books
15 and records necessary for the registration, exchange and transfer of certificated Series A Bonds
16 as provided in this Section ("Bond Register"). While the book-entry only system is in effect,
17 such books need not be kept, as the Series A Bonds will be represented by one Series A Bond for
18 each maturity registered in the name of Cede & Co., as nominee for DTC.
19

20 The person in whose name a Series A Bond is registered on the Bond Register shall be
21 regarded as the absolute Owner of that Series A Bond for all purposes of this Resolution.
22 Payment of or on account of the principal of and interest on any Series A Bond shall be made
23 only to or upon the order of the Owner thereof; neither the District, the County nor the Paying
24 Agent shall be affected by any notice to the contrary, but the registration may be changed as
25 provided in this Section. All such payments shall be valid and effectual to satisfy and discharge
26 the District's liability upon the Series A Bonds, including interest, to the extent of the amount or
27 amounts so paid.
28

1 Any Series A Bond may be exchanged for Series A Bonds of the same series, form
2 and/or sub-series of any other authorized denomination upon presentation and surrender at the
3 principal corporate trust office of the Paying Agent, together with a request for exchange signed
4 by the Owner or by a person legally empowered to do so in a form satisfactory to the Bond
5 Registrar. Any Series A Bond may, in accordance with its terms (but only if the District
6 determines no longer to maintain the book-entry only status of the Series A Bonds, DTC
7 determines to discontinue providing such services and no successor securities depository is
8 named or DTC requests the District to deliver certificated securities to particular DTC
9 Participants) be transferred, upon the books required to be kept pursuant to the provisions of this
10 Section, by the Owner, in person or by his duly authorized attorney, upon surrender of such
11 Series A Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a
12 written instrument of transfer in a form approved by the Paying Agent, duly executed.

13
14 If manual signatures on behalf of the County are required in connection with an exchange
15 or transfer, the Paying Agent shall undertake the exchange or transfer of Series A Bonds only
16 after the new Series A Bonds are signed by the authorized officers of the County. In all cases of
17 exchanged or transferred Series A Bonds, the County shall sign and the Paying Agent shall
18 authenticate and deliver Series A Bonds in accordance with the provisions of this Resolution.
19 All fees and costs of transfer shall be paid by the requesting party. Those charges may be
20 required to be paid before the procedure is begun for the exchange or transfer. All Series A
21 Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing
22 the same debt, and entitled to the same security and benefit under this Resolution as the Series A
23 Bonds surrendered upon that exchange or transfer.

24
25 Any Series A Bond surrendered to the Paying Agent for payment, retirement, exchange,
26 replacement or transfer shall be canceled by the Paying Agent. The District and the County may
27 at any time deliver to the Paying Agent for cancellation any previously authenticated and
28 delivered Series A Bonds that the District and the County may have acquired in any manner

1 whatsoever, and those Series A Bonds shall be promptly canceled by the Paying Agent. Written
2 reports of the surrender and cancellation of Series A Bonds shall be made to the District and the
3 County by the Paying Agent and updated annually. The canceled Series A Bonds shall be
4 destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the
5 District.

6
7 Neither the District, the County nor the Paying Agent will be required to: (a) issue or
8 transfer any Series A Bonds during a period beginning with the opening of business on the 15th
9 business day next preceding either any Interest Payment Date or any date of selection of Series A
10 Bonds to be redeemed and ending with the close of business on the Interest Payment Date or day
11 on which the applicable notice of redemption is given, or (b) transfer any Series A Bonds which
12 have been selected or called for redemption in whole or in part.

13
14 **SECTION 13. Book-Entry System.** To the extent required under the applicable
15 Purchase Agreement(s) and except as provided below, the owner of all of the Bonds shall be The
16 Depository Trust Company, New York, New York ("DTC" or "Depository"), and the Bonds may
17 be registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be initially
18 executed and delivered in the form of a single, fully registered Bond for each maturity (which
19 may be typewritten). Upon initial execution and delivery, as provided for herein, the ownership
20 of such Bond shall be registered in the Bond Register in the name of the Nominee identified
21 below as nominee of The Depository Trust Company, New York, New York, and its successors
22 and assigns. Except as hereinafter provided, all of the Outstanding Bonds shall be registered in
23 the Bond Register in the name of the nominee of the Depository, which may be the Depository,
24 as determined from time to time pursuant to this Section ("Nominee"). With respect to the
25 Bonds registered in the Bond Register in the name of the Nominee, neither the District nor the
26 Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other
27 financial institutions from time to time for which the Depository holds Bonds as securities
28 depository ("Participant") or to any person on behalf of which such a Participant holds an

1 interest in the Bonds. Without limiting the immediately preceding sentence, neither the District
2 nor the Paying Agent shall have any responsibility or obligation (unless the District is at such
3 time the Depository) with respect to (i) the accuracy of the records of the Depository, the
4 Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery
5 to any Participant or any other person, other than an Owner of a Bond as shown in the Bond
6 Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the
7 selection by the Depository and its Participants of the beneficial interests in the Bonds to be
8 redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any
9 Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of
10 any amount with respect to principal of or interest on the Bonds. The District and the Paying
11 Agent may treat and consider the person in whose name each Bond is registered in the Bond
12 Register as the holder and absolute Owner of such Bond for the purpose of payment of principal
13 and interest with respect to such Bond, for the purpose of giving notices of redemption, if
14 applicable, and other matters with respect to such Bond, for the purpose of registering transfers
15 with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay
16 all principal of and interest on the Bonds only to or upon the order of the respective Owner of the
17 Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and
18 all such payments shall be valid and effective to fully satisfy and discharge the District's
19 obligations with respect to payment of principal of and interest on the Bonds to the extent of the
20 sum or sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register,
21 shall receive a Bond evidencing the obligation of the District to make payments of principal and
22 interest. Upon delivery by the Depository to the Owners of the Bonds and the District of written
23 notice to the effect that the Depository has determined to substitute a new nominee in place of
24 the Nominee, and subject to the provisions herein with respect to Record Dates, the word
25 Nominee in this Resolution shall refer to such nominee of the Depository.

26
27 In order to qualify the Bonds for the Depository's book-entry system, the District is
28 executing and delivering to the Depository a Representation Letter. The execution and delivery

1 of the Representation Letter shall not in any other way limit the provisions of this Section or in
2 any other way impose upon the District any obligation whatsoever with respect to persons having
3 interests in the Bonds other than the owners of the Bonds, as shown on the Bond Register. In
4 addition to the execution and delivery of the Representation Letter, the District shall take such
5 other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify the
6 Bonds for the Depository's book-entry program.

7
8 In the event: (i) the Depository determines not to continue to act as securities depository
9 for the Bonds; or (ii) the Depository shall no longer so act and gives notice to the District of such
10 determination, then the District will discontinue the book-entry system with the Depository. If
11 the District determines to replace the Depository with another qualified securities depository, the
12 District shall prepare or direct the preparation of a new single, separate, fully registered Bond,
13 per maturity, registered in the name of such successor or substitute qualified securities depository
14 or its nominee. If the District fails to identify another qualified securities depository to replace
15 the Depository, then the Bonds shall no longer be restricted to being registered in the Bond
16 Register in the name of the Nominee, but shall be registered in whatever name or names owners
17 of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of
18 this Resolution, and the District shall prepare and deliver Bonds to the owners thereof for such
19 purpose.

20
21 In the event of a reduction in aggregate principal amount of Bonds Outstanding or an
22 advance refunding of part of the Bonds Outstanding, DTC in its discretion, (a) may request the
23 District to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond
24 indicating the date and amounts of such reduction in principal, but in such event the District
25 records maintained by the Paying Agent shall be conclusive as to what amounts are Outstanding
26 on the Bond, except in the case of final maturity in which case the Bond must be presented to the
27 Paying Agent prior to payment.

1 Notwithstanding any other provisions of this Resolution to the contrary, so long as any
2 Bond is registered in the name of the Nominee, all payments with respect to Principal of, and
3 interest on such Bond and all notices with respect to such Bond shall be made and given,
4 respectively, as provided in the Representation Letter or as otherwise instructed by the
5 Depository and acceptable to the District. The initial Depository under this Section shall be
6 DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

7
8 **SECTION 14. Paying Agent.**
9

10 (a) At the request and direction of the District, U.S. Bank National Association is
11 hereby confirmed as the initial authenticating agent, bond registrar, transfer agent and paying
12 agent (collectively, "Paying Agent") for the Series A Bonds. All fees and expenses incurred for
13 services of the Paying Agent shall be the sole responsibility of the District, subject to the terms
14 hereof. The Paying Agent may also function as the dissemination agent and if so acting, shall
15 perform all duties and obligations as set forth in the Continuing Disclosure Certificate, as
16 described in Section 22 hereof.
17

18 (b) The Paying Agent may at any time resign and be discharged of the duties and
19 obligations created by this Resolution by giving at least 60 days' written notice to the District.
20 The Paying Agent may be removed at any time by an instrument filed with such Paying Agent
21 and signed by the District. A successor Paying Agent shall be appointed by the District and shall
22 be a bank or trust company organized under the laws of the state of California, of any state or the
23 United States, a national banking association or any other financial institution, having capital
24 stock and surplus aggregating to at least \$50,000,000, and willing and able to accept the office
25 on reasonable and customary terms and authorized by law to perform all the duties imposed upon
26 it by this Resolution. Such Paying Agent shall signify the acceptance of its duties and
27 obligations hereunder by executing and delivering to the District and the County a written
28 acceptance thereof. Resignation or removal of the Paying Agent shall be effective only upon

1 appointment and acceptance of a successor Paying Agent.

2
3 (c) In the event of the resignation or removal of the Paying Agent, such Paying Agent
4 shall pay over, assign and deliver any monies held by it as Paying Agent to its successor, or, if
5 there is no successor, to the Treasurer. In the event that for any reason there shall be a vacancy
6 in the office of the Paying Agent, the Treasurer shall act as such Paying Agent. The District
7 shall promptly cause to be mailed, at its expense, the name and principal corporate trust office
8 address of the Paying Agent appointed to replace any resigned or removed Paying Agent to the
9 Informational Services and to DTC.

10
11 (d) Any company or association into which the Paying Agent may be merged or
12 converted or with which it may be consolidated or any company resulting from any merger,
13 conversion or consolidation to which it shall be a party or any company or association to which
14 the Paying Agent may sell or transfer all or substantially all of its corporate trust business,
15 provided that such company or association shall be eligible under Section 13(b), shall be the
16 successor to the Paying Agent and vested with all of the title to the trust estate and all of the
17 trust, powers, discretions, immunities, privileges and all other matters as was its predecessor,
18 without the execution or filing of any paper or further act, anything herein to the contrary
19 notwithstanding. All costs associated with the Paying Agent's merger or consolidation with
20 another bank or trust company shall be paid by the successor Paying Agent. No expense
21 resulting from such merger or consolidation shall be billed to the District or the County.

22
23 (e) To the extent permitted by law, the Paying Agent may become the Owner of any
24 of the Series A Bonds.

25
26 (f) The District shall be responsible to pay all fees, costs and expenses of the Paying
27 Agent, subject to the provisions of Section 15 hereof.
28

1 (g) All documents received by the Paying Agent under the provisions of the
2 Resolution shall be retained in its possession at the Office of the Paying Agent and shall be
3 subject during business hours and upon reasonable notice to the inspection of the County, the
4 District or the Owners and their agents and representatives duly authorized in writing.

5
6 **SECTION 15. Security for the Series A Bonds.** Pursuant to the California
7 Constitution, the Authorization and California law, there shall be levied by the County, pursuant
8 to Education Code Sections 15260 et seq., on all the taxable property in the District located
9 within the County (as allocated among the County and Imperial County pursuant to State law), in
10 addition to all other taxes, a *continuing direct ad valorem* tax annually during the period the
11 Series A Bonds are Outstanding, commencing in Fiscal Year 2010-2011, in an amount sufficient
12 to pay the Principal and Accreted Value of, and interest on, the Series A Bonds when due, which
13 monies when collected will be placed in the Debt Service Fund. The Debt Service Fund is
14 irrevocably pledged for the payment of the Principal and Accreted Value of, and interest on, the
15 Series A Bonds when and as the same fall due along with administrative costs and expenses for
16 the Series A Bonds including fees and expenses of the Paying Agent.

17
18 The monies in the Debt Service Fund, to the extent necessary to pay the Principal and
19 Accreted Value of, and interest on, the Series A Bonds as the same become *due and payable*,
20 shall be transferred by the Treasurer, or his or her designee or deputy, to the Paying Agent who
21 in turn, shall pay such monies to DTC, or the Registered Owner(s), as applicable to pay the
22 Principal and Accreted Value of, and interest on, the Series A Bonds when due. For Series A
23 bonds held as Book-entry bonds, DTC will thereupon make payments of Principal and Accreted
24 Value of, and interest on, the Series A Bonds to the DTC Participants who will thereupon make
25 payments of principal and Accreted Value and interest to the beneficial owners of the Series A
26 Bonds. Any monies remaining in the Debt Service Fund after the Series A Bonds and the interest
27 thereon have been paid, or provision for such payment has been made, shall be transferred to the
28 General Fund of the District pursuant to the Education Code Section 15235 or any successor

1 section thereto.

2
3 **SECTION 16. Payment of Principal and Interest.** The Principal and Accreted
4 Value of and interest on the Series A Bonds shall be payable in lawful money of the United
5 States of America without deduction for the services of the Paying Agent. Interest on Current
6 Interest Bonds shall be paid on each Bond Payment Date by check mailed by first class mail to
7 the person in whose name the Series A Bond is registered, and to that person's address appearing
8 on the Bond Register (as described in Section 11 above) on the Record Date. The Owner of an
9 aggregate Principal Amount of Current Interest Bonds of \$1,000,000 or more may request, in
10 writing, prior to the close of business on the fifteenth (15th) day of the month preceding each
11 Interest Payment Date, to the Paying Agent that such Owner be paid interest by wire transfer to
12 the bank and account number on file with the Paying Agent as of the Record Date.

13
14 Payments of principal and redemption premiums, if any, with respect to the Current
15 Interest Bonds, and the payments of Maturity Value and redemption premiums, if any, with
16 respect to Capital Appreciation Bonds, shall be payable at maturity or redemption upon surrender
17 at the office of the Paying Agent in Los Angeles, California, or such other location as the Paying
18 Agent shall designate to the County and the District in writing. In the event the Paying Agent
19 shall provide written notice of a change in the location for payment of Principal, redemption
20 premiums and Maturity Value on the Series A Bonds, the Paying Agent shall thereafter provide
21 notice of such change to the Informational Services and Securities Depositories of such change.
22 The Paying Agent is hereby authorized to pay the Series A Bonds when duly presented for
23 payment at maturity, and to cancel all Series A Bonds upon payment thereof.

24
25 In the event any payment is required to be made hereunder on a day which is not a
26 Business Day, such payment shall be made on the next succeeding Business Day with the same
27 effect as if made on such non-Business Day.
28

1 The Series A Bonds are the general obligations of the District secured by ad valorem
2 taxes levied and collected pursuant to the Authorization, the California Constitution and State
3 law and do not constitute an obligation of the County except to provide for the levy and
4 collection of the ad valorem taxes and payment of funds to the Paying Agent as set forth in
5 Section 18 hereof. No part of any fund of the County is pledged or obligated to the payment of
6 the Series A Bonds. The Series A Bonds do not constitute an obligation of Imperial County
7 except to provide for the levy and collection of the ad valorem taxes as set forth in Section 14
8 hereof.

9
10 **SECTION 17. Defeasance.** The Series A Bonds may be defeased prior to maturity in
11 the following ways:

12
13 (a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an
14 amount of cash which, together with amounts then on deposit in the Debt Service
15 Fund, is sufficient to pay all Series A Bonds Outstanding, including all principal
16 and interest and premium, if any; or

17
18 (b) Defeasance Obligations: By irrevocably depositing with a bank or trust company,
19 in escrow, noncallable Defeasance Obligations, permitted under Section 149(d) of
20 the Code thereto together with cash, if required, in such amount as will, in the
21 opinion of an independent certified public accountant, together with interest to
22 accrue thereon and monies then on deposit in the Debt Service Fund, together with
23 the interest to accrue thereon, be fully sufficient to pay and discharge all Series A
24 Bonds (including all principal and interest represented thereby and redemption
25 premiums, if any) at or before their maturity date;

26
27 *then*, notwithstanding that any Series A Bonds shall not have been surrendered for payments, all
28 obligations of the District and the County with respect to all Outstanding Series A Bonds shall

1 cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid
2 from funds deposited pursuant to paragraphs (a) or (b) of this Section 17, to the Owners of the
3 Series A Bonds not so surrendered and paid all sums due with respect thereto.

4
5 For purposes of this Section 17, "Defeasance Obligations" shall mean:

6
7 Direct and general obligations of the United States of America, or obligations that are
8 unconditionally guaranteed as to principal and interest by the United States of America,
9 including (in the case of direct and general obligations of the United States of America) evidence
10 of direct ownership or proportionate interests in future interest or principal payments of such
11 obligations. Investments in such proportionate interests must be limited to circumstances
12 wherein (a) a bank or trust company acts as custodian and holds the underlying Defeasance
13 Obligations; (b) the owner of the investment is the real party in interest and has the right to
14 proceed directly and individually against the obligor of the underlying Defeasance Obligations;
15 and (c) the underlying Defeasance Obligations are held in a special account, segregated from the
16 custodian's general assets, and are not available to satisfy any claims of the custodian, any person
17 claiming through the custodian, or any person to whom the custodian may be obligated; provided
18 that such obligations are rated or assessed "AAA" by Standard & Poor's Ratings' Services and
19 "Aaa" by Moody's Investors Service.

20
21 For purposes of this Section 17, and Section 18, the escrow agent bank or trust company
22 and verification agent shall be selected by the District. Any such escrow bank or trust company
23 shall conform to the successor paying agent requirements of Section 14 hereof. All costs for
24 defeasance of the Series A Bonds shall be paid by the District.

25
26 **SECTION 18. Partial Defeasance.** A portion of the then-Outstanding maturities of
27 the Series A Bonds may be defeased prior to maturity in the following ways:
28

1 (a) Cash: 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 the designated Outstanding maturities of Series A Bonds,
4 including all principal and interest and premium, if any; or

5
6 (b) Defeasance Obligations: by irrevocably depositing with a bank or trust company,
7 in escrow, noncallable Defeasance Obligations, permitted under Section 149(d) of
8 the Code together with cash, if required, in such an amount as will, in the opinion
9 of an independent certified public accountant, together with interest to accrue
10 thereon, be fully sufficient to pay and discharge the designated maturities of Series
11 A Bonds (including all principal and interest represented thereby and redemption
12 premiums, if any,) at or before their maturity date;

13
14 *then*, notwithstanding that any of such designated maturities of Series A Bonds shall not have
15 been surrendered for payment, all obligations of the District and the County with respect to such
16 Outstanding maturities of Series A Bonds shall cease and terminate, except only the obligation of
17 the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or
18 (b) of this Section 18, to the Owners of the Series A Bonds of such maturities designated for
19 redemption not so surrendered and paid all sums due with respect thereto.

20
21 For purposes of this Section 18, Defeasance Obligations shall have the same meaning as
22 set forth in Section 17 hereof.

23
24 **SECTION 19. Establishment of Funds; Disposition of Proceeds; Investment.**

25 (a) The proceeds from the sale of the Series A Bonds, to the extent of the Principal
26 Amount thereof, shall be paid and credited to the fund established and held by the Treasurer and
27 designated as the "Palm Springs Unified School District General Obligation Bonds, 2008
28 Election, Series A Building Fund" ("Building Fund") of the District, and shall be kept separate

1 and distinct from all other District and County funds, and those proceeds shall be used solely for
2 the purpose for which the Series A Bonds are being issued and for payment of permissible costs
3 of issuance and provided further that such proceeds shall be applied solely to authorized
4 purposes for which the Series A Bonds were authorized as directed in writing by the District.
5 Amounts on deposit in the Building Fund shall be expended by the District solely to finance
6 school facilities for which the Series A Bond proceeds are authorized to be expended under the
7 Bond Election, subject to the provisions of hereof and in the District Resolution relating to
8 federal tax covenants. Any amounts remaining on deposit in the Building Fund at the expiration
9 of the Expenditure Period shall be withdrawn from the Building Fund and applied to pay the
10 redemption price of the JPA Bonds upon the extraordinary mandatory redemption thereof under
11 the terms of this Resolution and the Series A Bonds. The County shall have no obligation to
12 ensure that the proceeds are applied in accordance with the preceding sentence. The interest
13 earned on the monies deposited to the Building Fund shall be deposited to said Fund and such
14 monies shall be used for any lawful purpose of the District at the direction of the District.

15
16 (b) The accrued interest, if any, and any premium received from the sale of the Series
17 A Bonds (if any after all or a portion of the Purchaser's discount or costs of issuance are paid), as
18 well as tax revenues collected by the County pursuant to Section 14 hereof and Sections 15260 *et*
19 *seq.* of the Education Code, shall be deposited and kept separate and apart in the fund
20 established and held by the Treasurer and designated as the "Palm Springs Unified School
21 District General Obligation Bonds, 2008 Election, Series A Bond Debt Service Fund" ("Debt
22 Service Fund") for the Bonds and used only for payments of Principal and interest on the Bonds
23 when due. *Ad valorem* taxes collected by the County pursuant to State law and Section 15 hereof
24 shall be deposited by the County into the Debt Service Fund and applied, pursuant to the
25 provisions of State law and this Resolution, only for payments of Principal and Accreted Value
26 of, interest on and redemption premium, if any, on the Series A Bonds when due. Funds held in
27 the Debt Service Fund are irrevocably pledged to the payment of Principal and Accreted Value
28 of, interest on and redemption premium, if any, on the Series A Bonds when due. Except as

1 required below to satisfy the requirements of Section 148(f) of the Code, as may be applicable,
2 interest earned on investments of monies held in the Debt Service Fund shall be retained in the
3 Debt Service Fund and used to pay Principal and Accreted Value of, interest on, and redemption
4 premium, if any, on the Series A Bonds when and as such become due. The monies in the Debt
5 Service Fund, to the extent necessary to pay the Principal of, interest on and Accreted Value on
6 the Series A Bonds, as the same becomes due and payable, shall be transferred by the Treasurer
7 to the Paying Agent for subsequent disbursement to the beneficial Owners of the Series A Bonds.
8 The Debt Service Fund shall be administered by the Treasurer, and shall be kept separate and
9 distinct from all other District and County funds.

10
11 (c) The District shall, at such time as shall be necessary, establish and create the
12 "Palm Springs Unified School District General Obligation Bonds, Series A, Rebate Fund"
13 ("Rebate Fund"), which fund shall be kept separate and distinct from all other District funds, and
14 into which the District shall deposit, or direct deposit of, funds used to satisfy any requirement to
15 make rebate payments to the United States pursuant to Section 148 of the Internal Revenue Code
16 of 1986, as amended and the Treasury Regulations promulgated thereunder ("Code") as shall be
17 applicable to the Series A Bonds. The principal requirements for rebate payments applicable to
18 the Series A Bonds shall be as set forth in the Tax Certificate as executed and delivered by the
19 District and/or the JPA, as applicable. The Rebate Fund (if and when established pursuant to the
20 requirements of the Tax Certificate) may, at the discretion of the District, be held by the Paying
21 Agent or the County. Responsibility for determining and calculating rebate payments, if any,
22 due with regard to the Series A Bonds are the responsibility of the District as further set forth in
23 Section 23. Monies in the Rebate Fund shall be invested in compliance with the limitations of
24 the Code.

25
26 (d) Any proceeds of the Bonds not needed for the authorized purposes set forth herein
27 for which Bonds are being issued, and not needed for rebate purposes, shall, at the direction of
28 the District, be transferred to the Debt Service Fund and applied to the payment of Principal of,

1 interest on and Accreted Value on the Series A Bonds. If, after payment in full of the Series A
2 Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the
3 General Fund of the District, as provided for herein, to be applied in accordance with applicable
4 law.

5
6 (e) All proceeds of the Bonds and interest earning thereon shall be invested by the
7 County, on behalf of, and pursuant to the written direction(s) of, the District, in Authorized
8 Investments. Absent other written investment directions provided to the County from the
9 District, the Treasurer shall invest monies in the Building Fund and the Debt Service Fund
10 pursuant to the State law and the investment policy of the County.

11
12 **SECTION 20. County Books and Accounts.** The Treasurer, the County and the
13 Paying Agent will keep, or cause to be kept, proper books or record and accounts to record (i) the
14 amount of taxes collected pursuant to Section 14 hereof, (ii) all deposits, expenditure and
15 investment earnings on the Debt Service Fund and the Building Fund and any and all accounts or
16 subaccounts thereof, and (iii) all transfers of funds for the payment of Principal, or Maturity
17 Value of, or interest or redemption premiums on, the Series A Bonds. Such books of record and
18 accounts shall, upon two days prior notice, at all times during business hours be subject to the
19 inspection of the District, the Paying Agent (if other than the Treasurer) and the Owners of not
20 less than ten percent (10%) of the Principal amount of the Series A Bonds then Outstanding, or
21 their representatives authorized in writing.

22
23 **SECTION 21. Preliminary Official Statement; Official Statement.** The District
24 has authorized, and shall be responsible for, preparing a preliminary and final Official Statement
25 for the Series A Bonds and the JPA Bonds, as applicable, meeting the requirements of Securities
26 and Exchange Commission ("SEC") Rule 15c2-12. Such Preliminary Official Statement and
27 final Official Statement are collectively referred to herein as the "Official Statement." Neither
28 the Board of Supervisors nor any officer of the County has prepared or reviewed the Official

1 Statement, and this Board of Supervisors and the various officers of the County take no
2 responsibility for the contents or distribution thereof; provided, however, that solely with respect
3 to one or more section(s) contained, or to be contained, therein describing the County's
4 investment policy, current portfolio holdings, and valuation procedures, as they may relate to
5 funds of the District held by the Treasurer, the Treasurer is hereby authorized and directed to
6 prepare and review such information for inclusion in the District's Official Statement and in
7 preliminary Official Statement, and to certify to the District prior to or upon the issuance of the
8 Series A Bonds that the information contained in such section(s) does not contain any untrue
9 statement of a material fact or omit to state any material fact necessary in order to make the
10 statements made therein, in the light of the circumstances under which they are made, not
11 misleading.

