

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

726A



FROM: Treasurer-Tax Collector

SUBMITTAL DATE:
October 22, 2009

SUBJECT: Resolution No. 2009-317 - Palm Springs Unified School District, 2008 Election, General
Obligation Bonds, Series B (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2009-317,
Authorizing the Issuance and Sale of Palm Springs Unified School District, 2008 Election, General
Obligation Bonds, Series B in a Maximum Aggregate Principal Amount not to Exceed \$110,000,000 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 competitive sale under the provisions of the Education Code. Although California law permits a school
district to sale bonds on its own behalf utilizing the provisions for competitive bond sales under the
Government Code, school districts often opt to utilize the provisions of the Education Code when some
perceived benefit will result.

FORM APPROVED COUNTY COUNSEL

DATE 10/21/09 BY DALE A. GARDNER

Departmental Concurrence


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

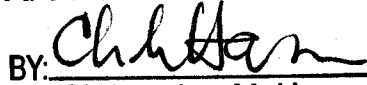
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Requires 4/5 Vote

☐

C.E.O. RECOMMENDATION:

APPROVE

BY: 

County Executive Office Signature

Christopher M. Hans

Policy

☒

Consent

☐

Dep't Recomm.:

Policy

☒

Consent

☐

Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 4

Agenda Number:

3.53

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 competitive sale utilizing the provisions of the Education Code. Therefore the Education Code provides that the Riverside County Board of Supervisors is responsible for issuing and selling these District bonds, via a competitive sale, on behalf of the District. To that end, the District's Board of Education adopted its resolution 2009/2010-23 requesting this Board to sell the District's general obligation bonds Series B in an aggregate principal amount not to exceed \$110,000,000.

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.

On November 3, 2008, the Board is scheduled to consider the adoption of Resolution No. 316 which would authorize the first series of bonds to be issued under the \$516,000,000 authorization. Resolution No. 316 would authorize 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.

Resolution No. 2009-317 authorizes the issuance and sale of Palm Springs Unified School District, 2008 Election, General Obligation Bonds Series B in an aggregate principal amount not to exceed \$110,000,000; prescribes the terms of the bonds