12
13 **SECTION 22. Continuing Disclosure.** The District has covenanted and agreed that
14 it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate
15 (as defined below), which shall be executed by District and delivered at the time of delivery of
16 the Series A Bonds. Notwithstanding any other provisions of this Resolution, failure of the
17 District to comply with the Continuing Disclosure Certificate shall not be considered a default by
18 the District hereunder or under the Series A Bonds; however, any Purchaser or any holder or
19 beneficial Owner of the Series A Bonds may take such actions as may be necessary and
20 appropriate to compel performance, including seeking mandate or specific performance by court
21 order.

22
23 "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure
24 Certificate executed and delivered by the District and dated the date of issuance and delivery of
25 the Series A Bonds, as originally executed and as it may be amended from time to time in
26 accordance with the terms thereof.

27
28 **SECTION 23. Tax and Arbitrage Covenants and Matters.** The District as, within

1 the District Resolution, provided certain representations and covenants concerning the Series A
2 Bonds that are issued as Qualified School Construction Bonds or as Tax-Exempt Bonds. The
3 representations and covenants provided by the District shall extend to the Series A Bonds as
4 sold. Responsibility for compliance with such representations and conformance with such
5 covenants is the responsibility of the District.

6
7 **SECTION 24. Execution of Documents by Bond Owners.** Any request, consent or
8 other instrument required by this Resolution to be signed and executed by Bond Owners may be
9 in any number of concurrent writings of substantially similar tenor and may be signed or
10 executed by such Bond Owners in person or by their agent or agents duly appointed in writing.
11 Proof of the execution of any such request consent or other instrument or of a writing appointing
12 any such agent shall be sufficient for any purpose of this Resolution and shall be conclusive in
13 favor of the County, and the District, if made in the manner provided in this Section 26.

14
15 The fact and date of the execution by any person of any such request consent or other
16 Instrument or writing may be proved by the affidavit of a witness of such execution or by the
17 certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof
18 to take acknowledgements of deeds, certifying that the person signing such request consent or
19 other Instrument or writing acknowledged to him the execution thereof.

20
21 The ownership of the Series A Bonds shall be proved by the Bond Register. Any request,
22 consent or vote of the Owner of any Series A Bond shall bind every future Owner of the same
23 Series A Bond and the Owner of any Series A Bond issued in exchange therefor or in lieu
24 thereof, in respect of anything done or suffered to be done by the County or the District, in
25 pursuance of such request, consent or vote.

26
27 **SECTION 25. Unclaimed Monies.** Notwithstanding any of the foregoing provisions
28 of this Resolution and subject to State law, any monies held by the Paying Agent for the payment

1 of the Principal of, redemption premium, if any, or interest on the Series A Bonds remaining
2 unclaimed for one year after the corresponding maturity or redemption date for such Series A
3 Bonds shall be returned by the Paying Agent to the Treasurer, with any and all interest accrued
4 thereon, for deposit into the Debt Service Fund. Notwithstanding any other provisions of this
5 Resolution, any monies held in any fund created pursuant to this Resolution, or by the Paying
6 Agent in trust, for the payment of the Principal of, redemption premium, if any, or interest on
7 Series A Bonds and remaining unclaimed for one year after the Principal of all of the Series A
8 Bonds have become due and payable (whether by maturity or upon prior redemption) shall be,
9 after payment in full of the Series A Bonds, transferred to the General Fund of the District to be
10 applied in accordance with law; provided, however, that the Paying Agent, or Treasurer, as may
11 be the case, before making such payment, shall cause notice to be mailed to the Owners of all
12 Series A Bonds that have not been paid, by first-class mail at the addresses on the Bond Register,
13 postage prepaid, not less than 90 days prior to the date of such payment.
14

15 **SECTION 26. Compliance With Law.** All acts, conditions and things required by
16 law to be done and performed in strict conformity with the laws authorizing the issuance of
17 general obligation bonds of the District, and the indebtedness of the District, including this
18 proposed issue of the Series A Bonds, is within all limits prescribed by law.
19

20 **SECTION 27. Conditions Precedent.** This County Board determines that all acts and
21 conditions necessary to be performed by the Board or to have been met precedent to and in the
22 issuing of the Series A Bonds, in order to make them legal, valid and binding general obligations
23 of the District have been performed and have been met, or will at the time of delivery of the
24 Series A Bonds have been performed and have been met, in regular and due form as required by
25 law; and that no statutory or Constitutional limitation of indebtedness or taxation will have been
26 exceeded in the issuance of the Series A Bonds.
27

28 **SECTION 28. Amendments.** The County may from time to time (which may be at

1 the request of the District, made in writing to the County), and at any time, without notice to or
2 consent of any of the Owners, by action of the County Board, amend the provisions of this
3 Resolution for any of the following reasons:

4
5 (a) to cure any ambiguity, to correct or supplement any provision herein which may
6 be inconsistent with any other provision herein or therein, or to make any other provision with
7 respect to matters or questions arising under this Resolution, provided that such action shall not
8 adversely affect the interests of the Owners;

9
10 (b) to add to the covenants and agreements of, and the limitations and the restrictions,
11 contained in this Resolution which are not contrary to or inconsistent with this Resolution as
12 theretofore in effect;

13
14 (c) to modify, alter, amend or supplement this Resolution in any other respect which
15 is not materially adverse to the Owner; and/or

16
17 (d) To make such additions, deletions or modifications as may be necessary of
18 desirable to assure the qualification of the Series A Bonds as Qualified School Construction
19 Bonds under the Code, in the opinion of JPA Bond Counsel filed with the District, the JPA and
20 the County.

21
22 In the event of any such amendment, the County shall promptly provide the District and
23 the Paying Agent with copies of such amendment and the action of the County Board approving
24 such amendment. Notice of any such amendment shall also be provided to the Owners by the
25 District in the next occurring Annual Report provided by the District under the terms of the
26 Continuing Disclosure Agreement.

27
28 No such amendment shall: (i) extend the fixed maturity of any Series A Bond, reduce the

1 amount of Principal or Accreted Value thereof or the rate of interest thereon or extend the time
2 of payment thereof, without the consent of the Owner of each Series A Bond so affected, or (ii)
3 modify or amend this Section without the consent of the Owners of all the Series A Bonds then
4 outstanding.

5
6 Upon the adoption of any amendment pursuant to this Section, this Resolution shall be
7 deemed to be modified and amended in accordance therewith, and the respective rights, duties
8 and obligations under this Resolution of the County, the District, the Paying Agent and all
9 Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects
10 to such modification and amendment, and all the terms and conditions of any such amendment
11 shall be deemed to be part of the terms and conditions of this Resolution for any and all
12 purposes.

13
14 The provisions of this Section shall not prevent any Owner from accepting any
15 modification or amendment as to the particular Series A Bonds held by such Owner.

16
17 **SECTION 29. Benefits Limited to Parties.** Nothing in this Resolution, express or
18 implied, is intended to give to any person other than the County, the District, the Paying Agent
19 and the Owners of the Series A Bonds, any right, remedy or claim under or by reason of this
20 Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by
21 and on behalf of the District or the County, are for the sole and exclusive benefit of the County,
22 the District, the Paying Agent and the Owners.

23
24 **SECTION 30. Approval of Actions.** Officers of the Board and County officials
25 and staff, including the Treasurer or the Treasurer's designee, are hereby authorized and directed,
26 jointly and severally, to do any and all things and to execute and deliver any and all documents
27 which they may deem necessary or advisable in order to proceed with the issuance, sale and
28 delivery of the Series A Bonds and otherwise carry out, give effect to and comply with the terms

1 and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff
2 are hereby ratified, confirmed and approved.
3

4 **SECTION 31. Partial Invalidity; Severability.** If any one or more of the covenants
5 or agreements, or portions thereof, provided in this Resolution to be performed should be
6 contrary to law, then such covenant or covenants, such agreement or agreements, or such
7 portions thereof, shall be null and void and shall in no way affect the validity of this Resolution
8 or of the Series A Bonds; but the Bond Owners shall retain all rights and benefits accorded to
9 them under any applicable provisions of law. The County Board hereby declares that it would
10 have adopted Resolution and each and every other section, paragraph, subdivision, sentence,
11 clause and phrase hereof and would have authorized the issuance of the Series A Bonds pursuant
12 hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences,
13 clauses or phrases of this Resolution or the application thereof to any person or circumstance
14 may be held to be unconstitutional, unenforceable or invalid.
15

16 **SECTION 32. Effective Date.** This Resolution shall take effect immediately upon its
17 passage.
18

19 **SECTION 33. Furnishing of Clerk Certifications.** The Clerk of the Board is hereby
20 authorized to furnish up to four (4) certified copies of this Resolution to Bowie, Arneson, Wiles
21 & Giannone, District Bond Counsel, at or prior to closing.
22

23 [Remainder of this page is blank]
24
25
26
27
28

The foregoing Resolution was on the ____ day of November, 2009, adopted by the Board of Supervisors of the County of Riverside.

COUNTY OF RIVERSIDE:

By: _____

Chairman

ATTEST:

Kecia Harper-Ihem, Clerk to the
Board of Supervisors of the
County of Riverside

By: _____

Deputy

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

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\$ _____
Palm Springs Unified School District
General Obligation Bonds
2008 Election, Series A
(Qualified School Construction Bonds)

DISTRICT BOND PURCHASE AGREEMENT

December __, 2009

Palm Springs Unified School District
Palm Springs, California

This DISTRICT BOND PURCHASE AGREEMENT (this "Purchase Agreement"), dated December __, 2009, is between the PALM SPRINGS UNIFIED SCHOOL DISTRICT, a unified school district organized and existing under the Constitution and laws of the State of California (the "District"), and the CALIFORNIA QUALIFIED SCHOOL CONSTRUCTION BOND JOINT POWERS AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority");

B A C K G R O U N D :

1. The Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and is authorized under Article 4 thereof (the "Bond Law") to borrow money for the purpose of providing funds to purchase local obligations issued by local agencies in the State of California and for the purpose of financing the acquisition and construction of public capital improvements.

2. The District is authorized to issue Qualified School Construction Bonds in the aggregate amount of \$25,000,000 for the purpose of financing the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which such facilities are to be constructed (the "QSCB Projects").

3. In order to provide financing for the QSCB Projects on terms which are the most favorable to the District, the District has requested the Authority to issue its bonds under the Bond Law on behalf of the District, which bonds are designated as the Qualified School Construction Bonds for which the District has received an allocation.

4. To that end, the Board of Education of the District has adopted its Resolution No. ____ on October 13, 2009 and the Board of Supervisors of Riverside County has adopted its

Resolution No. ____ on November __, 2009 (the "Bond Resolution"), authorizing the issuance of Palm Springs Unified School District (Riverside County, California) General Obligation Bonds 2008 Election, Series A (the "District Bonds") for the purpose of providing funds to finance the QSCB Projects.

5. The Governing Board of the Authority has authorized the issuance of its California Qualified School Construction Bond Joint Powers Authority 2009 General Obligation Revenue Bonds (Palm Springs Unified School District Qualified School Construction Bonds) in the aggregate principal amount of \$_____ (the "Authority Bonds") under the Bond Law and the provisions of an Indenture of Trust dated as of December 1, 2009 (the "Authority Bond Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Authority Bond Trustee"), for the purpose of purchasing the District Bonds as provided herein.

6. The District Bonds are payable from *ad valorem* property taxes levied on taxable properties in the District, and the revenues derived from the payment of principal of and interest on the District Bonds will be sufficient in time and amount to pay debt service on the Authority Bonds as it comes due.

AGREEMENT:

For and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Terms of District Bonds.* (a) The District hereby agrees to issue the District Bonds on December __, 2009 (the "Closing Date"). The District Bonds shall be issued as Capital Appreciation Bonds maturing on September 16 in each of the years, and accreting interest at the Yields to Maturity, as set forth in the following schedule:

<u>Maturity Date</u> <u>(September 16)</u>	<u>Principal</u> <u>Amount</u>	<u>Yield to</u> <u>Maturity(1)</u>
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		

(1) Subject to Section 1(b).

(b) The respective rates at which the Capital Appreciation Bonds accrete interest shall be increased in the event and to the extent required to provide sufficient revenues with which to pay the Authority Bonds at maturity. Without limiting the generality of the foregoing sentence, such rates shall be increased in the event and to the extent that the earnings on amounts held by the trustee for the Authority Bonds in the Revenue Fund which has been established for the Authority Bonds fall below the amount required to provide sufficient revenues with which to pay the Authority Bonds at maturity.

The District covenants that it will engage the services of an Independent Financial Advisor (defined in the following paragraph) to determine annually, not later than June 30 of each year during the term of the District Bonds, whether the rates of interest at which interest on the Capital Appreciation Bonds accretes need to be increased for ensuing fiscal year. If the Independent Financial Advisor determines that interest on the Capital Appreciation Bonds is required to be increased in any fiscal year, the Independent Financial Advisor shall deliver written notice to the District, the trustee for the Authority Bonds, the County and the Paying Agent of the amount by which such rates are required to be increased. Such written notice shall identify the respective rates of accretion and Maturity Values for each remaining maturity of outstanding Capital Appreciation Bonds. Upon delivery of such written notice, the respective rates of accretion and Maturity Values for each remaining maturity of Outstanding Capital Appreciation Bonds shall be adjusted as set forth in such written notice.

For purposes of this section, "Independent Financial Advisor" means any person or firm appointed and paid by the District which, in the reasonable judgment of the District, has expertise rendering financial advice to public agencies in the State of California in financing public improvements of such public agencies and who, or each of whom (a) is in fact independent and not under domination of the District; (b) does not have any substantial interest, direct or indirect, with the District; and (c) is not connected with the District as an officer or employee of the District.

SECTION 2. *Sale of District Bonds to Authority.* The District hereby agrees to sell the District Bonds to the Authority for delivery on the Closing Date. The Authority hereby agrees to purchase the District Bonds from the District on the Closing Date for a purchase price equal to \$_____, being the par amount of the District Bonds. The purchase price of the District Bonds shall be paid from a portion of the Authority Bonds. The District hereby directs the Authority to cause the purchase price of the District Bonds to be paid to U.S. Bank National Association, as paying agent for the District Bonds (the "Paying Agent"), to be applied as follows:

- (a) The amount of \$_____ shall be paid to the Riverside County Treasurer-Tax Collector, for deposit in the Building Fund which is established under the Paying Agent Agreement and maintained by the County Treasurer.
- (b) The amount of \$_____ shall be deposited by the Paying Agent in the Costs of Issuance Fund which is established under the Authority Bond Indenture and maintained by the Paying Agent.

SECTION 4. *Registered Ownership of District Bonds.* Under the Authority Bond Indenture, the Authority has transferred and assigned all of its right, title and interest in the District Bonds to the Authority Bond Trustee for the security of the Authority Bonds. The District and the Authority agree that upon the acquisition of the District Bonds on the Closing Date, the ownership of the District Bonds will be transferred to and vested in the Authority Bond Trustee.

SECTION 5. *Closing.* At 9:00 A.M., California time, on December __, 2009, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Authority (the "Closing Date"), the District will deliver the District Bonds to the Authority Bond Trustee, duly executed and registered in the name of the Authority Bond Trustee; and the Authority Bond Trustee will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to the account of the Paying Agent.

SECTION 6. *Conditions to Closing.* The Authority has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Authority's obligations under this Purchase Agreement are and shall be subject to the following further conditions at the Closing Date:

- (a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing Date as if made on and as of the Closing Date, and the statements made in all certificates and other documents delivered to the Authority on the Closing Date pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and each of the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;
- (b) Obligations Performed. On the Closing Date, (i) the Official Statement, this Purchase Agreement and the Paying Agent Agreement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Authority; and (ii) all actions under the Bond Law which, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect.
- (c) Delivery of Documents. On or before the Closing Date, the District shall deliver (or cause to be delivered) sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Authority:
 - (1) Bond Counsel Opinion. An approving opinion of Bond Counsel, as to the validity of the District Bonds, addressed to the District, the Authority and the Authority Bond Trustee.
 - (2) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to

execute this Purchase Agreement; (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing; and (iii) the District has complied with all the terms of the Paying Agent Agreement and this Purchase Agreement which are necessary to be complied with prior to or before the Closing Date and such documents are in full force and effect.

- (3) Paying Agent Agreement. Fully executed copies of the Paying Agent Agreement.
- (4) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence (i) compliance by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.
- (d) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the District Bonds have not been delivered by the District to the Authority prior to the close of business, California time, on November __, 2009, then the obligation to purchase District Bonds hereunder shall terminate and be of no further force or effect.

If the District is unable to satisfy the conditions to the Authority's obligations contained in this Purchase Agreement or if the Authority's obligations are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Authority at, or at any time prior to, the Closing Date. Notice of such cancellation shall be given to the District in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in writing at its sole discretion.

SECTION 7. *Execution in Counterparts*. This Purchase Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

SECTION 8. *Governing Law*. This Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties to this Purchase Agreement have caused this Purchase Agreement to be signed by their respective officers, all as of the day and year first above written.

Palm Springs Unified School District

By _____
Assistant Superintendent,
Business Services

**California Qualified School Construction
Bond Joint Powers Authority**

By _____
President

EXHIBIT "B"

FORM OF CURRENT INTEREST BOND

REGISTERED

REGISTERED

NO.

\$

**PALM SPRINGS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 Election, SERIES A
(Riverside County, California)**

INTEREST RATE:

MATURITY DATE:

DATED AS OF:

CUSIP®:

_____%

August 1, 20____

_____, 2009

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The **PALM SPRINGS UNIFIED SCHOOL DISTRICT** ("District") in Riverside County, California ("County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 ("Bond Payment Dates"), commencing _____

1, 20___. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before _____, 20___, in which event it shall bear interest from _____, 20___. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, on one or more predecessor bonds) is registered ("Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association ("Paying Agent"). Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal is payable upon presentation and surrender of this Bond at the Office of the Paying Agent. Interest is payable by check mailed by the Paying Agent on each Bond Payment Date to the Owner of this Bond (or one or more predecessor Bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date ("Record Date"). The Owner of an aggregate Principal Amount of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This Bond is one of a aggregate amount of \$_____ of bonds issued to be used for the acquisition and construction of school facilities to serve the District under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent (55%) vote of the electors of the District obtained at an election held on February 5, 2008, upon the question of issuing bonds in the amount of \$516,000,000, the resolution of the Board of Trustees of the District adopted on October 13, 2009 ("District Resolution"), and the resolution of the County Board of Supervisors adopted on _____, 2009, ("County Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District,

1 which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations
2 of the District and do not constitute an obligation of the County. No part of any fund of the
3 County is pledged or obligated to the payment of the Bonds of this issue.

4
5 The Bonds of this issue are comprised of \$_____ principal amount of Current
6 Interest Bonds, of which this Bond is a part and Capital Appreciation Bonds, of which
7 \$_____ represents the Denominational Amount and \$_____ Maturity
8 Value.

9
10 The Bonds of this issue are issuable only as fully registered Bonds in the denominations
11 of \$5,000 or any integral multiple thereof. This Bond is exchangeable and transferable for
12 Bonds of other authorized denominations at the principal corporate trust office of the Paying
13 Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation
14 and surrender hereof to the Paying Agent, together with a request for exchange or an assignment
15 signed by the Registered Owner or by a person legally empowered to do so, in a form
16 satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in
17 the County Resolution. Any tax or governmental charges shall be paid by the transferor. The
18 District, the County and the Paying Agent may deem and treat the Registered Owner as the
19 absolute owner of this Bond for the purpose of receiving payment of or on account of principal
20 or interest and for all other purposes, and neither the District, the County nor the Paying Agent
21 shall be affected by any notice to the contrary.

22
23 The Current Interest Bonds maturing on or before _____ 1, 20__, are not subject to
24 optional redemption prior to maturity. The Current Interest Bonds maturing on or after _____ 1,
25 20__, are subject to redemption at the option of the District, as a whole or in part as selected
26 and directed by the District, and, if not so directed, in inverse order of maturity and by lot within
27 each maturity, from any source of available funds, on _____ 1, 20__, or on any Bond Payment
28 Date thereafter at the following prices, expressed as a percentage of the principal amount to be

1 redeemed, plus accrued interest represented thereby to the redemption date:

3 Redemption Dates

Redemption Price

5 August 1, 20__ and thereafter

100.0%

7 [THE FOLLOWING TO APPEAR ON THE FACE OF TERM BONDS, IF ANY:]

9 [The Bonds maturing on August 1, 20__ are subject to mandatory sinking fund
10 redemption in part by lot, on August 1 of each year, commencing August 1, 20__ and on each
11 August 1 thereafter in accordance with the schedule set forth below. The Bonds so called for
12 mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to
13 be redeemed, plus accrued but unpaid interest, without premium.

15 Redemption Year

Principal Amount

16 _____
17 _____
18 _____

_____]

20 If less than all of the Bonds of any one maturity shall be called for redemption, the
21 particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by
22 the District in such manner as the District in its discretion may determine; provided, however,
23 that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some
24 multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each
25 Bond as representing that number of Bonds which is obtained by dividing the principal amount
26 of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the
27 particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which
28 the District in its discretion shall determine.

1 The Paying Agent shall give notice of the redemption of the Bonds at the expense of the
2 District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be
3 redeemed, (b) the numbers and CUSIP® numbers, if any, of the Bonds to be redeemed, (c) the
4 date of notice and the date of redemption, (d) the place or places where the redemption will be
5 made, and (e) descriptive information regarding the issue of Bonds and the specific bonds
6 redeemed, including the dated date, interest rate and stated maturity date of each. Such notice
7 shall further state that on the specified date there shall become due and payable upon each Bond
8 to be redeemed, together with interest accrued to said date, the redemption premium, if any, and
9 that from and after such date interest with respect thereto shall cease to accrue.

10
11 Notice of redemption shall be registered or otherwise secured mail or delivery service,
12 postage prepaid, to the registered owner of the Bonds, or if the original purchaser is a syndicate,
13 to the managing member of such syndicate, to a municipal registered securities depository and to
14 a national information service that disseminates securities redemption notices and, by first class
15 mail, postage prepaid, to the District, the County and the respective owners of any registered
16 Bonds designated for redemption at their addresses appearing on the Bond registration books, in
17 every case at least 30 days, but not more than 45 days, prior to the redemption date; provided that
18 neither failure to receive such notice nor any defect in any notice so mailed shall affect the
19 sufficiency of the proceedings for the redemption of such Bonds, nor entitle the owner thereof to
20 interest beyond the date given for redemption.

21
22 Neither the District, the County nor the Paying Agent will be required (a) to issue or
23 transfer any Bond during a period beginning with the opening of business on the 15th business
24 day of the month next preceding either any Bond Payment Date or any date of selection of Bonds
25 to be redeemed and ending with the close of business on the Bond Payment Date or day on
26 which the applicable notice of redemption is given, or (b) to transfer any Bond which has been
27 selected or called for redemption in whole or in part.
28

1 The rights and obligations of the District and of the Registered Owners of the Bonds may
2 be amended at any time, and in certain cases without the consent of the Registered Owners to the
3 extent and upon the terms and conditions provided in the County Resolution.
4

5 The County Resolution contains provisions permitting the District to make provision for
6 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that
7 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.
8

9 Reference is made to the County Resolution for a more complete description of the
10 provisions, among others, with respect to the nature and extent of the security for the Bonds of
11 this series, the rights, duties and obligations of the District, the County, the Paying Agent and the
12 Registered owners, and the terms and conditions upon which the Bonds are issued and secured.
13 The owner of this Bond assents, by acceptance hereof, to all of the provisions of the County
14 Resolution and the laws of the State of California governing the issue of the Bonds.
15

16 IT IS CERTIFIED AND RECITED that all acts and conditions required by the
17 Constitution and laws of the State of California to exist, to occur and to be performed or to have
18 been met precedent to and in the issuing of the Bonds in order to make them legal, valid and
19 binding general obligations of the District, have been performed and have been met in regular
20 and due form as required by law; that payment in full for the Bonds has been received; that no
21 statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the
22 Bonds; and that due provision has been made for levying and collecting ad valorem property
23 taxes on all of the taxable property within the District in an amount sufficient to pay principal
24 and interest when due.
25

26 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any
27 security or benefit under the County Resolution until the Certificate of Authentication below has
28 been signed.

IN WITNESS WHEREOF, the County of Riverside, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Clerk to the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

RIVERSIDE COUNTY, CALIFORNIA

-EXHIBIT-

By: _____

Chairperson, Board of Supervisors

-EXHIBIT-

By: _____

Treasurer and Tax Collector

COUNTERSIGNED:

-EXHIBIT-

By: _____

Clerk to the Board of Supervisors

1 **CERTIFICATE OF AUTHENTICATION**

2
3 This Bond is one of the Bonds described in the County Resolution referred to herein.
4

5 Date of Registration and Authentication: _____
6

7 **U.S. BANK NATIONAL ASSOCIATION**, Paying Agent, as authenticating agent
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11

12 ***-EXHIBIT-***

13 By: _____
14

15 Authorized Signatory
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1 **FORM OF ASSIGNMENT**

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3 For value received, the undersigned sells, assigns and transfers unto

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10

11 (print/type name, address, zip code, tax identification or Social Security number of assignee) the

12 within Bond and do(es) irrevocably constitute and appoint _____

13 attorney, to transfer the same on the registration books of the Paying Agent, with full power of

14 substitution in the premises.

15

16 Date: _____

17 **-EXHIBIT-**

18 _____

19 Notice: The assignor's signature to this assignment must correspond with the name as it appears

20 upon the face of the within Bond is every particular, without alteration or any change whatever.

21

22 Signature Guaranteed:

23 **-EXHIBIT-**

24 _____

25 Signature must be guaranteed by an eligible guarantor institution.

26

27 Unless this Bond is presented by an authorized representative of The Depository Trust

28 Company to the issuer or its agent for registration of transfer, exchange or payment, and any

1 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
2 authorized representative of The Depository Trust Company and any payment is made to Cede &
3 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
4 BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has
5 an interest herein.
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[FORM OF LEGAL OPINION]

[Text of Opinion]

EXHIBIT "C"

FORM OF CAPITAL APPRECIATION BOND

REGISTERED

REGISTERED

NO.

\$

(MATURITY VALUE)

**PALM SPRINGS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 Election, SERIES A
(Riverside County, California)**

YIELD TO MATURITY: MATURITY DATE: DATE OF ISSUANCE: CUSIP®:

_____% August 1, 20____, 2009 _____

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The **PALM SPRINGS UNIFIED SCHOOL DISTRICT** ("District") in Riverside County, California ("County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated

1 above, which Maturity Value is comprised of the Denominational Amount specified above plus
2 interest compounded from the Date of Issuance at the Yield to Maturity specified above,
3 assuming that the sum of such compounded interest and the Denominational Amount hereof
4 increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day
5 months (interest, together with the Denominational Amount hereof, being herein called the
6 "Accreted Value"). Accreted Value is payable in lawful money of the United States of America,
7 without deduction for the paying agent services, to the person in whose name this bond is
8 registered ("Registered Owner") on the Register maintained by the Paying Agent, initially U.S.
9 Bank National Association ("Paying Agent"). Accreted Value is payable upon presentation and
10 surrender of this bond at the principal office of the Paying Agent in Riverside, California.
11

12 This Bond is one of a series of \$ _____ of bonds issued to construct and acquire
13 school facilities to serve the District under authority of and pursuant to the laws of the State of
14 California, and the requisite fifty-five percent (55%) favorable vote of the electors of the District
15 obtained at an election held on June 7, 2005, upon the question of issuing bonds in the amount of
16 \$250,000,000, the resolution of the Board of Trustees of the District adopted on May 28, 2009
17 ("District Resolution"), and the resolution of the County Board of Supervisors adopted on June
18 9, 2009 ("County Resolution"). This Bond and the issue of which this Bond is one are payable
19 as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property
20 subject to such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds
21 of this issue are general obligations of the District and do not constitute an obligation of the
22 County. No part of any fund of the County is pledged or obligated to the payment of the Bonds
23 of this issue.
24

25 The Bonds of this issue are comprised of \$ _____ principal amount of Current
26 Interest Bonds and Capital Appreciation Bonds, of which this Bond is a part (a "Capital
27 Appreciation Bond"), and of which \$ _____ represents the Denominational Amount and
28 \$ _____ Maturity Value.

1
2 The Bonds of this issue are issuable only as fully registered bonds in the denominations
3 of \$5,000 of Maturity Value or any integral multiple thereof. This Bond is exchangeable and
4 transferable for Bonds of other authorized denominations at the principal corporate trust office of
5 the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon
6 presentation and surrender hereof to the Paying Agent, together with a request for exchange or an
7 assignment signed by the Registered Owner or by a person legally empowered to do so, in a form
8 satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in
9 the County Resolution. Any tax or governmental charges shall be paid by the transferor. The
10 District, the County and the Paying Agent may deem and treat the Registered Owner as the
11 absolute owner of this Bond for the purpose of receiving payment of or on account of principal
12 or interest and for all other purposes, and neither the District, the County nor the Paying Agent
13 shall be affected by any notice to the contrary.
14

15 Neither the District, the County nor the Paying Agent will be required (a) to issue or
16 transfer any Bond during a period beginning with the opening of business on the 15th business
17 day of the month next preceding either any Bond Payment Date or any date of selection of Bonds
18 to be redeemed and ending with the close of business on the Bond Payment Date or day on
19 which the applicable notice of redemption is given, or (b) to transfer any Bond which has been
20 selected or called for redemption in whole or in part.
21

22 [The Capital Appreciation Bonds are not subject to optional redemption prior to
23 maturity.]
24

25 [Capital Appreciation Term Bonds maturing on _____ are subject to
26 mandatory redemption from monies in the Debt Service Fund prior to their stated maturity date,
27 by lot, at the Accreted Value thereof without premium on each _____, in the years and
28 in an amount equal to the aggregate Accreted Values set forth below:

(MANDATORY REDEMPTION TABLE)]

The Capital Apprecation Bonds are subject to extraordinary mandatory redemption on a date which is not more than 90 days following the Expenditure Period (as that term is defined in the County Resolution), at a redemption price equal to 100% of the principal amount of the Capital Appreciation Bonds to be redeemed, together with interest thereon to the redemption date, without premium. The redemption price of Capital Appreciation Bonds under this provision shall be payable solely from the proceeds of the Series A Bonds held by the County Treasurer in the Building Fund at the expiration of the Expenditure Period. The Capital Appreciation Bonds shall be selected for redemption among each remaining maturity on a pro-rata basis. For purposes of such selection, each Capital Appreciation Bond shall be deemed to consist of individual bonds of \$5,000 Maturity Value each, which may be separately redeemed.

The County Resolution contains provisions permitting the District to make provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

Reference is made to the County Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the County, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The owner of this Bond assents, by acceptance hereof, to all of the provisions of the County Resolution.

The rights and obligations of the District and of the Registered Owners of the Bonds may be amended at any time, and in certain cases without the consent of the Registered Owners to the extent and upon the terms and conditions provided in the County Resolution.

1 extent and upon the terms and conditions provided in the County Resolution.

2
3 IT IS CERTIFIED AND RECITED that all acts and conditions required by the
4 Constitution and laws of the State of California to exist, to occur and to be performed or to have
5 been met precedent to and in the issuing of the Bonds in order to make them legal, valid and
6 binding general obligations of the District, have been performed and have been met in regular
7 and due form as required by law; that payment in full for the Bonds has been received; that no
8 statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the
9 Bonds; and that due provision has been made for levying and collecting ad valorem property
10 taxes on all of the taxable property within the District in an amount sufficient to pay principal
11 and interest when due.

12
13 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any
14 security or benefit under the County Resolution until the Certificate of Authentication below has
15 been signed.

1 IN WITNESS WHEREOF, the County of Riverside, California, has caused this Bond to
2 be executed on behalf of the District and in their official capacities by the manual or facsimile
3 signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax
4 Collector of the County, and to be countersigned by the manual or facsimile signature of the
5 Clerk to the Board of Supervisors of the County, and has caused the seal of the County to be
6 affixed hereto, all as of the date stated above.

7
8 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

9
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11 **-EXHIBIT-**

12 By: _____

13 Chairperson, Board of Supervisors
14

15
16 **-EXHIBIT-**

17 By: _____

18 Treasurer and Tax Collector
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20 COUNTERSIGNED:

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23 **-EXHIBIT-**

24 By: _____

25 Clerk to the Board of Supervisors
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27
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1 **CERTIFICATE OF AUTHENTICATION**

2
3 This bond is one of the bonds described in the County Resolution referred to herein.
4

5 Date of Registration and Authentication: _____
6
7

8 **U.S. BANK NATIONAL ASSOCIATION**, Paying Agent, as authenticating agent
9

10
11 ***-EXHIBIT-***

12 By:

13 Authorized Signatory
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1 **FORM OF ASSIGNMENT**

2

3 For value received, the undersigned sells, assigns and transfers unto

4 _____

5 _____

6 _____

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8 _____

9

10 (print/type name, address, zip code, tax identification or Social Security number of assignee) the

11 within Bond and do(es) irrevocably constitute and appoint _____

12 attorney, to transfer the same on the registration books of the Paying Agent, with full power of

13 substitution in the premises.

14

15 Date: _____

16

17 **-EXHIBIT-**

18 _____

19 Notice: The assignor's signature to this assignment must correspond with the name as it appears

20 upon the face of the within Bond is every particular, without alteration or any change whatever.

21

22 Signature Guaranteed:

23 **-EXHIBIT-**

24 _____

25 Signature must be guaranteed by an eligible guarantor institution.

26

27 Unless this Bond is presented by an authorized representative of The Depository Trust

28 Company to the issuer or its agent for registration of transfer, exchange or payment, and any

1 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
2 authorized representative of The Depository Trust Company and any payment is made to Cede &
3 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
4 BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has
5 an interest herein.
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[FORM OF LEGAL OPINION]

[Text of Opinion]

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RESOLUTION NO. 2009/2010-22

RESOLUTION OF THE BOARD OF EDUCATION OF THE PALM SPRINGS UNIFIED SCHOOL DISTRICT SUPPLEMENTING RESOLUTION NO. 2009/2010-16, PROVIDING FOR AND AUTHORIZING THE ISSUANCE OF PALM SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES A IN FULL OR IN PART AS QUALIFIED SCHOOL CONSTRUCTION BONDS, PRESCRIBING THE TERMS OF SALE OF SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT IN CONNECTION WITH SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT IN CONNECTION WITH SUCH BONDS, MAKING CERTAIN FINDINGS AND DETERMINATIONS, PROVIDING CERTAIN COVENANTS ON BEHALF OF THE PALM SPRINGS UNIFIED SCHOOL DISTRICT AND APPROVING CERTAIN OTHER DOCUMENTS, AGREEMENTS AND ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Palm Springs Unified School District ("District" or "School District") is a public school district organized and operating within the County of Riverside ("County") pursuant to the laws of the State of California ("State"), including, but not limited to, the California Constitution and the California Education Code ("Education Code"); and

WHEREAS, the issuance of not to exceed \$516,000,000 aggregate principal amount of general obligation bonds of the School District was authorized ("Bond Authorization") at an election duly called and regularly conducted within the School District on February 5, 2008 (further identified as "Measure E") ("Bond Election"), which Bond Election was conducted pursuant to the provisions of the "Safer Schools, Smaller Classes and Financial Accountability Act" (also known as "Proposition 39"), the California Constitution and related California law; and

WHEREAS, the results of the Bond Election were certified by this Board of Education of the District ("District Board") by adoption of Resolution No. 2007/2008-74, adopted on May 13, 2008, pursuant to State law, and which Resolution No. 2007/2008-74 was thereafter filed as required by State law; and

WHEREAS, the proceeds of general obligation bonds issued pursuant to the Bond Authorization are to be used for identified projects (as set out in School District Resolution No. 2007/2008-11, which are incorporated herein by this reference) as approved by the voters in the Bond Election; and

WHEREAS, the District Board previously approved Resolution No. 2009/2010-02 on June 21, 2009, and thereafter the District applied for an allocation to issue "Qualified School Construction Bonds" ("QSCB Bonds") pursuant to the provisions of the American Reinvestment

and Recovery Act of 2009 ("ARRA") and the California program for allocation of QSCB securities administered by the California Department of Education ("CDE"); and

WHEREAS, pursuant to proceedings undertaken by the CDE, the District has received an allocation to issue securities as QSCB Bonds during calendar year 2009 in an amount not to exceed \$25,000,000 ("QSCB Allocation") under Section 54F(d) of the Internal Revenue Code of 1986, as amended ("Code"); and

WHEREAS, it is the intention of the District Board that the Series A Bonds may be issued in full or in part as QSCB Bonds under the District's QSCB Allocation; and

WHEREAS, on September 22, 2009, the District Board adopted Resolution No. 2009/2010-16 entitled "RESOLUTION OF THE BOARD OF EDUCATION OF THE PALM SPRINGS UNIFIED SCHOOL DISTRICT DIRECTING ACTIONS FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$25,000,000 PRINCIPAL AMOUNT OF PALM SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES A, AS QUALIFIED SCHOOL CONSTRUCTION BONDS, MAKING CERTAIN FINDINGS AND DETERMINATIONS, AND TAKING AND DIRECTING CERTAIN RELATED ACTIONS" ("Resolution No. 2009/2010-16"); and

WHEREAS, the District Board, for the reasons stated herein, desires to adopt this Resolution to supplement Resolution No. 2009/2010-16 as set forth herein; and

WHEREAS, based upon information and documentation received by the District Board, the District Board desires to take actions to supplement Resolution No. 2009/2010-16 providing for the issuance of an initial series of the general obligation bonds authorized pursuant to the Bond Election, which general obligation bonds may be issued in full or in part as QSCB Bonds; and

WHEREAS, pursuant to the provisions of Proposition 39, the California Constitution and the Bond Authorization, the District may, pursuant to the provisions and limitations of Article 1 of Chapter 1.5 of Part 10 of Division 1 of Title 1 of the Education Code, proceed to borrow funds as set forth in the provisions and limitations of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code; and

WHEREAS, Section 15140 of the Education Code of the State of California authorizes the Board of Supervisors of the County ("County Board") offer for sale general obligation bonds in the name and for the benefit of the District pursuant to resolutions adopted by the District Board and the County Board; and

WHEREAS, the Riverside County Superintendent of Schools has jurisdiction over the District and as such, pursuant to Education Code Section 15140(a), authority for the sale of authorized bonds of the District lies with Riverside County; and

WHEREAS, the District Board has determined that it is in the best interests of the District at this time to take certain actions to authorize the issuance of a portion of such authorized but unissued general obligation bonds in the total principal amount of not to exceed

Twenty-Five Million dollars (\$25,000,000) ("Bonds" or "Series A Bonds") and requests the County Board to offer the Series A Bonds for sale upon the terms and conditions set forth herein; and

WHEREAS, California statutory provisions require that the District comply with certain accountability measures, as further described below, which the District will comply with during the course of issuing the Series A Bonds and/or expending the Series A Bond proceeds; and

WHEREAS, Proposition 39, and related California statutory provisions, require that the District comply with various accountability measures, as further described below, which the District has either previously complied with, is complying with or will comply with, during the course of issuing the Series A Bonds and/or expending the Series A Bond proceeds; and

WHEREAS, the District Board has received additional information concerning the sale of the Series A Bonds, including, but not limited to, information concerning anticipated costs of issuance of the Series A Bonds; and

WHEREAS, based on information presented to the District Board, it is the intent of the District Board that the Series A Bonds may be sold at a negotiated sale, through the County, which sale may be to a joint powers agency ("JPA") formed pursuant to the provisions of California Government Code Sections 6500, *et seq.*, in order to participate in a financing transaction which is expected to have positive benefits for the School District, as previously described to this District Board; and

WHEREAS, the aforementioned JPA is expected to issue revenue bonds ("JPA Bonds") secured by the payment of principal and interest on the Series A Bonds, as further described herein; and

WHEREAS, in order to sell Series A Bonds to the specified JPA, the District must enter into an Associate Membership Agreement ("Associate Membership Agreement") with the specified JPA and the form of such Associate Membership Agreement has been presented to this District Board; and

WHEREAS, a form of the Preliminary Official Statement relating to the Series A Bonds and the JPA Bonds has been presented to this District Board; and

WHEREAS, the District Board has been presented with the forms of a Bond Purchase Agreement ("Purchase Agreement(s)") and a Continuing Disclosure Certificate relating to the Series A Bonds, which documents are on file with the Clerk of the District Board; and

WHEREAS, based upon documentation presented to the District Board, the District Board is prepared to make certain findings and determinations, and direct certain actions, concerning the issuance and sale of the Series A Bonds; and

WHEREAS, the District Board requests that the Auditor-Controller of the County levy on its 2010/2011 tax roll, and all subsequent tax rolls, taxes to be levied against property within the boundaries of the District, in an amount sufficient to pay the principal and interest on the Series A Bonds; and

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

WHEREAS, based on the foregoing, the District Board has determined that it is appropriate to adopt this resolution, including making certain findings and directing certain related actions concerning the Series A Bonds be issued by the District and sold through the County on behalf of the District.

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE PALM SPRINGS UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

Section 2. Supplemental Resolution. This Resolution is supplemental to Resolution No. 2009/2010-16 and it is the intention and directive of the District Board that the two Resolutions shall be read together. This Resolution constitutes the Supplemental Issuance Resolution as described in Resolution No. 2009/2010-16. In the event of a conflict between this Resolution and Resolution No. 2009/2010-16, the terms and provisions of this Resolution shall control. Subject to the foregoing sentence, terms and phrases defined in Resolution No. 2009/2010-16 shall have the same meaning(s) when used herein.

Section 3. Conditions Precedent. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Series A Bonds in order to make them legal, valid and binding general obligations of the District, secured by the levy of *ad valorem* taxes, have been performed and have been met, or will at the time of delivery of the Series A Bonds have been performed and met, in regular and due form as required by law; that the County Board and the appropriate officers of the County each have the power and are obligated to levy *ad valorem* taxes for the payment of the Series A Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property); and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series A Bonds.

Section 4. Purpose of Bonds.

(a) The Series A Bonds of the District in the aggregate principal amount of not to exceed \$25,000,000 shall be offered for sale, the proceeds of which are to be used for the purposes set out in District Resolution No. 2007/2008-11 and as approved at the Bond Election

and to pay necessary and appropriate costs or expenses incurred in the issuance of the Series A Bonds pursuant to Education Code Sections 15145 and 15146 and applicable State law.

(b) The net construction proceeds of those Series A Bonds issued as QSCB Bonds shall be expended only upon projects and facilities permitted under the provisions of applicable federal law, as further set forth herein.

Section 5. Authority for Issuance of Bonds. The Series A Bonds shall be issued and sold by the County pursuant to and in accordance with the California Constitution, the provisions of Proposition 39, the Bond Authorization, Resolution No. 2009/2010-16, this Resolution, the County Resolution (as defined herein), Education Code Sections 15264, 15266, 15100 *et seq.* and 15140 *et seq.* and other applicable State law.

Section 6. Certain Definitions. Unless otherwise set forth herein, as used in this Resolution, the terms and phrases set forth below shall have the following meanings ascribed to them:

“ARRA” or “Recovery Act” shall mean the American Recovery and Reinvestment Act of 2009 adopted by the Congress of the United States and signed into law on February 17, 2009, as amended and supplemented.

“Available Project Proceeds” means (i) the proceeds from the sale of the Series A Bonds, (ii) less costs of issuing the Series A Bonds paid from proceeds of the sale of the Series A Bonds (not exceeding 2% of the proceeds of the sale thereof), plus (iii) investment earnings on the difference between (i) - (ii).

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series A Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series A Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Expenditure Period” means the “expenditure period” defined in Section 54A(d)(2)(B)(ii) of the Code and consists of the period beginning on the date of issuance of the Series A Bonds and ending on the later of the date which is three years after the date of such issuance or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend the Expenditure Period.

“JPA” shall mean the California Qualified School Bond Joint Powers Authority, or any other joint powers agency formed pursuant to the provisions of the California Government Code Sections 6500, *et seq.*

“Non-QSCB Bond(s)” shall mean any Series A Bond which is not issued and sold as a Qualified School Construction Bond, whether or not such bond is sold to a JPA. Non-QSCB Bonds may, or may not, be Tax-Exempt Bonds.

"Tax-Exempt Bond(s)" shall mean any issued and sold Series A Bond, which has received an opinion of Bond Counsel to the effect that the interest paid on such Series A Bond is exempt from income taxes under then-applicable federal tax law.

"QSCB Bond" shall mean any Series A Bond issued, sold and designated as a Qualified School Construction Bond under the provisions and requirements of the ARRA and the Code and corresponding limitations and requirements, whether or not such QSCB Bond is sold to a JPA.

"Qualified Purposes" means the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the Available Project Proceeds as described in Section 54F(a)(1) of the Code. Expenditures for costs of acquisition of equipment to be used in such portion of the public school facility that is being constructed, rehabilitated, or repaired with proceeds of the Series A Bonds constitute a Qualified Purpose.

Section 7. Designation. The Series A Bonds authorized pursuant to Resolution No. 2009/2010-16, the terms and conditions of this Resolution and the County Resolution (as defined in Resolution No. 2009/2010-16) shall be designated as **"Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series A"** or such other designation as the Superintendent of the District ("Superintendent") or such officers of the District as authorized and designated in writing by the Superintendent (each a "Designated Officer") may approve. The Series A Bonds shall otherwise conform to the requirements set forth in Resolution No. 2009/2010-16, within this Resolution, the applicable Purchase Agreement(s) and in the County Resolution.

Section 8. Sale of Bonds.

(a) The County Board is hereby authorized and directed to sell an aggregate principal amount of not to exceed \$25,000,000 of Series A Bonds authorized at the aforementioned Bond Election.

(b) All or a portion of the Series A Bonds may be sold to a JPA pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, as amended, being California Government Code Sections 6584, *et seq.*. In such it is expected that all or a portion of the Series A Bonds will be purchased by the JPA with the proceeds of its revenue bonds (the JPA Bonds), which JPA Bonds will be secured through debt service payments made on the Series A Bonds. The sale of the Series A Bonds to the JPA and the corresponding issuance and sale of the JPA Bonds is expected to be in the best interests of the District based on documentation and information furnished to the District Board.

(c) The Series A Bonds may be issued in one or more sub-series as shall be determined by a Designated Officer of the District as set out in the applicable Purchase Agreement(s). Each sub-series of the Series A Bonds may be issued as QSCB Bonds or Non-QSCB Bonds (which latter may be Tax-Exempt Bonds) as shall be determined by a Designated Officer of the District in the applicable Purchase Agreement(s).

The proceeds of the Series A Bonds shall be expended for the purposes set forth in the ballot submitted to the voters, approved in the Bond Election and subject to State law (and subject to the limitations herein described if the Series A Bonds are issued as QSCB Bonds). The Series A Bonds shall otherwise conform to the requirements set out in Resolution No. 2009/2010-16, herein and in the County Resolution.

(d) Notwithstanding the foregoing provisions of this Section 8, one or more maturities of the Series A Bonds are authorized to be sold as federally taxable bonds to an underwriter, investment bank or other financial institution as shall be designated by the Superintendent or the Designated Officer, rather than to the JPA, pursuant to the Purchase Agreement which is approved hereunder and pursuant to Section 10. The proceeds of sale of such Series A Bonds shall be applied to pay the costs of issuing the Series A Bonds and the JPA Bonds which exceed the amount of such costs which are permitted to be paid from the proceeds of the JPA Bonds under applicable federal tax law. Such Series A Bonds shall as Non-QSCB Bonds be sold on such terms and conditions as shall be approved by the Superintendent or the Designated Officer; provided that the rate of interest on such Series A Bonds shall not exceed 6.50% per annum and the amount of purchaser's discount at which such Series A Bonds are sold shall not exceed \$20,000. Such Series A Bonds shall as QSCB Bonds be sold on such terms and conditions as shall be approved by the Superintendent or the Designated Officer; provided that the rate of interest on such Series A Bonds shall not exceed 10% per annum and the amount of purchaser's discount at which such Series A Bonds are sold shall not exceed 2.5% of the par amount of such bonds.

Section 9. Negotiated Sale. The County Board is hereby requested to issue the Series A Bonds to be sold at a negotiated sale in accordance with the terms and conditions, including provisions for the optional, and special mandatory, redemption of the Series A Bonds, set forth in Resolution No. 2009/2010-16, this Resolution, the County Resolution and in the Purchase Agreement(s) by and among Riverside County, District and the purchaser of the Series A Bonds (the Purchaser, as defined below), the form of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

Section 10. Form of Purchase Agreement(s); Delegation.

(a) The form of the Purchase Agreement is hereby approved.

(b) The Superintendent and the Designated Officer(s) are, and each of them acting alone hereby is, authorized to execute and deliver, with the Riverside County Treasurer ("Treasurer"), to the Purchaser the Purchase Agreement(s) on behalf of the District, with such changes therein as the Designated Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District and subject to the terms and conditions set forth in Resolution No. 2009/2010-16, herein and in the County Resolution. Such approval shall be conclusively evidenced by such Designated Officer's execution and delivery thereof.

(c) The Designated Officer, in consultation with Dale Scott & Co. ("Financial Advisor") and the County Treasurer ("Treasurer"), is authorized and directed to:

- (i) establish or modify the terms of redemption of the Series A Bonds, or any sub-series thereof, and establish the final principal amount of the Series A Bonds, or any sub-series thereof, provided, however, that such principal amount, in the aggregate, shall not exceed \$25,000,000;
- (ii) Sell the Series A Bonds, in consultation with the Treasurer, at a rate or rates which, in the opinion of Dale Scott & Company Inc., as Financial Advisor to the District, will provide a total debt service that is equal to or less than the total debt service that the Series A Bonds would produce if sold as tax-exempt bonds on the date of sale thereof.
- (iii) negotiate the term of the Series A Bonds, or any sub-series thereof, which shall be for not more than 25 years from the date of issuance;
- (iv) determine, subject to the provisions of Resolution No. 2009/2010-16, this Resolution and the County Resolution, whether the Series A Bonds shall be issued in one or more sub-series for purposes of issuance and sale, the respective principal amounts, maturity dates, interest rate or rates or yield or yields to maturity or the methods of determining such interest rate or rates, interest payment dates, redemption provisions and authorized denomination(s) (not exceeding the aggregate principal amount of each maturity) of the Series A Bonds or each sub-series thereof and any other provisions necessary to comply with the provisions of Resolution No. 2009/2010-16, this Resolution and the County Resolution or deemed necessary or advisable by such Designated Officer and which provisions are not in conflict with or in substitution for the provisions of the provisions of Resolution No. 2009/2010-16, this Resolution and the County Resolution;
- (v) determine whether each sub-series of the Series A Bonds shall be issued as either QSCB Bonds or Non-QSCB Bonds (which latter may be Tax-Exempt Bonds);
- (vi) determine the application of the proceeds of the Series A Bonds for the purposes stated herein, including, without limitation, the amount of capitalized interest, if any, that will be funded for each sub-series of the Series A Bonds from the proceeds of the Series A Bonds and the date or dates through which such capitalized interest will be funded;
- (vii) omit from, add to or incorporate into the designation and title of the Series A Bonds contained in Section 7 of this Resolution any provision, or modify such designation or title in any other manner, in which may be deemed necessary or advisable by such Designated Officer in connection with the issuance, sale and delivery of, and security for, each sub-series of the Series A Bonds and which is not inconsistent with Resolution No. 2009/2010-16, this Resolution and the County Resolution;

- (viii) In connection with any of the transactions authorized by Resolution No. 2009/2010-16, this Resolution and the County Resolution, to make such amendments, modifications and revisions to the form(s) of the Series A Bonds prior to, or simultaneously with, the issuance of the initial sub-series of the Series A Bonds as (i) may be requested by any rating agency in connection with obtaining a rating on any sub-series of the Series A Bonds from such rating agency, (ii) may be requested by the JPA in connection with obtaining a bond insurance policy in connection with any of the Series A Bonds and/or JPA Bonds, (iii) the Designated Officer of the District may determine, in consultation with the Bond Counsel, are necessary or advisable in order to (a) reflect the actual provisions of this Resolution that shall be applicable to any sub-series of the Series A Bonds, or (b) facilitate the issuance and sale of the Series A Bonds (including the issuance and sale of any sub-series of the Series A Bonds as QSCB Bonds for purposes of the ARRA) and to provide a mechanism for paying all or a portion of the costs and expenses incurred by the District in connection with the transactions contemplated by this Resolution, including, without limitation, the costs and expenses described in Section 19; and
- (ix) make such other determinations, to execute such other documents, instruments and papers, and to do such acts and things as may be necessary or advisable in connection with any sub-series of the Series A Bonds being treated as Qualified School Construction Bonds for purposes of the ARRA or any of the other transactions contemplated by Resolution No. 2009/2010-16, this Resolution and the County Resolution and which are not inconsistent with the provisions thereof.

Section 11. Building Fund; Debt Service Fund and Rebate Fund.

(a) **Building Fund.** Upon the issuance and sale of the Series A Bonds, the District Board requests that the Treasurer of the County establish and create the "Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series A, Building Fund," ("Building Fund") which shall be kept separate and distinct from all other District and County funds and into which the Treasurer shall deposit the net proceeds of the sale of the Series A Bonds (except any premium or accrued interest received from the sale), and certain net proceeds of the JPA Bonds (which shall be transferred to the County Treasurer to be credited to the Building Fund), to be expended as set forth herein and in the County Resolution. Amounts on deposit in the Building Fund shall be expended by the District solely to finance school facilities for which the Series A Bond proceeds are authorized to be expended under the Bond Election, subject to the provisions of Sections 15 and 16 relating to federal tax covenants. Any amounts remaining on deposit in the Building Fund at the expiration of the Expenditure Period shall be withdrawn from the Building Fund and applied to pay the applicable redemption price for the Series A Bonds as set forth in the final purchase and sale documents therefor. The Building Fund shall otherwise be administered as set forth in the County Resolution.

(b) **Debt Service Fund.** Upon the issuance and sale of the Series A Bonds, the District Board shall request that the Treasurer establish and create the "Palm Springs Unified

School District General Obligation Bonds, 2008 Election Series A, Debt Service Fund" ("Debt Service Fund") which shall be kept separate and distinct from all other District and County funds to be used for the payment of accreted value or principal of and interest on the Series A Bonds, as the case may be, and administrative costs and expenses for the Series A Bonds, including fees and expenses of the Paying Agent. The Debt Service Fund shall otherwise be administered as set forth in the County Resolution.

(c) Rebate Fund. Upon the issuance and sale of the Series A Bonds, the District Board shall request that the Treasurer establish and create, if and when required, the "Palm Springs Unified School District General Obligation Bonds, 2008 Election Series A, Rebate Fund" ("Rebate Fund"), which fund shall be kept separate and distinct from all other District and County funds and into which the Treasurer shall deposit funds used to satisfy any requirement to make rebate payments to the United States pursuant to Section 148 of the Code. The Rebate Fund shall otherwise be administered as set forth in the County Resolution.

Section 12. Preliminary Official Statement; Official Statement. Pursuant to applicable State law and federal disclosure requirements, the Preliminary Official Statement relating to the issuance and sale of the JPA Bonds and the Series A Bonds is hereby approved in substantially the form presented to the District Board, and the use and distribution of the Preliminary Official Statement and a final Official Statement in connection with the sale of the JPA Bonds and the Series A Bonds is hereby authorized subject to the provisions of this Section. The Designated Officers are, and each of them acting along hereby is, authorized to deliver copies of the Preliminary Official Statement and the Official Statement with such changes therein as such Designated Officer shall approve, in their discretion, as being in the best interests of the District. Upon approval of such changes by such Designated Officer, the Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The District Board hereby authorizes and directs the Designated Officer to deliver to the Purchaser a certificate to the effect that the District deems the Preliminary Official Statement, in the form approved by the Designated Officer, to be final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, (except for the omission of certain final pricing, rating and related information as permitted under such Rule).

Section 13. Book-Entry Form. The Series A Bonds may, to the extent required under the applicable Bond Purchase Agreement(s), be initially issued in book-entry form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which shall be the registered owner of the Series A Bonds issued at the closing in the form of a single, certificated Bond for each maturity. The Designated Officer is hereby authorized to take all actions necessary or appropriate to facilitate such filing and lodgment. The District Board hereby authorizes and directs the Designated Officer to execute and deliver such documents and letter as are necessary or desirable to qualify the Series A Bonds, or any portion thereof, as part of such book-entry form and system to the extent applicable.

Section 14. Collection of Taxes. Pursuant to Education Code Sections 15250 *et seq.* (or any successor sections thereto) the School District, upon sale and delivery of the Series A Bonds through the County, requests that the County Board take action to levy, or cause to be

levied, on all the taxable property in the School District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series A Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Series A Bonds, as applicable, when due in accordance with the terms of Resolution No. 2009/2010-16, this Resolution, the Series A Bonds, the County Resolution and the applicable Bond Purchase Agreement(s).

Section 15. Tax Covenants for Tax-Exempt Bonds. The covenants set forth in this Section shall apply to any Series A Bonds which are issued and sold as Tax-Exempt Bonds.

(a) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds, hereby covenants to comply with each applicable requirements of Section 103 and Sections 141 through 150 of the Code, as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the Tax-Exempt Bonds and incorporated herein by this reference, as a source of guidance for compliance with such provisions.

(b) The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Tax-Exempt Bonds, or of any of the property financed or refinanced with the proceeds of the Tax-Exempt Bonds, or other funds of the District, or take or omit to take any action that would cause the Tax-Exempt Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated under that section or any successor section to the extent that such requirements are in effect and applicable to the Tax-Exempt Bonds.

(c) The District covenants that it shall (i) make all calculations in a reasonable and prudent fashion relating to any rebate or excess investment earnings on the proceeds of the Tax-Exempt Bonds due to the United State Treasury; and (ii) cause to be segregated and set aside from lawfully available sources held in the County treasury the amount such calculations indicate may be required to be paid to the United State Treasury. Based on such rebate calculations, the District will, to the extent required, cause to be set aside, from monies lawfully available, the amount of such rebate in a separate fund that the District hereby agrees to cause to be established and maintained as set forth in Section 11 hereof and in the County Resolution.

(d) The District represents 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 Tax-Exempt Bonds under Section 103 of the Code.

Section 16. Covenants for Compliance with ARRA with Respect to Series A Bonds Issued as QSCB Bonds. The covenants set forth in this Section shall apply to any Series A Bonds which are issued and sold as QSCB Bonds.

(a) Qualified School Construction Project. The District shall assure that all of the Available Project Proceeds will be used for Qualified Purposes in accordance with Section 54F(a)(1) of the Code.

(b) Designation of Bonds as Qualified School Construction Bonds; Delegation. The District hereby authorizes the Designated Officer to designate the Series A Bonds issued and sold as QSCB Bonds as qualified school construction bonds for purposes of Section 54F(a)(3) of the Code.

(c) Three Year Expenditure of Proceeds for Qualified Purposes. The District reasonably expects to expend all of the Available Project Proceeds for Qualified Purposes within the Expenditure Period. To the extent that less than 100% of the Available Project Proceeds are expended for Qualified Purposes by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Code) shall be redeemed within 90 days of the end of the Expenditure Period, in accordance with the requirements of Section 54A(d)(2)(B) of the Code in the time and manner prescribed by the Code.

(d) Binding Commitment to Spend Available Project Proceeds. The District will, within six months of the date the JPA Bonds are issued, enter into a substantial binding obligation to a third party to spend at least 10% of the Available Project Proceeds for Qualified Purposes.

(e) Financing Capital Expenditures, No Working Capital. All Available Project Proceeds will be spent on capital expenditures with a reasonably expected economic life of one year or more.

(f) Limitation on Issuance Costs. No proceeds of the Series A Bonds and investment earnings thereon, in an amount in excess of 2% of the proceeds of the sale of the Series A Bonds, will be used to pay costs of issuing of the Series A Bonds. If the fees of the original purchaser are retained as a discount on the purchase of the Series A Bonds, such retention shall be deemed to be an expenditure of proceeds of the Series A Bonds for such fees.

(g) Qualified Issuer. The District is local government qualified to issue the Series A Bonds under Section 54F(a)(2) of the Code. The District has established and currently operates the various public school sites with respect to which the Available Project Proceeds will be spent.

(h) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Paying Agent or the District or otherwise, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series A Bonds would have caused the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code as modified by Section 54A(d)(4) of the Code.

(i) Arbitrage and Rebate Compliance. The District shall not take, or permit or suffer to be taken by the Paying Agent, the District or otherwise, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series A Bonds would have caused the Series A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings,

if any, to the federal government, to the extent that such section is applicable to the Series A Bonds. For purposes of this sub-paragraph, investments of Available Project Proceeds during the Expenditure Period are deemed to comply with the requirements and limitations of Section 148 of the Code.

(j) Prohibition on Financial Conflicts of Interest. The District hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to the Series A Bonds. The District hereby covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to the Series A Bonds while the Series A Bonds remain outstanding.

(k) Davis-Bacon Act Requirements. The District hereby covenants and agrees to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of the Series A Bonds.

(l) Extraordinary Mandatory Redemption Requirements. The District recognizes that in the event and to the extent that the District fails to expend all of the proceeds on deposit in the Building Fund within the Expenditure Period, the JPA Bonds shall be subject to extraordinary mandatory redemption on the date on which the Series A Bonds are subject to extraordinary mandatory redemption under the provisions of the County Resolution and the Bond Purchase Agreement (being a date which is not more than 90 days following the expiration of the Expenditure Period) upon the terms and conditions that shall be set forth in the County Resolution and the Bond Purchase Agreement. Such extraordinary mandatory redemption is required in order to maintain the status of the Series A Bonds, and the JPA Bonds, as Qualified School Construction Bonds.

The District hereby covenants that it shall take all actions necessary to complete such extraordinary mandatory redemption within the time periods required by the ARRA and/or the Code in the event such actions become necessary to maintain the status of the Series A Bonds, and the JPA Bonds as Qualified School Construction Bonds. Such actions shall include, but shall not be limited to, the retention of consultants (which may include accountancy services) in order to calculate the amount of the then-outstanding Series A Bonds required to be redeemed as part of such extraordinary mandatory redemption.

The redemption price of any Series A Bonds under this Section 16(1) and the terms of the County Resolution and the Series A Bonds shall be payable solely from a portion of the amounts held by the Treasurer in the Building fund at the expiration of the Expenditure Period and shall be paid to the owners of the Series A Bonds for the corresponding redemption of JPA Bonds under the terms of the JPA Bond Indenture.

Section 17. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (as defined below). Notwithstanding any other provisions of this Resolution, failure of the District to comply with the provisions of the Continuing Disclosure Certificate shall not be considered a default by the District hereunder or under the Series A Bonds; however, any purchaser or any

holder or beneficial Owner of the Series A Bonds may take such actions as may be necessary and appropriate to compel performance therewith, including seeking mandate or specific performance by court order.

For purposes of this Section, "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Series A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. A form of the Continuing Disclosure Certificate is attached hereto as Exhibit "B" and incorporated by reference herein. The Designated Officer(s) are hereby authorized to approve, execute and deliver the final form of the Continuing Disclosure Certificate with such changes, insertions and deletions as may be approved by the Designated Officer, Disclosure Counsel and Bond Counsel, which approval shall be conclusively evidenced by execution and delivery thereof.

Section 18. County Books and Accounts. The Treasurer and the County are requested to keep, or cause to be kept, proper books or record and accounts to record (i) the amount of taxes collected pursuant to Section 14 hereof, (ii) all deposits, expenditures and investment earnings on the funds and accounts set out in the County Resolution, and (iii) all transfers of funds for the payment of principal, interest or redemption premiums on the Series A Bonds. The Treasurer is requested to provide regular periodic statements of such accounts to the District.

Section 19. Additional Findings and Directives. Pursuant to Education Code Section 15146(b) and (c), the District Board hereby finds, determines and directs as follows:

(a) The Series A Bonds shall be sold by negotiated sale as set forth in Sections 8, 9 and 10 of this Resolution and elsewhere herein.

(b) The Series A Bonds shall be sold by negotiated sale inasmuch as: (i) the sale of Series A Bonds to the JPA is expected to result in additional proceeds to the District to construct and acquire school facilities projects for which the Series A Bond funds may be expended, (ii) such a sale will allow the District to utilize the services of consultants who are familiar with the financial needs, status and plans of the District; and (iii) such a sale will allow the District to utilize the services of consultants at a lower cost than selecting, retaining and utilizing the services of consultants who are not familiar with the District, its financing needs and related matters.

(c) The District is represented by Dale Scott & Co., as its Financial Advisor, Bowie, Arneson, Wiles & Giannone as Bond Counsel to the District and Jones Hall as Disclosure Counsel to the District. The underwriter(s)/purchaser(s) of the JPA Bonds have not yet been determined and shall be disclosed once such underwriter(s)/purchaser(s) are selected.

(d) The District Board estimates that the costs associated with the issuance of the Series A Bonds, including compensation to the underwriter(s)/purchaser(s) and any such costs which the underwriter(s)/purchaser(s) agrees to pay pursuant to the bid and sale documents for the Series A Bonds, are set forth in Exhibit "C", attached hereto and incorporated herein by this reference. Such estimated costs of issuance of the Series A Bonds include, but are not limited to,

costs of bond insurance, Bond Counsel and Disclosure Counsel fees and expenses, Financial Advisor fees and costs, rating agency fees, County costs, printing costs and related costs and expenses. All such figures are estimates and shall not constrain or limit the District as to the issuance and sale of the Series A Bonds pursuant to the directives and conditions set forth herein.

(e) The District Board hereby directs that following the sale of the Series A Bonds, the District Board shall be presented with the actual costs of sale, issuance and delivery costs of the Series A Bonds at the next occurring meeting of the District Board for which such information can be determined and presented in accordance with State law.

(f) The District Board hereby directs that following the sale and delivery of the Series A Bonds that an itemized summary of the costs of the sale, issuance and delivery costs of the Series A Bonds shall be provided to the California Debt and Investment Advisory Commission (CDIAC). The District Board hereby determines that submission of such information as part of the filing of the Report of Final Sale for the Series A Bonds and/or the JPA Bonds made to CDIAC pursuant to State law, including Government Code Section 8855, shall constitute compliance with the requirements of Education Code Section 15146(c)(2).

(g) The District Board hereby directs that as part of the authorization for issuance, sale, issuance and delivery of the Series A Bonds that all necessary filings with CDIAC shall be completed by the District staff and/or consultants or counsel on behalf of the District. The District Board directs that confirmation of such filings shall be included in the transcript of agreements, resolutions, proceedings and documents prepared and delivered in connection with the authorization for issuance, sale, issuance and delivery of the Series A Bonds.

Section 20. Approval of Associate Membership Agreement. The Associate Membership Agreement, between the District and the California Qualified School Bond Joint Powers Authority ("Authority"), in substantially the form on file with the Clerk of the Board, together with any changes therein or modifications thereof which are approved by the Designated Officer, whose execution thereof shall be conclusive evidence of the approval of any such changes or modifications. The Designated Officer is authorized to execute and deliver the final form of the Associate Membership Agreement in the name and on behalf of the District.

Section 21. Approval of Actions. All actions heretofore taken by officers and agents of the District with respect to the sale and issuance of the Series A Bonds to this point in time are hereby approved, confirmed and ratified. The President and Clerk of the District Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series A Bonds pursuant to the terms hereof and of the Supplemental Issuance Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

Section 22. Other Actions. The President, Clerk and Secretary of the District Board, and the Designated Officers of the District, are authorized and directed to execute all documents and to take all actions necessary to cause or facilitate the issuance of the Series A Bonds pursuant to the terms hereof and of the Supplemental Issuance Resolution.

Section 23. Partial Invalidity; Severability. If any one of the findings, determinations, directions or portions thereof, provided in this Resolution on the part of the District to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreement or portions thereof and shall in no way affect the validity of this Resolution or of the Series A Bonds; but the Bond owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The District hereby declares that it would have entered into this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series A Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 24. Supplemental District Resolution(s). For any one or more of the following purposes and at any time or from time to time, a District may adopt a resolution(s) to supplement this Resolution and/or Resolution No. 2009/20101-6 (each a "Supplemental District Resolution"), which, without the requirement of consent of the owners or holders of the Series A Bonds, shall be fully effective in accordance with its terms:

(a) To add to the covenants of the District set forth in this Resolution, other covenants to be observed by the District which are not contrary to or inconsistent with this Resolution; or

(b) To make such additions, deletions or modifications as may be necessary or desirable to assure the qualification of the Series A Bonds as Qualified School Construction Bonds under the Code, in the opinion of JPA Bond Counsel filed with the District.

In the event that such a Supplemental District Resolution is adopted, the District shall furnish certified copies thereof to the County and to the JPA (in the event that any of the Series A Bonds are sold to the JPA).

Section 25. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 26. County Filing. The Clerk of the District Board is hereby directed to file, or cause to be filed, certified copies of Resolution No. 2009/2010-16 and this Resolution with the Clerk of the County Board and the Superintendent of Schools of the County.

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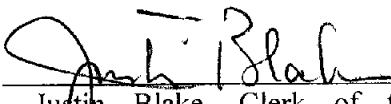
Section 26. **Effective Date.** This Resolution shall take effect immediately upon adoption.

ADOPTED, SIGNED AND APPROVED this 13th day of October, 2009.

BOARD OF EDUCATION OF THE PALM
SPRINGS UNIFIED SCHOOL DISTRICT

By: 
Gary Jeandron, President of the Board of
Education

ATTEST:

By: 
Justin Blake, Clerk of the Board of
Education

STATE OF CALIFORNIA

)

) ss.

COUNTY OF RIVERSIDE

)

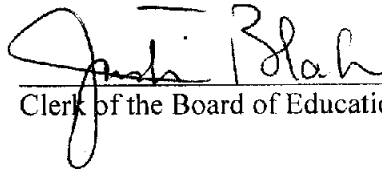
I, Justin Blake, Clerk of the Board of Education of the Palm Springs Unified School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Education of such School District at a meeting of said Board held on the 13th day of October, 2009, of which meeting all of the members of the Board had due notice and at which a quorum thereof were present and acting throughout and for which notice and an agenda was prepared and posted as required by law and that at such meeting such resolution was adopted by the following vote:

AYES: Clapp, Jeandron, Shoenberger

NOES:

ABSTAIN:

ABSENT: Blake, Stewart

A handwritten signature in black ink, appearing to read "Justin Blake", is written over a horizontal line.

Clerk of the Board of Education

STATE OF CALIFORNIA

)

) ss.

COUNTY OF RIVERSIDE

)

I, Justin Blake, Clerk of the Board of Education of the Palm Springs Unified School District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2009/2010-22 of such Board and that the same has not been amended or repealed.

Dated: October 13, 2009

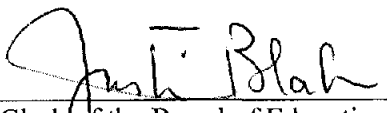

Clerk of the Board of Education

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

\$ _____
**Palm Springs Unified School District
General Obligation Bonds
2008 Election, Series A
(Qualified School Construction Bonds)**

DISTRICT BOND PURCHASE AGREEMENT

December __, 2009

Palm Springs Unified School District
Palm Springs, California

This DISTRICT BOND PURCHASE AGREEMENT (this "Purchase Agreement"), dated December __, 2009, is between the PALM SPRINGS UNIFIED SCHOOL DISTRICT, a unified school district organized and existing under the Constitution and laws of the State of California (the "District"), and the CALIFORNIA QUALIFIED SCHOOL CONSTRUCTION BOND JOINT POWERS AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority");

B A C K G R O U N D :

1. The Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and is authorized under Article 4 thereof (the "Bond Law") to borrow money for the purpose of providing funds to purchase local obligations issued by local agencies in the State of California and for the purpose of financing the acquisition and construction of public capital improvements.

2. The District is authorized to issue Qualified School Construction Bonds in the aggregate amount of \$25,000,000 for the purpose of financing the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which such facilities are to be constructed (the "QSCB Projects").

3. In order to provide financing for the QSCB Projects on terms which are the most favorable to the District, the District has requested the Authority to issue its bonds under the Bond Law on behalf of the District, which bonds are designated as the Qualified School Construction Bonds for which the District has received an allocation.

4. To that end, the Board of Education of the District has adopted its Resolution No. ____ on October 13, 2009 and the Board of Supervisors of Riverside County has adopted its

Resolution No. ____ on November __, 2009 (the "Bond Resolution"), authorizing the issuance of Palm Springs Unified School District (Riverside County, California) General Obligation Bonds 2008 Election, Series A (the "District Bonds") for the purpose of providing funds to finance the QSCB Projects.

5. The Governing Board of the Authority has authorized the issuance of its California Qualified School Construction Bond Joint Powers Authority 2009 General Obligation Revenue Bonds (Palm Springs Unified School District Qualified School Construction Bonds) in the aggregate principal amount of \$_____ (the "Authority Bonds") under the Bond Law and the provisions of an Indenture of Trust dated as of December 1, 2009 (the "Authority Bond Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Authority Bond Trustee"), for the purpose of purchasing the District Bonds as provided herein.

6. The District Bonds are payable from *ad valorem* property taxes levied on taxable properties in the District, and the revenues derived from the payment of principal of and interest on the District Bonds will be sufficient in time and amount to pay debt service on the Authority Bonds as it comes due.

AGREEMENT:

For and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

SECTION 1. *Terms of District Bonds.* The District hereby agrees to issue the District Bonds on December __, 2009 (the "Closing Date"). The District Bonds shall be issued as Capital Appreciation Bonds maturing on September 16 in each of the years, and accreting interest at the Yields to Maturity, as set forth in the following schedule:

<u>Maturity Date</u> <u>(September 16)</u>	<u>Principal</u> <u>Amount</u>	<u>Yield to</u> <u>Maturity</u>
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		

SECTION 2. *Sale of District Bonds to Authority.* The District hereby agrees to sell the District Bonds to the Authority for delivery on the Closing Date. The Authority hereby agrees to purchase the District Bonds from the District on the Closing Date for a purchase price equal to \$_____, being the par amount of the District Bonds. The purchase price of the District Bonds shall be paid from a portion of the Authority Bonds. The District hereby directs the Authority to cause the purchase price of the District Bonds to be paid to U.S. Bank National Association, as paying agent for the District Bonds (the "Paying Agent"), to be applied as follows:

- (a) The amount of \$_____ shall be paid to the Riverside County Treasurer-Tax Collector, for deposit in the Building Fund which is established under the Paying Agent Agreement and maintained by the County Treasurer.
- (b) The amount of \$_____ shall be deposited by the Paying Agent in the Costs of Issuance Fund which is established under the Authority Bond Indenture and maintained by the Paying Agent.

SECTION 4. *Registered Ownership of District Bonds.* Under the Authority Bond Indenture, the Authority has transferred and assigned all of its right, title and interest in the District Bonds to the Authority Bond Trustee for the security of the Authority Bonds. The District and the Authority agree that upon the acquisition of the District Bonds on the Closing Date, the ownership of the District Bonds will be transferred to and vested in the Authority Bond Trustee.

SECTION 5. *Closing.* At 9:00 A.M., California time, on December __, 2009, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Authority (the "Closing Date"), the District will deliver the District Bonds to the Authority Bond Trustee, duly executed and registered in the name of the Authority Bond Trustee; and the Authority Bond Trustee will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to the account of the Paying Agent.

SECTION 6. *Conditions to Closing.* The Authority has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Authority's obligations under this Purchase Agreement are and shall be subject to the following further conditions at the Closing Date:

- (a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing Date as if made on and as of the Closing Date, and the statements made in all certificates and other documents delivered to the Authority on the Closing Date pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and each of the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;
- (b) Obligations Performed. On the Closing Date, (i) the Official Statement, this Purchase Agreement and the Paying Agent Agreement shall not have been amended, modified or supplemented except as may have been agreed to in

writing by the Authority; and (ii) all actions under the Bond Law which, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect.

- (c) Delivery of Documents. On or before the Closing Date, the District shall deliver (or cause to be delivered) sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Authority:
- (1) Bond Counsel Opinion. An approving opinion of Bond Counsel, as to the validity of the District Bonds, addressed to the District, the Authority and the Authority Bond Trustee.
 - (2) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase Agreement; (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing; and (iii) the District has complied with all the terms of the Paying Agent Agreement and this Purchase Agreement which are necessary to be complied with prior to or before the Closing Date and such documents are in full force and effect.
 - (3) Paying Agent Agreement. Fully executed copies of the Paying Agent Agreement.
 - (4) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence (i) compliance by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.
- (d) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the District Bonds have not been delivered by the District to the Authority prior to the close of business, California time, on November __, 2009, then the obligation to purchase District Bonds hereunder shall terminate and be of no further force or effect.

If the District is unable to satisfy the conditions to the Authority's obligations contained in this Purchase Agreement or if the Authority's obligations are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Authority at, or at any time prior to, the Closing Date. Notice of such cancellation shall be given to the District in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any

and all conditions contained herein for the benefit of the Authority may be waived by the Authority in writing at its sole discretion.

SECTION 7. *Execution in Counterparts.* This Purchase Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

SECTION 8. *Governing Law.* This Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties to this Purchase Agreement have caused this Purchase Agreement to be signed by their respective officers, all as of the day and year first above written.

Palm Springs Unified School District

By _____
Assistant Superintendent,
Business Services

**California Qualified School Construction
Bond Joint Powers Authority**

By _____
President

EXHIBIT "B"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
PALM SPRINGS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2008 Election, Series A
(Qualified School Construction Bonds)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Palm Springs Unified School District (the "District") in connection with the issuance of \$ _____ aggregate principal amount of Palm Springs Unified School District School District (County of Riverside, California) General Obligation Bonds 2008 Election, Series A (Qualified School Construction Bonds) (the "Bonds"). The Bonds are being issued pursuant to Resolutions adopted by the Board of Education of the District on September 22, 2009 and October 13, 2009 and a Resolution adopted by the Board of Supervisors of Riverside County on November 3, 2009 (together, the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2010 with the report for the 2008-09 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the

preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) the average daily attendance in District schools on an aggregate basis for the preceding fiscal year;
- (ii) pension plan contributions made by the District for the preceding fiscal year;
- (iii) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year;
- (iv) description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year;
- (v) the District's total revenue limit for the preceding fiscal year and for the current budget year;
- (vi) property tax collection delinquencies for the District, for the most recently completed Fiscal Year, if the District is no longer a participant in the County of Riverside's Teeter Plan; and
- (vii) current fiscal year assessed valuation of taxable properties in the District, including assessed valuation of the top ten properties.
- (viii) Amount of Bond proceeds, if any, remaining on deposit in the Building Fund.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change

in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2009

PALM SPRINGS UNIFIED SCHOOL
DISTRICT

By: _____
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Palm Springs Unified School District

Name of Bond Issue: \$_____ aggregate principal amount of Palm Springs Unified School District (County of Riverside, California) General Obligation Bonds, 2008 Election, Series A (Qualified School Construction Bonds)

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the District has not provided an Annual Report with respect to the above-named Bonds as required by the District's Bond Resolution authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

PALM SPRINGS UNIFIED SCHOOL
DISTRICT

By _____
Superintendent

EXHIBIT "C"

COSTS OF ISSUANCE SCHEDULE

Palm Springs Unified School District
General Obligation Bonds
2008 Election, Series A
\$17,000,000

Estimated Costs of Issuance

Dale Scott & Company Inc.	
Financial Advisor Fee	\$50,000.00
Miscellaneous Expenses	5,000.00
CalMuni	0.00
Courier & Delivery	1,000.00
Official Statement printing and misc expenses	7,000.00
Total	<u>\$63,000.00</u>

Bond Counsel	
Bond Counsel Fee	\$71,000.00
Disclosure Counsel Fee	0.00
Expenses	3,000.00
Total	<u>\$74,000.00</u>

Disclosure Counsel	
Disclosure Counsel Fee	\$20,000.00
Total	<u>\$20,000.00</u>

Rating Fee	
Standard & Poor's	\$14,000.00
Total	<u>\$14,000.00</u>

Paying Agent and COI	
Acceptance	\$250.00
Paying Agent	500.00
COI	250.00
Total	<u>\$1,000.00</u>

Underwriters Counsel Fee	
UC Fee	\$25,000.00
Total	<u>\$25,000.00</u>

Underwriter Placement Fee for Taxable Bond	
Taxable Bond COI piece	\$20,000.00
Total	<u>\$20,000.00</u>

Total for District GO Transaction

\$217,000.00

California Qualified School Bond JPA
2009 QSCB Bonds

\$25,000,000

Estimated Costs of Issuance

Dale Scott & Company Inc.	
Financial Advisor Fee	\$50,000.00
Miscellaneous Expenses	0.00
CalMuni	0.00
Courier & Delivery	0.00
Official Statement printing and misc expenses	0.00
Total	<u>\$50,000.00</u>

Bond Counsel	
Bond Counsel Fee	\$50,000.00
Expenses	5,000.00
Total	<u>\$55,000.00</u>

Trustee	
Acceptance	\$500.00
Trustee Fees	2,000.00
Incidental Expenses	0.00
COI	500.00
Total	<u>\$3,000.00</u>

JPA Fee	
California School Bond JPA	\$18,750.00
Total	<u>\$18,750.00</u>

Total for QSCB Transaction

\$126,750.00

Underwriter's Discount at 50bp

\$125,000.00

Total for 2 Transactions

\$468,750.00

DIRECTING ACTIONS FOR THE ISSUANCE AND SALE OF NOT TO EXCEED \$25,000,000 PRINCIPAL AMOUNT OF PALM SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES A, AS QUALIFIED SCHOOL CONSTRUCTION BONDS, MAKING CERTAIN FINDINGS AND DETERMINATIONS, AND TAKING AND DIRECTING CERTAIN RELATED ACTIONS

RESOLUTION NO. 2009/2010-16

WHEREAS, the Palm Springs Unified School District ("District" or "School District") is a public school district organized and operating within the County of Riverside ("County") pursuant to the laws of the State of California ("State"), including, but not limited to, the California Constitution and the California Education Code ("Education Code"); and

WHEREAS, the issuance of not to exceed \$516,000,000 aggregate principal amount of general obligation bonds of the School District was authorized ("Bond Authorization") at an election duly called and regularly conducted within the School District on February 5, 2008 (further identified as "Measure E") ("Bond Election"), which Bond Election was conducted pursuant to the provisions of the "Safer Schools, Smaller Classes and Financial Accountability Act" (also known as "Proposition 39"), the California Constitution and related California law; and

WHEREAS, the results of the Bond Election were certified by this Board of Education of the District ("District Board") by adoption of Resolution No. 2007/2008-74, adopted on May 13, 2008, pursuant to State law, and which Resolution No. 2007/2008-74 was thereafter filed as required by State law; and

WHEREAS, the proceeds of general obligation bonds issued pursuant to the Bond Authorization are to be used for identified projects (as set out in School District Resolution No. 2007/2008-11, which are incorporated herein by this reference) as approved by the voters in the Bond Election; and

WHEREAS, the District Board previously approved Resolution No. 2009/2010-02 on June 21, 2009, the School District applied for an allocation to issue "Qualified School Construction Bonds" ("QSCBs") pursuant to the provisions of the American Reinvestment and Recovery Act of 2009 ("ARRA") and the California program for allocation of QSCB securities administered by the California Department of Education ("CDE"); and

WHEREAS, pursuant to proceedings undertaken by the CDE, the School District has received an allocation to issue securities as QSCBs during calendar year 2009 in an amount not to exceed \$25,000,000 ("QSCB Allocation"); and

WHEREAS, based upon information and documentation received by the District Board, the District Board desires to take actions to direct the issuance of an initial series of the general obligation bonds authorized pursuant to the Bond Election which may be issued in full or in part as QSCB securities and desires to take actions in connection therewith; and

WHEREAS, pursuant to the provisions of Proposition 39, the California Constitution and the Bond Authorization, the School District may, pursuant to the provisions and limitations of Article 1 of Chapter 1.5 of Part 10 of Division 1 of Title 1 of the Education Code, proceed to borrow funds as set forth in the provisions and limitations of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code; and

WHEREAS, Section 15140 of the Education Code of the State of California authorizes the Board of Supervisors of the County ("County Board") to borrow funds through the issuance of general obligation bonds in the name and for the benefit of the School District pursuant to resolutions adopted by the District Board and the County Board; and

WHEREAS, the District Board has determined that it is in the best interests of the School District at this time to take certain actions to authorize the issuance of a portion of such authorized but unissued general obligation bonds in the total principal amount of not to exceed Twenty-Five Million dollars (\$25,000,000) ("Bonds" or "Series A Bonds") as further set forth herein; and

WHEREAS, based upon documentation presented to the District Board, the District Board is prepared to make certain findings and determinations, and direct certain actions, concerning the issuance and sale of the Series A Bonds; and

WHEREAS, the District Board, on behalf of the School District, has previously retained the services of certain consultants in connection with the issuance and sale of the Series A Bonds and desires to take certain related actions in connection therewith; and

WHEREAS, it is the intention of the District Board that the Series A Bonds may be issued in full or in part as QSCB securities under the District's QSCB Allocation; and

WHEREAS, based on information presented to the District Board, it is the intent of the District Board that the Series A Bonds be sold at a negotiated sale to a joint powers agency ("JPA") formed pursuant to the provisions of California Government Code Sections 6500, *et seq.*, in order to participate in a pooled financing transaction which is expected to have positive benefits for the School District, as previously described to this District Board; and

WHEREAS, based on the foregoing, the District Board has determined that it is appropriate to adopt this resolution, including making certain findings and directing certain related actions concerning the Series A Bonds be issued through the County on behalf of the School District.

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE PALM SPRINGS UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

Section 2. Authority for Issuance of Bonds. The Series A Bonds shall be issued and sold by the County, on behalf of the School District, pursuant to and in accordance with the California Constitution, the provisions of Proposition 39, the Bond Authorization, this Resolution, the Supplemental Issuance Resolution (as defined herein) shall such issuance and sale be subject to the matters set forth herein and in subsequently adopted Resolutions of the District Board and the County Board, the County Resolution (as defined herein) and Education Code Sections 15264, 15266, 15100 *et seq.* and 15140 *et seq.*

Section 3. Actions for Issuance of Series A Bonds.

(a) The District Board hereby directs that actions shall be undertaken to issue the Series A Bonds, through the County, pursuant to the applicable provisions of California law and as further described herein. Additional terms and conditions with respect to the issuance of the Series A Bonds shall be set forth in a supplemental resolution to be adopted by this District Board with respect to the issuance of the Series A Bonds ("Supplemental Issuance Resolution"). The Supplemental Issuance Resolution is expected to include specific documentation, findings and directives relative to the issuance of the Series A Bonds, including, but not limited to, specification of the form of the continuing disclosure documentation/agreement entered into or provided by the District with respect to the Series A Bonds, approval of a preliminary official statement furnished in connection with the issuance of the Series A Bonds (or the JPA Bonds, as defined herein), approval of the form of a bond purchase agreement form and sale parameters for the Series A Bonds and various related matters.

(b) The District Board intends to sell the Series A Bonds, or a portion thereof, to the JPA, which shall be identified in the bond purchase agreement described in the Supplemental Issuance Resolution. The District Board currently expects and intends that all or a portion of the Series A Bonds will be pooled by the JPA for the purpose of issuing revenue bonds of the JPA ("JPA Bonds"), which JPA Bonds will be secured through debt service payments made on underlying securities purchased by the JPA. The sale of the Series A Bonds to the JPA and the corresponding issuance and sale of the JPA Bonds is expected to be in the best interests of the School District.

(c) The District Board intends that some or all of the Series A Bonds shall be issued as Qualified School Construction Bonds (QSCBs). Any Series A Bonds issued as QSCBs will comply with the applicable provisions of the ARRA, the United States Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated pursuant to the provisions of the Code. Certain of those conditions are described herein.

(d) The District Superintendent, or the District Superintendent's designees (each a "Designated Officer") may determine that it is in the best interest of the School District to sell all or a portion of the Series A Bonds as taxable or tax-exempt securities, as further described in the Supplemental Issuance Resolution and the County Resolution. In such event, the Designated Officer(s) may so provide in a bond purchase agreement(s) for the issuance and sale of the tax-exempt portion of the Series A Bonds, as shall be further described and set forth in the Supplemental Issuance Resolution.

Section 4. Designation. The Series A Bonds authorized pursuant to this Resolution, the terms and conditions of the Supplemental Issuance Resolution and the County Issuance

Resolution shall be designated as "Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series A" or such other designation as the Superintendent of the School District ("Superintendent") or the Superintendent's designee(s) (as described herein) may approve. The resolution of the County Board providing for the issuance and sale of the Series A Bonds is in certain instances herein referred to as the "County Resolution." The Series A Bonds shall otherwise conform to the requirements forth herein, within the Supplemental Issuance Resolution, the applicable bond purchase agreement(s) and in the County Resolution.

Section 5. Purpose of Bonds.

(a) The Series A Bonds, in the aggregate principal amount of not to exceed \$25,000,000, shall be offered for sale, the proceeds of which are to be used for the purposes set out in District Resolution No. 2007/2008-11, as approved at the Bond Election and to pay all necessary and appropriate costs or expenses incurred in the issuance of the Series A Bonds pursuant to Education Code Sections 15145 and 15146 and applicable State law.

(b) The net construction proceeds of those Series A Bonds issued as QSCB securities shall be expended only upon projects and facilities permitted under the provisions of applicable federal law.

Section 6. Negotiated Sale. Subject to the provisions of the Supplemental Issuance Resolution and the County Resolution, the District Board authorizes the Series A Bonds to be sold through a negotiated sale process. All Series A Bonds sold at such a negotiated sale shall bear interest, if any, at a rate not in excess of the legal maximum under State law and shall mature not later than twenty-five (25) years after their date of issuance. Such Series A Bonds shall be issued in the form(s) and at the maturity(ies) set out in the Supplemental Issuance Resolution and the County Resolution. The form(s) of the bond purchase agreement(s) and additional sale parameters for the sale of the Series A Bonds will be set out in the Supplemental Issuance Resolution and the County Resolution.

Section 7. Collection of Taxes. Pursuant to Education Code Sections 15250 *et seq.* (or any successor sections thereto) the School District, upon sale and delivery of the Series A Bonds through the County, requests that the County Board take action to levy, or cause to be levied, on all the taxable property in the School District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series A Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Series A Bonds, as applicable, when due in accordance with the terms of the Supplemental Issuance Resolution, the Series A Bonds and the County Resolution.

Section 8. Building Fund; Debt Service Fund and Rebate Fund.

(a) **Building Fund.** Upon the issuance and sale of the Series A Bonds, the District Board shall request that the Treasurer of the County establish and create the "Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series A, Building Fund," ("Building Fund") which shall be kept separate and distinct from all other District and County funds and into which the Treasurer shall deposit the net proceeds of the sale of the Series A Bonds (except any premium or accrued interest received from the sale) to be expended as set

forth herein and in the County Resolution. The Building Fund shall otherwise be administered as set forth in the County Resolution.

(b) Debt Service Fund. Upon the issuance and sale of the Series A Bonds, the District Board shall request that the Treasurer establish and create the "Palm Springs Unified School District General Obligation Bonds, 2008 Election Series A, Debt Service Fund" ("Debt Service Fund") which shall be kept separate and distinct from all other District and County funds to be used for the payment of accreted value or principal of and interest on the Series A Bonds, as the case may be, and administrative costs and expenses for the Series A Bonds, including fees and expenses of the Paying Agent. The Debt Service Fund shall otherwise be administered as set forth in the County Resolution.

(c) Rebate Fund. Upon the issuance and sale of the Series A Bonds, the District Board shall request that the Treasurer establish and create, if and when required, the "Palm Springs Unified School District General Obligation Bonds, 2008 Election Series A, Rebate Fund" ("Rebate Fund"), which fund shall be kept separate and distinct from all other District and County funds and into which the Treasurer shall deposit funds used to satisfy any requirement to make rebate payments to the United States pursuant to Section 148 of the Code. The Rebate Fund shall otherwise be administered as set forth in the County Resolution.

Section 9. Expenditure of Bond Proceeds.

(a) The School District hereby covenants to expend all Series A Bond proceeds in accordance with applicable law, including, but not limited to, Chapter 2 of Part 10 of Division 1 of Title 1 of the California Education Code of the State of California, as amended, the requirements of Proposition 39 and related State legislation, Article XIII A of the California Constitution, the Bond Authorization and the determinations and directives made herein.

(b) The provisions of the ARRA applicable to QSCB securities require that net construction proceeds of such QSCB securities be expended on certain types of capital expenditures and within certain time periods. The District Board hereby directs that the documentation, resolutions, agreements and covenants of the School District with respect to the Series A Bonds issued as QSCBs, and the expenditure of the proceed thereof, shall conform to such requirements.

Section 10. Continuing Disclosure. In connection with the issuance of the Series A Bonds, the District shall provide a continuing disclosure document(s). The School District hereby covenants and agrees that it shall comply with and carry out all of the provisions of the continuing disclosure agreement/certificate delivered in connection with the issuance and sale of the Series A Bonds. Further details and the form of the continuing disclosure agreement/certificate delivered in connection with the issuance and sale of the Series A Bonds is expected to be provided in the Supplemental Issuance Resolution.

Section 11. Compliance with Proposition 39. The School District hereby finds and determines that it has complied, or will comply, with the applicable requirements prescribed by Proposition 39, and related applicable State statutory provisions, as follows:

- (a) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the proceeds of the sale of the Series A Bonds (exclusive of costs of issuance and delivery of the Series A Bonds) ("Bond Proceeds" or "Series A Bond Proceeds") shall be used only for the purposes specified in the list of specific school facilities projects set forth in Resolution No. 2007/2008-11 and approved by the voters in the Bond Election ("School Facilities Project List") and not for any other purpose, including teacher and administrator salaries and any other school operating expenses.
- (b) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the School Facilities Project List was made available to the public for review prior to and during the Bond Election, which included the District Board's evaluation of safety, class size reduction and information technology needs in developing the School Facilities Project List as set forth in Resolution Nos. 8701-01 and 040609-01 .
- (c) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the District Board shall conduct, or cause to be conducted, annual, independent performance audits to ensure that the Series A Bond Proceeds have been expended only on the school facilities projects identified in the School Facilities Project List.
- (d) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the District Board shall conduct, or cause to be conducted, annual, independent financial audits of the Bond Proceeds until all of the Bond Proceeds have been expended for the school facilities projects identified in the School Facilities Project List.
- (e) Measure E and matters submitted to the voters as part of the Bond Election included statements substantially in compliance with Education Code Section 15272.
- (f) The Measure E election results have been certified by the District Board pursuant to Resolution No. 2007/2008-74, and such resolution has been filed as required under Education Code Sections 15124 and 15274.
- (g) Pursuant to Education Code Sections 15278 *et seq.*, the District Board has established its Citizens' Oversight Committee for the Measure E bond election ("Committee") and has appointed members thereto pursuant to the Committee Policy and Regulations previously adopted by the District Board.
- (h) Pursuant to Education Code Section 15268, based on estimates that assessed valuation will increase in accordance with Article XIII A of the California Constitution, the tax rate to be levied to meet the requirements of Section 18 of Article XVI of the California Constitution with regard to the Series A Bonds will not exceed sixty Dollars (\$60) per year per One Hundred Thousand Dollars (\$100,000) of taxable property within the boundaries of the School District. The School District shall provide, or be provided, a certificate specifying the

estimated tax rate, and confirming compliance with this statutory requirement, at the time the Series A Bonds are delivered.

Section 12. Compliance with State Law. That pursuant to Government Code Section 53410, the District Board hereby finds, determines and directs as follows:

- (a) The Series A Bond Proceeds shall be used only for the purposes set forth in the School Facilities Project List.
- (b) One or more funds or accounts (which may include subaccounts) as further described in the Supplemental Resolution and in the County Resolution shall be created into which the Series A Bond Proceeds shall be deposited.
- (c) The School District's Assistant Superintendent, Business Services, shall have the responsibility no less often than annually, to provide to the District Board a written report which shall contain at least the following information:
 - (i) The amount of the Series A Bond Proceeds received and expended during the applicable reporting period; and
 - (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in the School Facilities Project List, with the Series A Bond Proceeds.

The report(s) required by this Section 12(c) may be combined with other periodic reports which include the same information, including, but not limited to, periodic reports made to the California Debt and Investment Advisory Commission (CDIAC) or continuing disclosure reports or other reports made in connection with the Series A Bonds. The requirements of this Section 12(c) shall apply only until all the Series A Bonds are redeemed or defeased, but if the Series A Bonds, or any portion thereof, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

Section 13. Additional Findings and Directives.

- (a) Within the Supplemental Issuance Resolution, the District Board shall make findings and provide directives with respect to compliance with the applicable provisions of Education Code Section 15146(b) and (c) concerning the anticipated costs of issuance of the Series A Bonds.
- (b) Within the Supplemental Issuance Resolution, the District Board shall make such findings and determinations, and make such covenants, as shall be required to protect and preserve the status of Series A Bonds issued as QSCB securities, taxable bonds or as tax-exempt bonds, as shall be applicable.

Section 14. District Consultant Costs; County Costs.

(a) The School District has retained the services of Bowie, Arneson, Wiles & Giannone to represent the School District as Bond Counsel and Dale Scott & Company, Inc. as Financial Advisor with regard to the issuance of the Series A Bonds. U.S. Bank National Association will serve as the School District's initial Paying Agent. The Superintendent is hereby authorized to retain such other and further consultants and services, including, but not limited to, printing services, legal services, assessment information and pricing consultant services as are necessary or desirable to facilitate the issuance and delivery of the Series A Bonds.

(b) That this District Board authorizes the payment to the County of out-of-pocket expenses and other costs incurred by the County in connection with the County's support of, and participation in, the issuance of the Series A Bonds.

Section 15. Services for Issuance of the Series A Bonds. The Superintendent of the District and the Designated Officers are authorized and directed to contract for such other and further services, including legal, financial and related professional services, as specified herein, or as otherwise necessary so the School District may proceed with, and complete, the issuance and sale of the Series A Bonds as set forth herein.

Section 16. Approval of Actions. All actions heretofore taken by officers and agents of the School District with respect to the sale and issuance of the Series A Bonds to this point in time are hereby approved, confirmed and ratified. The President and Clerk of the District Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the School District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series A Bonds pursuant to the terms hereof and of the Supplemental Issuance Resolution. Whenever in this Resolution any officer of the School District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

Section 17. Other Actions. The President, Clerk and Secretary of the District Board, and the Designated Officers of the School District, are authorized and directed to execute all documents and to take all actions necessary to cause or facilitate the issuance of the Series A Bonds pursuant to the terms hereof and of the Supplemental Issuance Resolution.

Section 18. Partial Invalidity; Severability. If any one of the findings, determinations, directions or portions thereof, provided in this Resolution on the part of the School District to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreement or portions thereof and shall in no way affect the validity of this Resolution or of the Series A Bonds; but the Bond owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The School District hereby declares that it would have entered into this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized

the issuance of the Series A Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

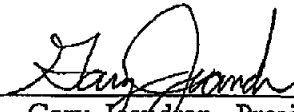
Section 18. **Governing Law.** This Resolution shall be construed and governed in accordance with the laws of the State of California.

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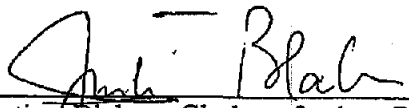
Section 19. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED, SIGNED AND APPROVED this 22nd day of September, 2009.

BOARD OF EDUCATION OF THE PALM
SPRINGS UNIFIED SCHOOL DISTRICT

By: 
Gary Jeandron, President of the Board of
Education

ATTEST:

By: 
Justin Blake, Clerk of the Board of
Education

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

)
) ss
)

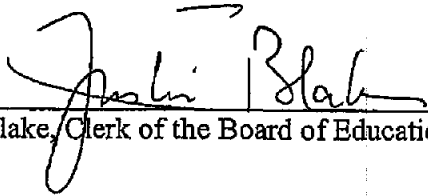
I, Justin Blake, Clerk of the Board of Education of the Palm Springs Unified School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Education of such School District at a meeting of said Board held on the 22nd day of September, 2009, of which meeting all of the members of the Board had due notice and at which a quorum thereof were present and acting throughout and for which notice and an agenda was prepared and posted as required by law and that at such meeting such resolution was adopted by the following vote:

AYES: Members, Jeandron, Blake, Clapp, Stewart

NOES: None

ABSENT: Member, Shoenberger

ABSTAINING: None


Justin Blake, Clerk of the Board of Education

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2009

NEW ISSUE -- FULL BOOK-ENTRY

RATING: Standard & Poor's: "___"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the Bonds constitute "qualified school construction bonds" within the meaning of Section 54F of the Internal Revenue Code of 1986 (the "Code") and are eligible for the federal income tax credit as of the applicable credit allowance date under Section 54A of the Code, subject to the limitations described herein. However, the amount of the tax credit will be treated as interest for federal income tax purposes and will be included in gross income for all Owners of the Bonds, in accordance with each Owner's tax status. In the further opinion of Bond Counsel, interest, if any, paid with respect to the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____ *

CALIFORNIA QUALIFIED SCHOOL BOND JOINT POWERS AUTHORITY
2009 GENERAL OBLIGATION REVENUE BONDS
(PALM SPRINGS UNIFIED SCHOOL DISTRICT QUALIFIED SCHOOL CONSTRUCTION BONDS)
(Riverside County, California)

Dated: Date of Delivery

Tax Credit Rate: _____

Price: _____

Due: September 15, 2024

Issuance. The captioned bonds (the "Bonds") are being issued by the California Qualified School Bond Joint Powers Authority (the "Authority") under an Indenture of Trust dated as of December 1, 2009 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are being issued for the purpose of providing funds to purchase an issue of general obligation bonds (the "District Bonds") issued by the Palm Springs Unified School District (the "District"), and to finance the acquisition and construction of public school facilities in the District.

Security. The Bonds are special obligations of the Authority and are payable solely from the Revenues pledged for that purpose under the Indenture. The Revenues consist primarily of payments of principal of and interest on the District Bonds, which will be issued by the District concurrently with the issuance of the Bonds, and interest earnings thereon. The District Bonds will be delivered to and registered to the ownership of the Trustee, and which will be held in trust for the benefit of the registered owners of the Bonds. The District Bonds are general obligations of the District, and the Board of Supervisors of Riverside County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the District Bonds. See "THE SECURITY FOR THE DISTRICT BONDS."

Bonds. The Bonds are being issued as "qualified school construction bonds" as defined in Section 54F of the Internal Revenue Code of 1986, as amended. For federal income tax purposes, United States taxpayers who own the Bonds on the credit allowance dates in each calendar quarter will be entitled to a credit against federal income tax. See "TAX CREDIT PROGRAM."

Payments. The Bonds do not bear interest and principal of the Bonds is payable on the maturity date set forth above.

Redemption. The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to special mandatory redemption prior to maturity as described in this Official Statement. See "THE BONDS - Redemption."

Book Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "APPENDIX F -- BOOK-ENTRY SYSTEM."

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, Newport Beach, California. Certain legal matters also will be passed upon for the Authority and the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. _____, is serving as counsel to the Underwriter. It is anticipated that the Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about November __, 2009, in New York, New York.

[Underwriter Logo]

*Preliminary; subject to change.

This Official Statement is dated: _____, 2009.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Bond Owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by The Authority, the District or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

Involvement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to," "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

County's Disclaimer. The County of Riverside has not approved the Official Statement, or taken any responsibility for the adequacy, accuracy or fairness of the statements contained herein.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority, the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE ON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

CALIFORNIA QUALIFIED SCHOOL BOND JOINT POWERS AUTHORITY

Board of Directors

Gina Potter, *Chair and Secretary*
Scott Buxbaum, *Treasurer/Controller*

PALM SPRINGS UNIFIED SCHOOL DISTRICT

Board of Education

Gary Jeandron, *President*
Justin Blake, *Clerk*
Richard Clapp, *Member*
Meredy Shoenberger, *Member*
Shari Stewart, *Member*

Administrative Staff

Lorri S. McCune, Ed.D., *Superintendent of Schools*
James Novak, *Assistant Superintendent, Business Services*
Christine Anderson, Ed.D., *Assistant Superintendent, Educational Services*
Mauricio Arellano, *Assistant Superintendent of Human Resources*
Craig Borba, Ed.D., *Assistant Superintendent of Pupil Personnel Services*

FINANCIAL ADVISOR

Dale Scott & Company Inc.
400 Montgomery Street, Suite 805
San Francisco, CA 94104

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
650 California Street, 18th floor
San Francisco, California 94108

DISTRICT COUNSEL

Bowie, Arneson, Wiles & Giannone
4920 Campus Drive
Newport Beach, California 92660

TRUSTEE

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

UNDERWRITER'S COUNSEL

[To come]

Draft of October 5, 2009

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2009
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- APPENDIX D - FORM OF OPINION OF BOND COUNSEL
- APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE
- APPENDIX F - BOOK-ENTRY SYSTEM

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CALIFORNIA QUALIFIED SCHOOL BOND JOINT POWERS AUTHORITY
2009 GENERAL OBLIGATION REVENUE BONDS
(PALM SPRINGS UNIFIED SCHOOL DISTRICT
QUALIFIED SCHOOL CONSTRUCTION BONDS)
(Riverside County, California)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and attached appendices, is to set forth certain information concerning the sale and delivery by the California Qualified School Bond Joint Powers Authority (the "**Authority**") of the bonds captioned above (the "**Bonds**"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture (as defined below).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

The Authority. The California Qualified School Bond Joint Powers Authority was formed on May 12, 2009 as a joint exercise of powers authority pursuant to a Joint Exercise of Powers Agreement between the Lemon Grove School District and the South Bay Union School District pursuant to the Joint Exercise of Powers Act (California Government Code Section 6500 et seq.) of the State of California, for the purpose of assisting the financing and refinancing of Public Capital Improvements of public school districts and community college districts in the State of California. See "THE BONDS - Authority for Issuance" herein.

The District. The Palm Springs Unified School District comprises approximately 507 square miles of territory in the central portion of Riverside County, California. Although much of the District is desert, portions are mountainous and wooded. The District includes the incorporated cities of Palm Springs, Cathedral City, Desert Hot Springs, most of Rancho Mirage, the unincorporated community of Thousand Palms, and some unincorporated areas of Riverside County. The District's 2008-09 average daily attendance is 22,666 students.

Purpose of Issue. The Bonds will be issued to provide funds to purchase the Palm Springs Unified School District (Riverside County, California) General Obligation Bonds Election 2008, Series A (the "District Bonds") and to finance additional capital improvements in the District. See "THE FINANCING PLAN" and "SOURCES AND USES OF FUNDS" herein.

Description of the Bonds. The Bonds will be dated their date of delivery (the "Delivery Date") and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on September 15, 2024.

* Preliminary, subject to change.

Registration. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "APPENDIX F - BOOK-ENTRY SYSTEM." If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Indenture described herein. See "THE BONDS - Registration, Transfer and Exchange of Bonds."

Redemption. The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to special mandatory redemption as described herein. See "THE BONDS - Redemption."

Security for the Bonds. The Bonds are special obligations of the Authority and are payable solely from the Revenues pledged for that purpose under the Indenture. The Revenues consist primarily of payments of principal of and interest on the District Bonds which will be issued by the District concurrently with the issuance of the Bonds, and which will be delivered to and registered to the ownership of the Trustee, and which will be held in trust for the benefit of the registered owners of the Bonds. The District Bonds are general obligation bonds of the District and the Board of Supervisors of Riverside County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the District Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel"), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the Authority and the District. Bowie, Arneson, Wiles & Giannone, Newport Beach, California will serve as bond counsel to the District ("District Counsel"). *Payment of the fees of Bond Counsel, Disclosure Counsel and District Counsel is contingent upon issuance of the Bonds.*

Tax Matters. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the Bonds constitute "qualified school construction bonds" within the meaning of Section 54F of the Internal Revenue Code of 1986 (the "Code") and are eligible for the federal income tax credit as of the applicable credit allowance date under Section 54A of the Code, subject to the limitations described herein. However, the amount of the tax credit will be treated as interest for federal income tax purposes and will be included in gross income for all Owners of the Bonds, in accordance with each Owner's tax status. In the further opinion of Bond Counsel, interest, if any, paid with respect to the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

Continuing Disclosure. The District has covenanted to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE" herein.

Offering and Delivery of the Bonds. The Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery in New York, New York on or about November __, 2009.

Other Information. For limiting factors about this Official Statement, see "General Information About This Official Statement" inside the cover hereof.

Copies of documents referred to herein and information concerning the Bonds are available from Palm Springs Unified School District, 980 Tahquitz Canyon Way Suite 202, Palm Springs, California 92262, telephone: (760) 416-6126. The District may impose a charge for copying, mailing and handling.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds:

Principal Amount of Bonds

Total Sources:

Uses of Funds:

Project Fund ⁽¹⁾

Costs of Issuance ⁽²⁾

Total Uses:

(1) Includes the purchase price for the District Bonds and funds for the acquisition and construction of additional capital improvements in the District. See "THE BONDS – Purpose of the Issue."

(2) Costs of Issuance includes legal fees, financial advisor fees, Underwriter's discount, printing costs, rating agency fees, Trustee fees and other miscellaneous expenses.

THE BONDS

Authority for Issuance

The Bonds are being issued under an Indenture of Trust dated as of November 1, 2009 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code, commencing with Section 6584, and under a resolution adopted by the Board of Directors of the Authority on September 4, 2009. See "APPENDIX C — SUMMARY OF INDENTURE OF TRUST" for a description of the terms of the Indenture.

The District Bonds are being issued under the provisions of Article 3 and Article 9 of Chapter 2 of Part 10 of Division 1 of the California Education Code (commencing with Section 15140) (the "Bond Law"), resolutions of the Board of Trustees of the District on September 22, 2009 and October 13, 2009, and a resolution adopted by the Board of Supervisors of the County on November 3, 2009. The District Bonds represent part of an authorization of \$516,000,000 approved by District voters on February 5, 2008 (the "2008 Authorization"). The District Bonds represent the first series of bonds issued pursuant to the 2008 Authorization.

Purpose of Issue

The Bonds are being issued for the purpose of (a) acquiring the District Bonds and (b) financing the acquisition and construction of public capital improvements in the District. The District and the Authority have entered into an agreement (the "District Bond Purchase Agreement") under which the District has agreed to issue the District Bonds and to sell them to the Authority. The proceeds received by the District under the District Bond Purchase Agreement will be used for the specific school facilities projects set forth in the full text of the ballot measure, known as "Measure E", approved by the District's voters under the 2008 Authorization.

A portion of the proceeds of the Bonds will be applied by the Authority to finance additional public capital improvements to the educational facilities of the District. Such improvements are expected to include improvements contemplated by the 2008 Authorization described above.

Additionally, the Tax Code requires that the proceeds of qualified school construction bonds, such as the Bonds, be applied solely to the construction, rehabilitation or repair of a public school facility, or the acquisition of land on which such a facility is to be constructed and to payment of costs of issuance not in excess of 2% of the issue price of said bonds.

General Description

The Bonds will be issued in fully registered form without coupons in denominations of \$_____ or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds shall be dated as of the date of delivery and mature on September 15, 2024. Owners of the Bonds as of each applicable credit allowance date are eligible for a federal tax credit as described below under "THE TAX CREDIT PROGRAM," and the Bonds will not otherwise bear interest. The Trustee will pay the principal of the Bonds at maturity in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Trust Office of the Trustee.

The Bonds will be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("DTC"), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Indenture. Purchasers will not receive certificates representing their interests in the Bonds. Principal of the Bonds will be paid by the Trustee to DTC, which in turn is obligated to remit such principal to its Participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "APPENDIX F - BOOK-ENTRY SYSTEM."

Redemption

Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Extraordinary Mandatory Redemption. In the event and to the extent that the District fails to expend all of the proceeds of the Bonds within the Expenditure Period, the Bonds will be subject to extraordinary mandatory redemption on any date which is not more than 90 days following the Expenditure Period, at a redemption price equal to 100% of the principal amount of the Outstanding Bonds to be redeemed, without premium. The redemption price of any Bonds to be redeemed as described in this paragraph will be payable solely from the amounts held by the County Treasurer in the Qualified School Construction Bond Building Fund at the expiration of the Expenditure Period. See "THE TAX CREDIT PROGRAM – Expenditure Period."

Selection of Bonds for Redemption. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. For purposes of the selection of Bonds for redemption, each Bond will be deemed to consist of multiples of \$_____ which may be separately redeemed.

Notice of Redemption. The Trustee will mail notice of redemption by first class mail to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the books required to be kept by the Trustee, at least 30 but not more than 60 days prior to the redemption date *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds.

Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers (if less than all Bonds of a maturity are to be redeemed) and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Trust Office of the Trustee identified in such notice for redemption at the redemption price.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the Authority will cause the Trustee to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered will be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond will be made only to or upon the order of that person; neither the Authority, the

District, the County nor the Trustee will be affected by any notice to the contrary, but the registration may be changed as provided the Indenture.

Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Trustee will require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

THE TAX CREDIT PROGRAM

General

The Bonds have been designated by the Authority as "qualified school construction bonds" under the Tax Code. Owners of Bonds as of each applicable credit allowance date are eligible to receive a Tax Credit. The credit allowance dates are March 15, June 15, September 15, and December 15. The amount of the Tax Credit with respect to a Bond is equal to the product of the credit rate on the cover hereof, times the outstanding principal amount of the Bond on the relevant credit allowance date, divided by four. The Tax Credit allowed for the first credit allowance date of December 15, 2009 is the ratable portion of the tax credit otherwise allowed on such date based on an initial issuance date of _____, 2009 (as opposed to the full credit period starting September 15, 2009). If a Bond is redeemed or matures on a date other than March 15, June 15, September 15, or December 15, the redemption or maturity date will be a credit allowance date and the amount of the associated Tax Credit will be a ratable portion of the tax credit otherwise allowed based on the earlier credit allowance date.

Generally, a taxpayer who owns a Bond will recognize the amount of the Tax Credit as a credit against its federal income tax liability on a given credit allowance date, including estimated tax payments, if any. Tax Credits will be treated by the Internal Revenue Service similar to the way withheld taxes are treated for federal income tax purposes and will reduce the amount of either a taxpayer's subsequent estimated tax payments, if any, or its final tax liability, as reflected on its tax return for the related tax year.

Limitation on Tax Credit

The Tax Credit allowed may not exceed the sum of the taxpayer's regular tax liability and alternative minimum tax liability under Section 55 of the Tax Code less, in general, the taxpayer's other tax credits (except as set forth in the Tax Code).

Carryover of Unused Tax Credit Amount

If an Owner of a Bond cannot use all of the Tax Credit otherwise allocable for the taxable year, such Owner is allowed to carry forward to a subsequent tax year the unused portion of the credit deemed paid on such credit allowance date.

Tax Credit not Refundable or Transferable

The Tax Credits are not refundable tax credits. If an Owner of a Bond has gross income tax liability for a given year less than the amount of Tax Credits to which it is entitled for that year, then the Owner would be required to carry forward any excess tax credit to subsequent tax years. In addition, the Tax Credits to which an Owner is entitled on a particular credit allowance date are not transferable after such credit allowance date. To the extent that the Owner of a Bond on a credit allowance date does not have any potential income tax liability

(whether on the credit allowance date or in the future), the Tax Credit cannot be utilized.

Tax Credit Amount Included in Income

Section 54A of the Tax Code requires the Owners of Bonds to include the amount of the Tax Credit (determined without reference to the limitation described above under "Limitation on Credit") in gross income. See "TAX MATTERS."

No State Tax Credit

The California Revenue and Taxation Code does not provide for any credit against California income or franchise tax with respect to the ownership of a qualified school construction bond, like the Bonds. For additional information regarding State treatment of the Bonds, see "TAX MATTERS."

Expenditure Period

In the event the District fails to expend all of certain proceeds of the Bonds for a qualified purpose with respect to the project within the period ending three years after the date of issue of the Bonds or such later date if extended by the Internal Revenue Service (the "Expenditure Period") the Issuer is required to use said unexpended proceeds to redeem all or a portion of the Bonds. To the extent that less than 100% of the said proceeds are expended for a qualified purpose by the end of the Expenditure Period, a portion of the Bonds must be redeemed within 90 days of the end of the Expenditure Period all in accordance with the requirements of Section 54A(d)(2)(B) of the Tax Code in the time and manner prescribed by the Tax Code. See "THE BONDS – Redemption."

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Assignment of District Bonds; Pledge of Revenues

As described above, a portion of the proceeds of the Bonds will be applied to purchase the District Bonds concurrently with the issuance of the Bonds. Under the Indenture, the District assigns all of its right, title and interest in the District Bonds to the Trustee for the security of the Bonds. The Trustee will be the registered owner of the District Bonds, and as such will hold the District Bonds in trust under the Indenture for the benefit of owners of the Bonds. As registered owner, the Trustee will be entitled to receive direct payment of all principal of and interest on the District Bonds. The Bonds are secured by a pledge of and first lien on the Revenues as defined in the Indenture, consisting payments of principal and accreted value of and interest on the District Bonds.

Revenue Fund; Cash Flow Projections

Scheduled payments of principal and accreted value of and interest on the District Bonds, together with investment earnings thereon, will be sufficient to make payment of principal of the Bonds as due, and are the sole source of payment of the Bonds. Payments on the District Bonds will be deposited in the Revenue Fund held by the Trustee and invested in _____ until maturity of the Bonds.

The following table sets forth the scheduled payments of principal and accreted value of the District Bonds, as well as investment earnings at the assumed interest rate of ____%. See also "BONDOWNERS' RISKS – Investment of Funds."

<u>Maturity Date</u> <u>(September 15)</u>	<u>Payments on</u> <u>District Bonds</u>	<u>Annual Investment</u> <u>Earnings</u>	<u>Revenue Fund</u> <u>Balance</u>
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
Total			

District Bonds

The District Bonds are general obligation bonds of the District and the Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), as necessary for payment of principal of and interest on the District Bonds. See "SECURITY FOR THE DISTRICT BONDS" below.

SECURITY FOR THE DISTRICT BONDS

General

The District Bonds are general obligation bonds of the District. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the District Bonds and the interest thereon upon all property within the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the District Bonds are outstanding in an amount sufficient to pay the principal and interest on the District Bonds when due. Such taxes, when collected, will be deposited into an interest and sinking fund for the District Bonds (the "Debt Service Fund"), which is maintained by the County and which is created by statute for the payment of principal of and interest on the District Bonds when due. **Although the County is obligated to levy an *ad valorem* tax for the payment of the District Bonds, and will maintain the Debt Service Fund pledged to the repayment of the District Bonds, the District Bonds are not a debt of the County.**

In addition to the District Bonds the District has previously issued general obligation bonds as described in Appendix A. The County similarly levies an amount necessary to pay such bonds and the District Bonds are payable on a parity from such tax levies.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and accreted value of the District Bonds as the same become due and payable, will be transferred by the County to U.S. Bank National Association, as paying agent for the District Bonds (the "Paying Agent") which, in turn, shall pay such moneys to the Trustee to deposit in the Revenue Fund for payment of the Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the District Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the District Bonds. A reduction in the assessed valuation of taxable property in the District caused by economic factors beyond the District's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in the annual tax levy.

Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and March 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about December 13 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector and Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

The assessed valuation of property in the District is established by the Riverside County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District had a net taxable assessed valuation for fiscal year 2009-10 of \$24,778,509,881 (before deduction of the redevelopment increment). Shown in the following table are the assessed valuations for the District for the past five fiscal years.

TABLE 1
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2005-06 through Fiscal Year 2009-10

<u>Fiscal Year</u>	<u>Locally Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2005-06	[TO COME]				
2006-07					
2007-08	\$25,254,474,802	\$80,462,081	\$857,824,507	\$26,192,761,390	
2008-09	25,961,627,256	75,862,081	1,047,431,059	27,084,920,396	3.4
2009-10	23,729,278,196	81,239,700	967,991,985	24,778,509,881	(8.5)

Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

General. There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "LIMITATIONS ON TAX REVENUES" below.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These

reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "LIMITATIONS ON TAX REVENUES" below.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Parcels By Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2009-10.

TABLE 2
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use

	2009-10 <u>Assessed Valuation (1)</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Agricultural	\$ 303,269,360	1.28%	694	0.38%
Commercial/Industrial	3,730,179,438	15.72	6,685	3.65
Government/Social/Institutional	<u>109,569,864</u>	<u>0.46</u>	<u>1,413</u>	<u>0.77</u>
Subtotal Non-Residential	\$4,143,018,662	17.46%	8,792	4.80%
Residential:				
Single Family Residence	\$11,372,307,244	47.93%	41,226	22.52%
Condominium/Townhouse	4,682,756,493	19.73	22,415	12.24
Mobile Home	472,342,245	1.99	9,268	5.06
2-3 Residential Units	341,145,706	1.44	1,707	0.93
4+ Residential Units/Apartments	787,016,681	3.32	956	0.52
Timeshare Properties	<u>687,206,922</u>	<u>2.90</u>	<u>70,594</u>	<u>38.56</u>
Subtotal Residential	\$18,342,775,291	77.30%	146,166	79.84%
Vacant Parcels	\$1,243,484,243	5.24%	28,114	15.36%
Total	\$23,729,278,196	100.00%	183,072	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

TABLE 3
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Per Parcel 2009-10 Assessed Valuation of Single Family Homes

	No. of Parcels	2009-10 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	41,226	\$11,372,307,244	\$275,853	\$177,000

2009-10 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	231	0.560%	0.560%	\$ 4,253,919	0.037%	0.037%
\$25,000 - \$49,999	1,381	3.350	3.910	54,350,209	0.478	0.515
\$50,000 - \$74,999	3,136	7.607	11.517	197,524,389	1.737	2.252
\$75,000 - \$99,999	4,287	10.399	21.916	375,813,423	3.305	5.557
\$100,000 - \$124,999	3,940	9.557	31.473	439,691,092	3.866	9.423
\$125,000 - \$149,999	3,549	8.609	40.082	488,311,544	4.294	13.717
\$150,000 - \$174,999	3,757	9.113	49.195	607,283,454	5.340	19.057
\$175,000 - \$199,999	3,008	7.296	56.491	559,812,715	4.923	23.980
\$200,000 - \$224,999	2,253	5.465	61.956	477,421,202	4.198	28.178
\$225,000 - \$249,999	2,131	5.169	67.125	503,922,512	4.431	32.609
\$250,000 - \$274,999	1,483	3.597	70.722	387,775,116	3.410	36.019
\$275,000 - \$299,999	1,118	2.712	73.434	321,339,606	2.826	38.844
\$300,000 - \$324,999	1,044	2.532	75.967	325,669,222	2.864	41.708
\$325,000 - \$349,999	1,013	2.457	78.424	342,308,601	3.010	44.718
\$350,000 - \$374,999	947	2.297	80.721	341,747,104	3.005	47.723
\$375,000 - \$399,999	781	1.894	82.615	301,913,967	2.655	50.378
\$400,000 - \$424,999	703	1.705	84.321	289,054,210	2.542	52.920
\$425,000 - \$449,999	656	1.591	85.912	286,434,477	2.519	55.438
\$450,000 - \$474,999	421	1.021	86.933	194,362,255	1.709	57.147
\$475,000 - \$499,999	434	1.053	87.986	211,081,288	1.856	59.004
\$500,000 and greater	4,953	12.014	100.000	4,662,236,939	40.996	100.000
Total	41,226	100.000%		\$11,372,307,244	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Property Tax Collections

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency.

However, the Teeter Plan is not applicable to *ad valorem* property taxes levied to pay the interest on and principal of the District's general obligation bonds, including the Bonds. Consequently, the District will receive *ad valorem* property taxes to pay debt service on the Bonds based on actual collections for that purpose rather than the amount levied.

The County's current practice is to levy an *ad valorem* property tax in the first fiscal year for which the County has sufficient information (based on either issuance of a new series of general obligation bonds or estimated debt service) in time to add the tax to the tax roll. It is also the County's practice to calculate a tax rate following Education Code 15250, which provides in relevant part: "The tax ... may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies." On an ongoing basis over the life of the general obligation bonds, the County makes adjustments as necessary to the tax levy to adjust for annual differences in the debt service due on the bonds and to meet the annual reserve

allowance. This reserve is available to the County to help address delinquencies in the collection of the *ad valorem* property tax levied to repay the bonds and any part of the principal and interest that is to become due before the proceeds of a tax may be available. Neither the District nor the Underwriter can provide any assurance that the County's current "reserve" practice, as described in this paragraph, will continue through the final maturity date of the Bonds.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in the typical tax rate area during the five-year period from 2004-05 to 2008-09.

TABLE 4
PALM SPRINGS UNIFIED SCHOOL DISTRICT
SUMMARY OF AD VALOREM TAX RATES
TYPICAL TAX RATE PER \$100 OF ASSESSED VALUATION

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
General Tax Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Palm Springs Unified School District	.05715	.05012	.05912	.05468	
Desert Community College District	.01994	.01995	.01995	.01995	
Desert Water Agency	.06000	.06000	.08000	.08000	
Total Tax Rate	1.13709	1.13007	1.15907	1.15463	

Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2009-10.

TABLE 5
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Top Twenty Secured Property Taxpayers
Fiscal Year 2009-10

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2009-10 Assessed Valuation</u>	<u>% of Total (1)</u>
1. Tenet Healthsystem Desert Inc.	Medical Buildings	\$ 110,200,866	0.46%
2. Peter Solomon	Residential Properties	105,132,505	0.44
3. River Retail	Shopping Center	85,147,305	0.36
4. Marriott Ownership Resorts Inc.	Timeshare/Resort	83,271,404	0.35
5. Mountain View Power Partners LLC	Industrial	82,885,263	0.35
6. Desert Gold Ventures	Mixed Use Development	77,336,687	0.33
7. GENLB Rancho	Hotel	65,978,739	0.28
8. Starwood Mission Hills CMBS I	Hotel	64,279,996	0.27
9. Donahue Schriber Realty Group	Shopping Center	58,059,398	0.24
10. WVC Rancho Mirage Inc.	Timeshare/Resort	57,454,611	0.24
11. Walter H. Annenberg	Residential Properties	55,881,308	0.24
12. Wal Mart Real Estate Business Trust	Commercial	55,372,742	0.23
13. John Wessman / Wessman Holdings	Shopping Center	54,735,968	0.23
14. Palm Springs Art Museum Inc.	Commercial	50,856,974	0.21
15. HH Palm Springs	Hotel	49,070,000	0.21
16. San Geronio Westwinds II LLC	Industrial	45,608,000	0.19
17. U Store It LP	Industrial	44,069,303	0.19
18. Time Warner Entertainment	Communications	43,456,429	0.18
19. Pacific Monarch Resorts Inc.	Timeshare/Resort	41,493,500	0.17
20. Edom Hills Project 1 LLC	Industrial	41,303,584	0.17
		<u>\$1,271,594,582</u>	<u>5.36%</u>

(1) 2008-09 Local Secured Assessed Valuation: \$23,729,278,196
Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated October 1, 2009. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 6
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of October 1, 2009

2009-10 Assessed Valuation: \$24,778,590,881
2008-09 Adjusted Assessed Valuation: \$15,384,573,322

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable (1)</u>	<u>Debt 10/1/09</u>
Desert Community College District	41.665%	\$134,975,645
Palm Springs Unified School District	100.	228,345,000 (2)
Coachella Valley County Water District, I.D. Nos. 54 & 58	0.551 & 22.020	401,135
Mission Springs Water District, I.D. No. 2	100.	1,500
San Geronio Memorial Healthcare District	0.634	684,720
City of Cathedral City Community Facilities District No. 2000-1	100.	11,910,000
City of Desert Hot Springs Community Facilities District No. 2006-1	100.	2,025,000
City of Palm Springs Community Facilities District No. 2005-1	100.	65,925,000
1915 Act Bonds (Estimated)	Various	113,953,446
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$558,221,446
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	8.893%	\$ 66,835,311
Riverside County Pension Obligations	8.893	33,979,264
Riverside County Board of Education Certificates of Participation	8.893	643,853
City of Cathedral City Certificates of Participation	100.	4,835,000
City of Desert Hot Springs Certificates of Participation	99.885	2,507,114
City of Desert Hot Springs Judgment Obligations	99.885	9,713,816
City of Palm Springs General Fund Obligations	99.942	107,532,595
City of Palm Springs Pension Obligations	99.942	19,699,990
City of Rancho Mirage Certificates of Participation	81.495	4,327,385
Coachella Valley County Water District Storm Water Unit Certificates of Participation	16.359	658,450
Coachella Valley Recreation and Park District Certificates of Participation	4.928	118,272
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$250,851,050
Less: Riverside County self-supporting obligations		1,454,396
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$249,396,654
 GROSS COMBINED TOTAL DEBT		 \$809,072,496 (3)
NET COMBINED TOTAL DEBT		\$807,618,100

(1) Based on 2008-09 ratios.

(2) Excludes QSCBs to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:

Direct Debt (\$228,345,000) 0.92%
Total Direct and Overlapping Tax and Assessment Debt 2.25%

Ratios to 2008-09 Adjusted Assessed Valuation:

Gross Combined Total Debt 5.26%
Net Combined Total Debt 5.25%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

BONDOWNERS' RISKS

Failure to Comply with Certain Covenants

In order for the Bonds to be treated as "Qualified Tax Credit Bonds" as defined in the Tax Code and continue to be eligible for the Tax Credit, the Authority and the District must comply with certain requirements of the Tax Code. Failure to satisfy certain requirements, which the Authority and the District have covenanted to comply with, subsequent to the issuance of the Bonds may result in a delay or forfeiture of all or a portion of the Refundable Credit and may cause the Bonds to cease to be treated as "Qualified Tax Credit Bonds" under the Tax Code either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of issuance of the Bonds. See also "TAX MATTERS."

Future Legislation or Court Decisions

Legislation affecting the availability of the Tax Credit with respect to the Bonds may be considered by the United States Congress. Federal and state court proceedings and the outcome of such proceedings could also affect the availability of the Tax Credit with respect to the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the status of the Bonds as "Qualified Tax Credit Bonds" or the market value of the Bonds.

Investment of Funds

The District's payments on the District Bonds are not sufficient, without investment, to pay the principal on the Bonds when due. Amounts received from the District and deposited in the Revenue Fund will be invested in _____, and held for payment of the Bonds. Investment earnings have been estimated as set forth under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Cash Flow Projections." All investments contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held in the Revenue Fund could result in a shortage of funds to pay principal on the Bonds when due. In such event, the County, on behalf of the District, is not obligated to levy additional *ad valorem* taxes to pay debt service on the Bonds.

Secondary Market

There can be no assurance that there will be a secondary market for the Bonds, or if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

THE AUTHORITY

The California Qualified School Bond Joint Powers Authority was formed on May 12, 2009 as a joint exercise of powers authority pursuant to a Joint Exercise of Powers Agreement between the Lemon Grove School District and the South Bay Union School District pursuant to the Joint Exercise of Powers Act (California Government Code Section 6500 et seq.) of the State of California, for the purpose of assisting the financing and refinancing of Public Capital

Improvements of public school districts and community college districts in the State of California. The Authority is governed by a Board of two directors, consisting of the Assistant Superintendents of Business of its members. Except for the assignment of Revenues to the Trustee, the Authority has no financial obligation to the Owners of the Bonds. The Authority has no taxing power.

CONTINUING DISCLOSURE

The District will covenant for the benefit of owners of the District Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the District's fiscal year (which date would be the March 31 following the current end of the District's fiscal year on June 30), commencing with the report for the 2008-09 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "Rule").

The District has had no instance in the previous five years in which it failed to comply in all material respects with any previous continuing disclosure obligation under the Rule. The County of Riverside is not obligated to undertake any continuing disclosure in connection with the Bonds.

LEGAL OPINION

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the Authority. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond. The proposed form of Bond Counsel's opinion relating to the Bonds is set forth in APPENDIX D. Certain legal matters will also be passed upon for the Authority and the District by Jones Hall as Disclosure Counsel. Bowie, Arneson, Wiles & Giannone, Newport Beach, California will serve as bond counsel to the District ("District Counsel"). *Payment of the fees of Bond Counsel, Disclosure Counsel and District Counsel is contingent upon issuance of the Bonds.*

TAX MATTERS

Tax Opinion

Federal Tax Status. In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the Bonds constitute "qualified school construction bonds" within the meaning of Section 54F of the Internal Revenue Code of 1986 (the "Tax Code") and are eligible for the federal income tax credit as of the applicable credit allowance date under Section 54A of the Tax Code, subject to the limitations therein. However, the amount of the Tax Credit will be treated as interest for federal tax purposes and will be included in gross income for all Owners of Bonds, in accordance with each Owner's tax status.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the District comply with all requirements of the Tax Code that must be satisfied

subsequent to the issuance of the Bonds in order for the Bonds to be treated as "Qualified School Construction Bonds" and continue to be eligible for the Tax Credit. The Authority and the District have each covenanted to comply with each such requirement. Failure to comply with certain of such requirements may result in a delay or forfeiture of all or a portion of the Tax Credit and may cause the Bonds to cease to be treated as "Qualified School Construction Bonds" either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of issuance of the Bonds.

The Tax Credit and interest received on the Bonds, if any, are not excluded from gross income for federal income tax purposes.

California Tax Status. In the opinion of Bond Counsel, interest, if any, paid with respect to the Bonds is exempt from personal income taxation imposed by the State of California. Although the Tax Credit is treated as interest for federal tax purposes, there is no guidance whether the State of California will treat the Tax Credit as interest and, if it is treated as interest, whether said interest will be exempt from personal income taxation imposed by the State of California.

Form of Bond Counsel Opinion. At the time of issuance of the Bonds, Bond Counsel expects to deliver a final approving opinion for the Bonds in substantially the form set forth in Appendix D.

Other Tax Considerations. Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Circular 230 Disclosure. To ensure compliance with the requirements imposed by the Internal Revenue Service, purchasers and Owners of the Bonds should be aware that any federal income tax advice contained in this Official Statement (including the Appendices hereto) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Tax Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

Additional Tax Considerations

This section summarizes certain material federal income tax consequences relating to an investment in the Bonds and does not purport to be a complete discussion of all federal income tax consequences relating to the Bonds. Prospective investors are encouraged consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning the Bonds.

Tax Basis. An Owner's initial tax basis in a Bond generally will be equal to the purchase price paid by such Owner for such Bond. An Owner's tax basis in a Bond will be increased by the amount of original issue discount, if any, that is included in the Owner's income, and decreased by the amount of premium, if any, amortized as a reduction to interest income, as described below.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial

offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount is disregarded.

Under the Tax Code, original issue discount on Bonds is treated as ordinary interest for federal income tax purposes. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bond to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of Premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

Sale of Bonds. Upon the sale of a Bond for cash, an Owner will recognize gain or loss equal to the difference between the amount of cash received (other than cash attributable to accrued interest) and such owner's adjusted tax basis in the Bond. Such gain or loss will be capital gain or loss if the Bond is a capital asset to such owner. Cash received attributable to accrued interest will constitute ordinary interest income to a cash method Owner, and a return of capital with respect to interest accrued as income by an accrual method Owner.

Tax Credit Strips. Pursuant to Section 54A of the Tax Code, a Bond may be stripped into its Tax Credit and Principal components. An owner who purchases a tax credit strip or principal component strip or who elects to strip a Bond into its Tax Credit and Principal components should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of stripping the Bonds. As of the date hereof, the United States Department of Treasury has not published guidance regarding the method of stripping Tax Credits.

Tax Reporting. To date, the United States Department of Treasury has not issued any rulings or regulations or otherwise provided any guidance with respect to the mechanics of reporting of the Tax Credits as the equivalent of interest income, the reporting of the availability of the Tax Credits to the Owners thereof, or the accrual of original issue discount on the Bonds. The Owner of a Bond, must include on its income tax return information with respect to the amount of taxable interest accrued as original issue discount during the taxable year.

Backup Withholding. Under current United States federal income tax law, a 28% backup withholding tax requirement may apply to certain payments of interest and original issue discount on, and the proceeds of a sale, exchange or redemption of, the Bonds. The IRS has not provided guidance regarding how the 28% backup withholding tax requirement will apply to the deemed interest payments represented by the Tax Credits. Therefore, it is not clear how or whether such withholding would occur. In addition, certain persons making such payments are required to submit information returns (i.e., IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

Foreign Investors. Payments (including deemed payments) on the Bonds to a non-U.S. holder that has no connection with the United States other than holding its Bond generally will be made free of withholding tax, as long as that the holder has complied with certain tax identification and certification requirements.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The Authority and the District are not aware of any litigation pending or threatened that (i) questions the political existence of the Authority or the District, (ii) contests the District's ability to receive ad valorem taxes or to collect other revenues, (iii) contests the Authority's ability to issue and repay the Bonds, or (iv) contest the District's ability to issue and repay the District Bonds.

RATING

Standard and Poor's ("S&P") has assigned its rating of "____" to the Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following address: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by such rating agency if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (which is equal to the initial principal amount of the Bonds). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter will receive a takedown fee of \$_____ for the Bonds pursuant to the purchase contract.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

The discussions herein about the Indenture and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Trustee in Seattle, Washington.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority, the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the District.

**CALIFORNIA QUALIFIED SCHOOL BOND
JOINT POWERS AUTHORITY**

By: _____

APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE PALM SPRINGS UNIFIED SCHOOL DISTRICT AND RIVERSIDE COUNTY

GENERAL DISTRICT INFORMATION

General Information

The Palm Springs Unified School District comprises approximately 507 square miles of territory in the central portion of Riverside County, California. Although much of the District is desert, portions are mountainous and wooded. The District includes the incorporated cities of Palm Springs, Cathedral City, Desert Hot Springs, most of Rancho Mirage, the unincorporated community of Thousand Palms, and some unincorporated areas of Riverside County. The District's total population is approximately 137,000.

The management and policies of the District are administered by a Superintendent of Schools and a staff which provides business, pupil, personnel, administrative personnel, and instructional support services.

The District is currently operating fifteen elementary schools, four middle schools, three high schools, one continuation high school, and one adult education program. The District is governed by a five member Board of Education. The members are elected to four-year staggered terms. Average daily attendance in the District for fiscal year 2008-09 was 22,666 students.

The District area is known for its sunshine and fine climate conditions for most of the year with its primary economic base being light industry and a strong tourist trade. In recent years, there has been increased development of new housing with residents attracted to the year-round warm climate and expanded employment opportunities.

Administration

The District is governed by a five-member Governing Board, with each member elected to a four-year term in alternate slates of three and four. Current members of the Governing Board, together with their office and the date their term expires, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Gary Jeandron	President	December 20__
Justin Blake	Clerk	December 20__
Richard Clapp	Member	December 20__
Meredy Shoenberger	Member	December 20__
Shari Stewart	Member	December 20__

The day-to-day operations are managed by a board-appointed Superintendent of Schools.

Recent Enrollment Trends

The following table shows enrollment history for the District for the last five fiscal years, with projected figures through fiscal year 2011-12.

Table A-1
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Annual Enrollment
Fiscal Years 2004-05 through 2011-12

<u>School Year</u>	<u>Enrollment</u>
2004-05	23,217
2005-06	23,689
2006-07	24,263
2007-08	24,400
2008-09	24,347
2009-10 ⁽¹⁾	
2010-11 ⁽¹⁾	
2011-12 ⁽¹⁾	

(1) Estimates.

Source: California Department of Education.

Employee Relations

In the fall of 1974, the California State Legislature enacted a public school employee collective bargaining law known as the Rodda Act which became effective in stages on January 1, 1976, April 1, 1976, and July 1, 1976. This law provides that employees are to be divided into appropriate bargaining units which are to be represented by an exclusive bargaining agent.

The District has _____ full and part-time employees. Bargaining agents represent all but the _____ employees in management, supervisory and confidential categories.

Teachers, nurses, librarians, and other certificated employees, numbering _____ are represented by the Palm Springs Teachers Association ("PSTA"). The employees are covered by a contract that expired on June 30, 20____. The District is currently negotiating a new contract.

The Teamsters Union has been selected as the bargaining agent for _____ classified personnel and such personnel are covered by a contract that expires on June 30, 20____.

District Retirement Systems

STRS. The District participates in the State of California Teacher's Retirement System ("STRS"). This plan covers basically all full-time certificated employees. Active plan members are required to contribute 8.0% of their salary and the District is to contribute an actuarially determined rate, which was 8.25% of payroll for the 2007-08 fiscal year. The District's contribution to STRS for fiscal year 2007-08 was \$7,761,238, for fiscal year 2008-09 was \$8,106,650 (unaudited actual) and for fiscal year 2009-10 is \$7,470,238 (budgeted).

PERS. The District also participates in the State of California Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate, which was 9.306

percent of annual payroll for 2007-08. The District's contribution to PERS for fiscal year 2007-08 was \$3,550,566, for fiscal year 2008-09 was \$3,447,793 (unaudited actual) and for fiscal year 2009-10 is \$3,600,820 (budgeted).

Both the PERS and STRS systems are operated on a statewide basis. District contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as liability. STRS has a substantial State unfunded liability. Since this liability has not been broken down by the state agency, information is not available showing the District's share.

Other Post Employment Benefits

Other Post-Employment Benefits. In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits ("OPEB"). GASB 45 generally requires that local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most local governments will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

The Post-employment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 153 retirees and beneficiaries currently receiving benefits, 10 terminated plan members entitled to but not yet receiving benefits, and 1,977 active plan members.

The contribution requirements of Plan members and the District are established and may be amended by the District and the Palm Springs Teachers Association, the local California Service Employees Association, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2007-08, the District contributed \$1,191,234 to the Plan, all of which was used for current premiums.

The following table shows the components of the District's OPEB cost for the next year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Table A-2
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Other Post Employment Benefit Cost - 2007-08

Annual required contribution	\$ 1,332,408
Contributions made	<u>(1,191,234)</u>
Net OPEB obligation, beginning of year	0
Net OPEB obligation, end of year	\$141,174

Year Ended June 30	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2008	\$1,332,408	89.40%	\$141,174

Source: Palm Springs Unified School District Audit Reports for fiscal year 2007-08.

For a description of the actuarial methods and assumptions used, see "APPENDIX B - FISCAL YEAR 2007-08 AUDITED FINANCIAL STATEMENTS- Note 10 - Post Retirement Healthcare Plan and other Post-employment Benefits (OPEB) Obligation".

The County Investment Pool

Under the California Education Code, the District is required to deposit all monies received from any source into the County Treasury to be held on behalf of the District. The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of July 31, 2009, the portfolio assets comprising the PIF had a market value of \$5,339,200,377.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2007, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. Collectively, these mandatory deposits constituted approximately 84% of the funds on deposit in the County Treasury, while approximately 16% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions, with the prior consent of the Board and the County Treasurer, to participate in the County's PIF, none have been authorized entry, nor are any pending consideration. The desire of the County is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2009 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Pooled Investment Fund as of July 31, 2009, were as follows:

	<u>Market Value</u>	<u>% of Pool</u>
Federal Agency Securities	\$4,357,976,250	81.6%
Cash Equivalents & Money Market Funds	414,838,000	7.8
Medium Term Notes	326,772,162	6.1
Municipal Bonds	122,314,265	2.3
Bonds- U.S. Treasury	29,990,700	0.6
Local Agency Obligations (2)	<u>87,309,000</u>	<u>1.6</u>
Total	\$5,339,200,377	100.0%

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS".

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30.

All governmental funds and fiduciary funds are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, both measurable and available to finance expenditures for the current period. For more information on the District's accounting method, see Note 1 of "APPENDIX B – FISCAL YEAR 2007-08 AUDITED FINANCIAL STATEMENTS" attached hereto.

The Governmental Accounting Standards Board ("GASB") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting and (ii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iii) required supplementary information.

Financial Statements

The District's Audited Financial Statements for the fiscal year ending fiscal year 2007-08 were prepared by Vavrinek, Trine, Day & Co., Inc., Rancho Cucamonga, California. Audited financial statements for the District for the fiscal year ended June 30, 2008 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for excerpts from the 2007-08 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District has not requested nor did the District obtain permission from Vavrinek, Trine, Day & Co., Inc. to include the audited financial statements as an appendix to this Official Statement. Accordingly, Vavrinek, Trine, Day & Co., Inc. has not performed any post-audit review of the financial condition or operations of the District.

The following table shows the audited income and expense statements for the District for the 2005-06 through 2007-08 fiscal years.

Table A3
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2005-06 through 2007-08 (audited)

	<u>Audited</u> <u>2005-06</u>	<u>Audited</u> <u>2006-07</u>	<u>Audited</u> <u>2007-08</u>
<u>Revenues</u>			
Revenue limit sources	\$115,879,469	\$127,730,502	\$132,793,513
Federal revenues	19,537,136	16,271,332	15,999,724
Other state revenues	26,296,903	38,050,229	35,087,516
Other local revenues	17,930,416	22,964,049	25,403,192
Total Revenues	179,643,924	205,016,112	209,283,945
<u>Expenditures</u>			
Instruction	111,062,229	121,319,844	130,055,745
Instruction-related activities:			
Supervision of instruction	6,696,821	8,014,702	8,758,597
Library, media and technology	1,606,386	1,715,898	1,955,751
School site administration	11,458,065	12,110,248	12,862,656
Pupil services:			
Home-to-school transportation	3,179,959	3,476,391	4,116,569
Food services	117,845	176,382	170,335
All other pupil services	6,564,572	7,709,148	9,055,428
Administration:			
Data processing	1,705,598	2,317,606	2,596,047
All other administration	7,628,877	8,176,913	8,783,469
Plant services	19,254,544	20,066,048	20,956,022
Facility acquisition and construction	1,318,804	1,613,790	440,681
Ancillary services	1,324,198	1,460,809	1,751,346
Debt service: principal	--	--	256,806
Debt service: interest	--	--	16,107
Total Expenditures	171,917,898	188,157,779	201,775,559
Excess of Revenues Over/(Under) Expenditures	7,726,026	16,858,333	7,508,386
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	448,376	211,342	75,639
Operating transfers out	(6,692,826)	(6,162,873)	(934,857)
Other sources	--	974,325	
Total Other Fin. Source(Uses)	(6,244,450)	(4,977,206)	(859,218)
Net change in fund balance	1,481,576	11,881,127	6,649,168
Fund Balance, July 1	28,390,986	29,872,562	41,753,689
Fund Balance, June 30	\$29,872,562	\$41,753,689	\$48,402,857

Source: Palm Springs Unified School District Audit Reports for fiscal years 2005-06 through 2007-08.

The following table shows the District's Budget, as adopted by the Governing Board, for fiscal year 2008-09, compared to estimated actuals for the General Fund for fiscal year. The table also shows the fiscal year 2009-10 District General Fund Budget.

Table A4
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Adopted Budgets
For Fiscal Year Ended June 30, 2009 and June 30, 2010

	Adopted Budget 2008-09	Estimated Actuals 2008-09 (1)	Adopted Budget 2009-10
<u>Revenues</u>			
Revenue Limit Sources		\$130,407,392	\$129,077,146
Federal revenues		19,654,075	21,170,885
Other state revenues		28,659,370	25,023,818
Other local revenues		24,535,498	19,171,922
Total Revenues		203,256,335	194,443,771
<u>Expenditures</u>			
Certificated Salaries		100,017,056	92,442,024
Classified Salaries		27,120,920	27,361,993
Employee Benefits		42,111,093	42,350,574
Books and Supplies		14,925,298	7,443,340
Services and Other Operating Expenditures		25,902,638	22,075,100
Capital Outlay		1,052,774	163,075
Other Outgo		6,449	6,449
Transfers of Indirect Costs		(484,461)	(512,487)
Total Expenditures		210,651,767	191,330,068
Excess of Revenues Over/(Under) Expenditures		(7,395,432)	3,113,703
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In		3,095,567	650,000
Operating Transfers Out		(1,106,492)	
Total Other Financing Sources (Uses)		1,989,075	650,000
Net Change in Fund Balance		(5,406,357)	3,763,703
Fund Balance, July 1		48,402,857	42,996,500
Fund Balance, June 30		\$42,996,500	\$46,760,203

Source: *Palm Springs Unified School District.*

[The District Board has adopted a policy of keeping its reserve funded at ____% of ____]. For 2007-08, the reserve was ____, for 2008-09 was ____ and is projected to be ____% for 2009-10.

In order to address reductions in State funding of education (see "STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS"), the District has _____

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single and dual budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

[CONFIRM] The District has never had an adopted budget disapproved by the county superintendent of schools or received qualified certifications of interim financial reports.

Long-Term Debt

The District has never defaulted on the payment of principal of or interest on any of its indebtedness.

General Obligation Bonds: Shown in the following table are the outstanding general obligation bonds of the District as of October 1, 2009 (excluding the Bonds).

Issue	Date Issued	Final Maturity Date	Original Principal Amount	Principal Outstanding as of October 1, 2009
<u>1992 Authorization</u>				
2001 GO Refunding Bonds	06/2001	02/2020	\$19,510,000	
2002 GO Refunding Bonds	07/2002	02/2019	9,265,000	
2002 GO Refunding Bonds, Series B	10/2002	02/2022 ¹	14,470,000	
2004 GO Refunding Bonds	06/2004	02/2018	4,615,000	
2005 GO Refunding Bonds	11/2005	02/2023	17,300,000	
<u>2000 Authorization</u>				
Series A	02/2001	02/2030	10,000,000	
Series B	11/2001	08/2031	20,000,000	
Series C	08/2002	08/2032	10,000,000	
Series D	04/2003	08/2032	20,000,000	
Series E	10/2004	08/2033	12,500,000	
<u>2004 Authorization</u>				
Series A	06/2006	08/2035	80,000,000	
Series B	11/2007	08/2036	42,000,000	41,335,000

State Funding of Education and Revenue Limitations

Annual State apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance ("A.D.A."). Such apportionments will, generally speaking, amount to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among California school districts.

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of \$120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding to categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The District is not a Basic Aid district.

A schedule of the District's A.D.A. and base revenue limit during the past five years, as well as projections for two years, is shown below. Projections are based on a spring 2009 demographic study, and the District expects flat or minimally declining enrollment.

Table A5
PALM SPRINGS UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2004-05 through 2011-12 (projected)

<u>Fiscal Year</u>	<u>P-2 ADA</u>	<u>Base Revenue Limit Per ADA</u>
2004-05	21,591	\$ _____
2005-06	21,971	_____
2006-07	22,585	_____
2007-08	22,666	5,797
2008-09	22,666	5,533
2009-10 ⁽¹⁾	_____	_____
2010-11 ⁽¹⁾	_____	_____

(1) Projected.

Source: Palm Springs Unified School District.

California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may affect appropriations made by the Legislature to school districts.

Revenue Sources

The District categorizes its general fund revenues into four sources:

Table A6
PALM SPRINGS UNIFIED SCHOOL DISTRICT
District Revenue Sources

<u>Revenue Source</u>	<u>Percentage of Total District General Fund Revenues</u>		
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Revenue limit sources (1)	62.3%	63.5%	64.2%
Federal revenues	7.9	7.6	9.7
Other State revenues	18.6	16.8	14.1
Other local revenues	11.2	12.1	12.1

(1) Consists of a mix of State apportionments of basic and equalization aid and local property tax revenues.

Source: Palm Springs Unified School District.

Each of these revenue sources is described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying (1) the average daily attendance for such district by (2) a base revenue limit per unit of A.D.A. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under No Child Left Behind, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Class Size Reduction Program, home-to-school transportation, Economic Impact Aid, School Improvement Program, Educational Technology Assistance Grants, mandated cost reimbursements, instructional materials and mentor teachers.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

Effect of State Budget on Revenues Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - State Funding of Education and Revenue Limitations" below). State funds typically make up the majority of a district's revenue limit. School districts also receive substantial funding from the State for various categorical programs. Revenues received by the District from all State sources generally accounted for about half of total general fund revenues.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS"), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

State Funding of Education and Recent State Budgets

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a

large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see “– State Funding of Education and Revenue Limitations” above). State funds typically make up the majority of a district’s revenue limit. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS”), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State’s budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the County, nor the Underwriter is responsible for the information relating to the State’s budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer’s Office.

The Budget Process. The State’s fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the “**Governor’s Budget**”). Under State law, the annual proposed Governor’s Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor’s Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State’s website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated in this Official Statement by reference.

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading “Bond Information”, posts various State

of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office (the "LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Tax Shifts and Triple Flip. Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required ERAF shift to \$135 million. Legislation commonly referred to as the "Triple Flip," was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip", one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction are redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds were repaid, which is currently expected to occur in approximately 9 to 13 years.

2008-09 State Budget. On September 23, 2008, the Governor signed the 2008-09 State Budget into law (the "**2008-09 Budget**"). The 2008-09 Budget attempted to resolve the \$24.3 billion budget deficit identified in the May (2008) Revision to the Governor's Proposed Budget. The 2008-09 Budget projected revenues of \$103.027 billion in 2007-08 and \$101.991 billion in 2008-09, provided a modest reserve of \$1.7 billion, but projected a deficit of \$1.0 billion in 2009-10.

Special Session – Revisions to 2008-09 Budget; 2009-10 Adopted State Budget. The following is a summary of legislative actions from November 5, 2008 through February 20, 2009, on which date the Governor signed a budget package addressing the 2008-09 Budget deficit, and adopting the 2009-10 Budget.

November 5, 2008. The Governor called the State Legislature into special session to address the \$11 billion budget deficit that had arisen since the 2008-09 budget was adopted.

January 9, 2009. The Governor submitted his proposed 2009-10 Budget (the "**2009-10 Proposed Budget**") to the State Legislature. The 2009-10 Proposed Budget assumed that, without corrective action, the State would face a deficit of \$39.6 billion at the end of 2009-10. The 2009-10 Proposed Budget proposed \$41.7 billion in budgetary solutions to close the gap and establish a \$2.2 billion reserve, including: the issuance of \$4.7 billion in revenue anticipation warrants, capturing savings in K-14 education through spending reductions, accounting changes and cost deferrals and raising \$5 billion in proceeds with the securitization of lottery revenues. Many of the Governor's proposals required voter approval to be implemented.

The LAO stated that while the 2009-10 Proposed Budget was generally reasonable it would likely be subject to risks associated with continued deterioration of the economy, noting that it relied heavily on State borrowing, which was subject to voter approval, the favorable resolution of legal issues, and the State's access to credit markets. On January 14, 2009, the LAO released its report entitled "California's Cash Flow Crisis" stating that the State's cash flow had deteriorated steadily since the end of calendar year 2007 due to, among other things, sharply weakened General Fund revenues and limited access to credit markets.

February 19, 2009. The California Legislature voted to approve a budget package (the "**Budget Package**") addressing the State's \$42 billion deficit, which included \$15 billion in State spending reductions, \$12.8 billion in temporary tax increases (including an increase in the vehicle license fee and an increase in State sales and income taxes), \$11.4 billion in borrowing and a \$1 billion reserve. The Budget Package included revisions to the 2008-09 Budget and adoption of the 2009-10 Budget, covering a 17-month period ending July 1, 2010 (the "budget year"), addressing spending reductions, revenue increases, economic stimulus and increasing governmental efficiency. Certain measures contained in the Budget Package were rejected by the voters at a special State-wide election which was held on May 19, 2009, meaning that further revisions to the Budget would be required (see "May 14, 2009 Budget Revision" below). Key provisions of the Budget Package were:

- *Education Spending Reductions:* Significant Proposition 98-related reductions, consisting of approximately \$7.4 billion in reductions in Proposition 98 funding in 2008-09 compared to the adopted 2008-09 Budget, comprised of \$2.4 billion in program reductions and savings and \$5 billion in Proposition 98 funding deferrals and fund swaps. The 2009-10 Budget provided for \$400 million in fund swaps and a total Proposition 98 funding of \$55.3 billion, which was \$400 million less than the total amount proposed in 2008-09.
- *Health and Human Services Reductions:* Approximately \$1.6 billion in reductions by eliminating cost-of-living increases, reductions in public assistance benefit payments and delaying projects.
- *State Employee Payroll Reductions:* Approximately \$1.4 billion in reductions by implementing furloughs, reducing overtime and eliminating certain paid holidays.
- *Sales Tax Increase:* A 1-cent increase in the State sales tax, generating approximately \$5.9 billion (2 years).

- *Vehicle License Fee Increase:* Increasing the fee from 0.65 percent to 1.15 percent (2 years).
- *State Personal Income Tax Increase:* Imposing a 0.25 percent surcharge on personal income tax and reducing the dependent tax credit (2 years).
- *State Lottery:* Provisions modernizing the State Lottery to generate approximately \$5 billion in revenues in 2009-10.
- *Reducing State Categorical Funding for Education; Increasing Categorical Flexibility:* Reductions in K-12 categorical programs estimated at approximately 15 percent. However, to mitigate program reductions, the Budget Package provided for categorical funding flexibility over 5 years, allowing the transfer of funds from 40 categorical programs to the general fund, commencing in 2008-09. In addition, categorical ending balances could be used for general purpose activities in the current and budget year with certain exclusions.

February 13, 2009. The U.S. House of Representatives and the Senate approved the American Recovery and Reinvestment Act, committing a total of \$787 billion nationwide. A report issued by the LAO entitled "Federal Economic Stimulus Package: Fiscal Effect on California" estimated that the State will receive over \$31 billion in aid and billions more in competitive grants, about \$8 billion of which would be available in 2008-09 and 2009-10.

February 20, 2009. The Governor signed the Budget Package. The Governor used his line item veto power in an attempt to achieve \$1 billion more in savings, including replacing General Fund appropriations for higher education with federal funds, and reforms and cost-saving measures for state prisons.

March 13, 2009 LAO Report. On March 13, 2009, the LAO updated its revenue forecast, projecting that revenues would fall short of the assumptions in the 2009-10 Budget by \$8 billion and foreseeing huge operating shortfalls in future years.

May 7, 2009 LAO Report. On May 7, 2009, the LAO reported that, as result of the budget and cash pressures of recent months, the General Fund's "cash cushion"—the monies available to pay State bills at any given time—currently is projected to end fiscal year 2008-09 at a much lower level than normal, meaning that the State would not be able to pay many of its bills on time for much of fiscal year 2009-10. The LAO concluded that the State would have difficulty borrowing anywhere close to the needed amounts from the short-term bond markets based on the State's own credit. The LAO advised the Legislature to reduce the State's short-term borrowing need to an amount under \$10 billion for fiscal year 2009-10, which would require pursuit of two options: (i) additional actions to increase revenues or decrease expenditures in order to return the fiscal year 2009-10 budget to balance and (ii) additional actions to delay or defer scheduled payments to schools, local governments, service providers, and others.

May 14, 2009 Budget Revision. Under California law, in May of each year the Governor issues a revised budget with changes he or she can support, based on the debate, analysis and changes in the economic forecasts. On May 14, 2009, the Governor released the May Revision, which included two alternative proposals to revise the State budget to address the State's increasing deficit, based on the success or failure of the statewide ballot measures on the May 19, 2009 special election ballot.

Because the voters of the State rejected the three propositions on the special election ballot intended to help balance the State's budget, the May Revision estimated a budget shortfall of \$21 billion in 2009-10, meaning that the legislature and the Governor would need to agree to billions of dollars in additional spending cuts, tax increases or other budgetary solutions to bring the budget back into balance.

May 21, 2009 LAO Report. On May 21, 2009, the LAO commented on the May Revision, stating that the Governor's estimate of a new \$21 billion budget problem was reasonable and the May Revision proposals included major spending reductions and serious efforts for long-term state efficiencies and savings. The LAO urged the legislature to act quickly to return the budget to balance and prevent another state cash crunch.

Governor Declares Fiscal Emergency; State Begins Issuing IOU's; Budget Compromise Announced. The Governor announced on July 1 that the budget deficit had grown by \$2 billion to \$26.3 billion due to the failure of State lawmakers to adopt immediate education cuts and money-shifting plans by the June 30 fiscal year end. He declared a fiscal emergency and ordered a Proposition 58 special session of the Legislature to solve the State's deficit, ordered State employees to take three unpaid furlough days every month and proposed closing the additional \$2 billion shortfall largely by cutting school spending even further. To address the State's cash crisis, on July 2 the State began issuing registered warrants, or IOU's, to several classes of creditors, including certain local governments.

2009-10 State Budget Amendments. On July 24, the California legislature approved amendments to the 2009-10 budget involving 30 separate pieces of legislation to close the \$26.3 billion shortfall in the State's 2009-10 general fund budget. The Governor signed the budget plan on July 28. Total general fund spending in 2009-10 will be more than \$84 billion, down from nearly \$91.7 billion in 2008-09 and nearly \$103 billion in 2007-08. The budget amendments combine deep spending cuts, borrowing from local governments and accounting maneuvers.

The \$15.3 billion in additional spending cuts include:

- \$6.1 billion from the K-14 education budget.
- \$2.8 billion from the California State University and University of California systems.
- \$1.3 billion in savings by furloughing nearly 200,000 state workers three days out of each month.
- Approximately \$3.2 billion from health and human services, including \$1.3 billion in cuts to Medicaid.

The approved amendments include borrowing from local governments and various accounting maneuvers to generate additional revenues in the 2009-10:

- \$2 billion borrowed from counties' property tax collections under provisions of Proposition 1A approved by the voters in 2004, but the State must repay counties with interest within three years.
- \$1.7 billion shift from redevelopment agencies into State funds in exchange for extending the number of years the agencies could collect tax increment.

- \$1 billion in revenues to be generated by selling a portion of the State Compensation Insurance Fund's workers compensation insurance portfolio.
- \$1.2 billion in savings from a one-time deferment of state worker paychecks for one day, moving them into the next fiscal year.
- \$1.7 billion in revenues by requiring taxpayers who make quarterly estimated payments to pay more in the first six months. This will result in lower revenues in the first half of the next fiscal year.
- \$600 million in revenues by increasing income tax withholdings from paychecks. This allows the State to grab more tax revenue earlier but will result in lower revenue later due to higher tax refunds or less taxes owed.

The accounting shifts rely on the assumption that an economic recovery will be well underway in the next fiscal year and many economists believe that they will result in a huge budget shortfall next year. Additionally, borrowing revenues from local governments is likely to result in litigation.

The approved budget amendments discarded plans to take \$1 billion in gasoline tax revenues from local governments and failed to approve \$100 million in revenue from oil leases to be sold in the Santa Barbara Channel. Instead, the legislature intended the \$1.1 billion difference was to be made up by tapping out the general fund reserve. The Governor, however, exercised his line-item veto power to make nearly \$500 million in additional cuts to social services, state prisons and higher education, and providing for a general fund reserve of \$500 million.

K-14 Spending Cuts. Total Proposition 98 funding is reduced by \$2.1 billion in 2008-09 and \$4.5 billion in 2009-10 compared to the levels appropriated in the February Budget Act. However, Proposition 98 General Fund savings are \$5.3 billion in 2009-10 because of the property tax shift of \$850 million from redevelopment agencies to schools.

Additional detail with respect to the effect of the budget amendments relating to K-14 education follows:

- A \$1.6 billion "recapture" of 2008-09 categorical funding for schools that had been appropriated but not actually sent to districts and county offices. This was seen as the only way to reduce funding for the fiscal year ending 2008-09, thereby lowering the base for 2009-10. To equalize the impact among all districts, the categorical cuts will be restored in 2009-10 and an equal amount of approximately \$250 per ADA will be reduced from revenue limits statewide.
- \$2.4 billion from 2009-10 general-purpose spending for local educational agencies resulting in cuts of approximately \$390 per ADA.
- \$1.7 billion of 2009-10 payments that will be deferred from April and May into August of fiscal year 2010-11.

Additional changes include provisions to permit school districts to reduce the number of school days by five days to 175 days through 2012-13 and lowering the reserve requirement for economic uncertainty to one-third of the usual requirement.

Redevelopment Agencies. The approved budget amendments include a take of \$2.05 billion in redevelopment funds (\$1.7 billion in 2009-10 and \$350 million in 2010-11), to be deposited in county "Supplemental" Educational Revenue Augmentation Funds ("SERAF") in

order to meet the State's Proposition 98 obligations to schools. The structure for the redevelopment take is similar to last year's budget trailer bill, AB 1389, which attempted to take \$350 million. The Department of Finance will determine each agency's SERAF payment by November 15 of each year, calculated based on half of each agency's net tax increment (net of pass-throughs) and half on gross tax income. Payments are due by May 10 of the applicable year and agencies that do not make their payment by this date will suffer the "death penalty" and must increase their housing set aside to 25% for the remainder of the redevelopment project area's life. The "death penalty" lasts until the required payments have been made and means that an agency could not adopt a new redevelopment plan, amend an existing plan to add territory, issue bonds, further encumber funds or expend any moneys derived from any source except to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on agency administration for the preceding fiscal year.

The California Redevelopment Association ("**CRA**") has begun preparation of a lawsuit to challenge the State's take of redevelopment funds approved in the budget amendments. CRA was successful in overturning the ERAF shift authorized by AB 1389 last year.

Information about State budgets is regularly available at various State-maintained websites. See: www.dof.ca.gov, under the heading "California Budget". Additionally, an impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

The State has not entered into any contractual commitment with the District, the County, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated by reference in this Official Statement.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the District Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "SECURITY FOR THE DISTRICT BONDS" in the Official Statement.) The provisions of law discussed below are included in this section to describe the potential effect of Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes. It should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the District Bonds. The tax levied by the County for payment of the District Bonds was approved by the District's voters in compliance with all applicable laws.

Article XIII A of the California Constitution

Proposition 13-Article XIII A. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978.

Proposition 46. Under Proposition 46, approved by the voters on December 13, 1986, Article XIII A was amended to allow bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-third of the voters on such indebtedness.

Proposition 39. Proposition 39, approved by voters on November 7, 2000, further amended Article XIII A to permit bonded indebtedness to be incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, if approved by 55% of the voters of the district voting at the election, but only if certain accountability measures are included in the proposition.

"Cash Value." Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies (such as the District) are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies in the county. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated

among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIII B to the State Constitution ("Article XIII B"). Under Article XIII B state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District's budgeted appropriations from "proceeds of taxes" for the 2001-02 fiscal year are equal to the allowable limit. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Articles XIII C and XIII D of the California Constitution

Proposition 218 – Articles XIII C and XIII D. On November 5, 1996, the voters approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, containing provisions affecting the ability of local agencies, including cities, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies, such as the District, from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two thirds vote. Article XIII C also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power is not limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a mandatory, statutory duty on the County Treasurer to levy a property tax sufficient to pay debt service on any Bonds coming due in each year. The initiative power cannot be used to reduce or repeal the Authority and obligation to levy such taxes or to otherwise interfere with performance of the mandatory, statutory duty of the District and the County with respect to such taxes which are pledged as security for payment of the District

Bonds. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIID deals with assessments and property-related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; no such fees or charges are imposed by the District and pledged or expected to be used to pay the District Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formula generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed and which local agencies are to receive the property taxes. The California energy markets have also experienced recent and severe disruption, which has and will affect State finances. The District is unable to predict the impact of these changes and events on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring or the market disruption, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula.

Propositions 98 and 111

Proposition 98. On November 8, 1988, the voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changes State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9 %, or (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of General Fund revenues to be allocated to K-14 districts than the 40.9% percentage, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 school Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to schools is four percent of the minimum State spending for education mandated by the Accountability Act, as described above.

Proposition 111. On June 5, 1990, California voters approved Proposition 111 which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of four percent of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if SCA 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of General Fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of General Fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita General Fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita General Fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when General Fund revenue growth exceeds personal income growth.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding, see "DISTRICT FINANCIAL INFORMATION."

Future Initiatives

From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

THE CITY OF PALM SPRINGS AND RIVERSIDE COUNTY

General

The District is located in Riverside County, California. Set forth below is certain demographic information in Riverside County that could affect the economic environment within which the District operates.

Riverside County

Riverside County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Riverside County Population

The largest cities in Riverside County are the cities of Riverside, Moreno Valley, Corona, Palm Springs, Indio, Palm Springs, Murrieta, Temecula and Cathedral City. The areas of most rapid population growth continue to be those more populated and industrialized cities in the western and central regions of Riverside County and the southwestern unincorporated region of Riverside County between Sun City and Temecula. Growth in Palm Springs has been 9.3% over the past five-year period.

The following table sets forth annual population figures, as of January 1, for the City of Palm Springs, Riverside County and the State, for each of the years listed:

COUNTY OF RIVERSIDE Population Estimates

Year (January 1)	City of Palm Springs	Riverside County	State of California
2005	45,824	1,882,812	36,675,346
2006	46,621	1,962,801	37,114,598
2007	46,893	2,034,840	37,559,440
2008	47,019	2,078,601	37,883,992
2009	47,601	2,107,653	38,292,687

Source: State of California Department of Finance, Demographic Research Unit.

Employment

The District is included in the Riverside-San Bernardino-Ontario labor market area. The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 14.5 percent in August 2009, unchanged from a revised 14.5 percent in July 2009, and above the year-ago estimate of 9.3 percent. This compares with an unadjusted unemployment rate of 12.1 percent for California and 9.6 percent for the nation during the same period. The unemployment rate was 15.0 percent in Riverside County, and 13.9 percent in San Bernardino County.

The following table shows the average annual estimated numbers of wage and salary workers by industry. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA (RIVERSIDE COUNTY) Civilian Labor Force, Employment and Unemployment (Annual Averages)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Civilian Labor Force ⁽¹⁾	1,653,300	1,713,500	1,758,800	1,782,700	1,795,200
Employment	1,555,900	1,622,300	1,672,100	1,678,900	1,646,300
Unemployment	97,400	91,200	86,700	103,800	148,900
Unemployment Rate	5.9%	5.3%	4.9%	5.8%	8.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	18,700	18,300	17,300	16,400	16,200
Natural Resources and Mining	1,200	1,400	1,400	1,300	1,200
Construction	111,800	123,300	127,500	112,500	90,500
Manufacturing	120,100	121,000	123,400	118,500	107,000
Wholesale Trade	45,600	49,900	54,200	56,800	55,100
Retail Trade	153,800	165,700	173,200	175,600	168,000
Transportation, Warehousing and Utilities	55,500	60,200	63,800	69,500	70,200
Information	14,000	14,500	15,300	15,400	14,800
Finance and Insurance	28,000	30,100	31,700	30,700	27,800
Real Estate and Rental and Leasing	17,700	18,900	19,900	19,500	18,500
Professional and Business Services	125,500	133,200	142,300	145,000	136,700
Educational and Health Services	118,400	119,900	122,100	127,000	131,700
Leisure and Hospitality	116,700	122,600	128,100	132,600	130,100
Other Services	39,300	40,800	42,500	41,200	40,900
Federal Government	17,300	18,700	19,300	19,400	19,600
State Government	26,500	27,000	27,400	28,700	29,400
Local Government	168,700	174,800	175,700	177,200	181,000
Total All Industries	1,178,700	1,240,300	1,285,000	1,287,300	1,238,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

Largest Employers in Riverside County

The following table lists the largest employers within the County:

COUNTY OF RIVERSIDE Major Employers (As of January 1, 2009)

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Corrections Dept	Norco	State Govt-Correctional Institutions
Crossroads Truck Dismantling	Mira Loma	Automobile Wrecking (Whls)
Desert Sands Unified School District	La Quinta	Schools
Eisenhower Medical Ctr	Rancho Mirage	Hospitals
Eisenhower Medical Ctr	Rancho Mirage	Laboratories-Medical
Fantasy Springs Resort Casino	Indio	Bowling Centers
Handsome Rewards	Perris	Internet & Catalog Shopping
Palm Springs Valley Medical Ctr	Palm Springs	Hospitals
Hub International Of CA Ins	Riverside	Insurance
J W Marriott-Desert Spgs Resrt	Palm Desert	Hotels & Motels
Kaiser Permanente	Riverside	Physicians & Surgeons
La Quinta Resort & Club	La Quinta	Resorts
Morongo Casino Resort & Spa	Cabazon	Casinos
Mountain & Dunes Golf Courses	La Quinta	Golf Courses-Private
Pechanga Development Corp	Temecula	Casinos
Riverside City Council	Riverside	Government Offices-City, Village & Twp
Riverside Community Hospital	Riverside	Hospitals
Riverside County Regional Med	Moreno Valley	Hospitals
Riverside Forklift Training	Riverside	Trucks-Industrial (Whls)
Robertson's Ready-Mix	Corona	Concrete-Ready Mixed
Starcrest Of California	Perris	Internet & Catalog Shopping
Starcrest Products-California	Perris	Gift Shops
Sun World Intl LLC	Coachella	Fruits & Vegetables-Growers & Shippers
University Of Cal-Riverside	Riverside	Schools-Universities & Colleges Academic
Watson Pharmaceuticals Inc	Corona	Marketing Programs & Services

Source: California Employment Development Dept., America's Labor Market Information System (ALMIS) Employer Database, 2009 2nd Edition

Riverside County Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

COUNTY OF RIVERSIDE
Effective Buying Income
For Calendar Years 2004 through 2008

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2004	City of Palm Springs	n/a	n/a
	Riverside County	\$ 29,468,208	\$40,275
	California	705,108,410	43,915
	United States	5,692,909,567	39,324
2005	City of Palm Springs	\$ 1,075,005	\$34,019
	Riverside County	32,004,438	41,326
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	City of Palm Springs	\$ 1,172,955	\$35,695
	Riverside County	35,656,620	43,490
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of Palm Springs	\$ 1,232,928	\$36,988
	Riverside County	38,631,365	45,310
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Palm Springs	\$ 1,284,293	\$37,933
	Riverside County	40,935,408	46,958
	California	832,531,445	48,952
	United States	6,443,994,426	42,303

Source: Sales & Marketing Management Survey of Buying Power.

Construction Trends

Provided below are the building permits and valuations for the City and the County, for calendar years 2004 through 2009. Annual figures are not yet available for 2009.

COUNTY OF RIVERSIDE Total Building Permit Valuations (valuations in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Permit Valuation</u>					
New Single-family	\$5,997,513.2	\$6,243,791.7	\$4,412,255.1	\$2,207,519.5	\$1,214,753.0
New Multi-family	404,615.9	407,432.1	431,580.9	238,315.9	243,741.9
Res. Alterations/Additions	<u>135,176.6</u>	<u>164,312.5</u>	<u>158,099.4</u>	<u>141,997.0</u>	<u>118,488.7</u>
Total Residential	6,537,305.6	6,815,536.3	5,001,935.4	2,587,832.4	1,576,983.5
New Commercial	580,057.8	552,666.9	648,065.7	682,331.0	539,943.4
New Industrial	203,311.9	120,367.6	288,352.6	184,505.6	70,410.8
New Other	334,001.0	344,703.2	290,006.3	240,767.0	138,765.2
Com. Alterations/Additions	<u>222,495.5</u>	<u>274,337.7</u>	<u>303,408.9</u>	<u>350,539.1</u>	<u>292,693.8</u>
Total Nonresidential	1,339,866.1	1,292,075.4	1,529,833.4	1,458,142.7	1,041,813.1
<u>New Dwelling Units</u>					
Single Family	29,478	29,994	20,692	9,763	3,815
Multiple Family	<u>4,748</u>	<u>4,140</u>	<u>4,519</u>	<u>2,690</u>	<u>2,104</u>
TOTAL	34,226	34,134	25,211	12,453	5,919

Source: Construction Industry Research Board, *Building Permit Summary*.

CITY OF PALM SPRINGS Total Building Permit Valuations (valuations in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Permit Valuation</u>					
New Single-family	\$126,616.0	\$116,997.8	\$88,676.3	\$54,654.7	\$18,751.5
New Multi-family	12,851.1	32,053.9	7,968.4	1,158.0	308.0
Res. Alterations/Additions	<u>16,261.0</u>	<u>20,121.3</u>	<u>13,535.8</u>	<u>12,762.0</u>	<u>12,785.5</u>
Total Residential	155,728.1	169,173.0	110,180.5	68,574.7	31,844.9
New Commercial	10,539.3	39,000.8	20,498.2	43,111.2	25,618.6
New Industrial	2,052.4	0.0	0.0	0.0	0.0
New Other	12,927.3	13,221.0	10,487.2	7,572.6	6,768.5
Com. Alterations/Additions	<u>27,390.7</u>	<u>15,141.7</u>	<u>9,819.2</u>	<u>22,436.8</u>	<u>26,024.7</u>
Total Nonresidential	52,909.7	67,371.6	40,804.7	73,120.6	58,411.7
<u>New Dwelling Units</u>					
Single Family	536	458	347	218	60
Multiple Family	<u>109</u>	<u>312</u>	<u>78</u>	<u>11</u>	<u>4</u>
TOTAL	645	770	425	229	64

Source: Construction Industry Research Board, *Building Permit Summary*.

Riverside County Commercial Activity

Commercial activity is an important factor in Riverside County's economy. Much of Riverside County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are eight regional shopping malls in Riverside County: Riverside Plaza, Galleria at Tyler (Riverside), Palm Springs Mall, Desert Fashion Mall, Indio Fashion Mall, Palm Springs Valley Mall, Palm Desert Town Center and Moreno Valley Mall at Towngate. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in Riverside County.

Total taxable sales during the first two quarters of calendar year 2008 in the City were reported to be \$452,469,000, a 2.3% decrease over the total taxable sales of \$463,302,000 reported in the City during the first two quarters of calendar year 2007. The valuations of taxable transactions in the City are presented in the following table. Annual figures are not yet available for 2008.

CITY OF PALM SPRINGS Taxable Transactions (figures in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2003	1,123	\$531,038	2,232	\$675,487
2004	1,173	592,896	2,237	747,391
2005	1,192	652,807	2,202	822,735
2006	1,122	695,764	2,055	876,619
2007	1,078	671,753	2,072	852,473

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first two quarters of calendar year 2008 in the County were reported to be \$13,495,271,000, a 8.8% decrease over the total taxable sales of \$14,789,713,000 reported during the first two quarters of calendar year 2007. The valuations of taxable transactions in the County are presented in the following table. Annual figures are not yet available for 2008.

COUNTY OF RIVERSIDE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2003	18,300	\$16,030,952	40,833	\$21,709,135
2004	20,642	18,715,949	42,826	25,237,148
2005	22,691	20,839,212	44,222	28,256,491
2006	23,322	21,842,345	43,672	29,816,237
2007	22,918	21,242,516	45,279	29,023,609

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Riverside County Agriculture

Agriculture remains a leading source of income in Riverside County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, dates, lemons and avocados. Four areas in Riverside County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of Riverside County, the Coachella Valley in the central portion and the Palo Verde Valley near Riverside County's eastern border.

Riverside County Transportation

Easy access to job opportunities in Riverside County and nearby Los Angeles, Orange and San Diego Counties is important to Riverside County's employment picture. Several major freeways and highways provide access between Riverside County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of Riverside County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles and Orange Counties from several stations in Riverside County. Transcontinental passenger rail service is provided by Amtrak with a stop in Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads – Burlington Northern/Santa Fe and Union Pacific. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The City of Banning also operates a local bus system.

Riverside County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Palm Springs, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Force Base, which converted from an active duty base to a reserve-only base on April 1, 1996. Plans for joint military and civilian use of the base thereafter are presently being formulated by the March AFB Joint Powers Authority, comprised of Riverside County and the Cities of Riverside, Moreno Valley and Perris.

APPENDIX B

**EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2008**

APPENDIX C
SUMMARY OF INDENTURE OF TRUST

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
PALM SPRINGS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2008 Election, Series A
(Qualified School Construction Bonds)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Palm Springs Unified School District (the "District") in connection with the issuance of \$ _____ aggregate principal amount of Palm Springs Unified School District School District (County of Riverside, California) General Obligation Bonds 2008 Election, Series A (Qualified School Construction Bonds) (the "Bonds"). The Bonds are being issued pursuant to Resolutions adopted by the Board of Education of the District on September 22, 2009 and October 13, 2009 and a Resolution adopted by the Board of Supervisors of Riverside County on November 3, 2009 (together, the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2010 with the report for the 2008-09 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the

preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) the average daily attendance in District schools on an aggregate basis for the preceding fiscal year;
- (ii) pension plan contributions made by the District for the preceding fiscal year;
- (iii) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year;
- (iv) description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year;
- (v) the District's total revenue limit for the preceding fiscal year and for the current budget year;
- (vi) property tax collection delinquencies for the District, for the most recently completed Fiscal Year, if the District is no longer a participant in the County of Riverside's Teeter Plan; and
- (vii) current fiscal year assessed valuation of taxable properties in the District, including assessed valuation of the top ten properties.
- (viii) Amount of Bond proceeds, if any, remaining on deposit in the Building Fund.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the

requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2009

PALM SPRINGS UNIFIED SCHOOL
DISTRICT

By: _____
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Palm Springs Unified School District

Name of Bond Issue: \$_____ aggregate principal amount of Palm Springs Unified School District (County of Riverside, California) General Obligation Bonds, 2008 Election, Series A (Qualified School Construction Bonds)

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the District has not provided an Annual Report with respect to the above-named Bonds as required by the District's Bond Resolution authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

PALM SPRINGS UNIFIED SCHOOL
DISTRICT

By _____
Superintendent

APPENDIX F

BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Authority, the District, nor the Trustee take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one Bond will be issued with respect to each \$500 million of principal amount and an additional Bond will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation

(NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from The District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or The District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, security Bonds are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security Bonds will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.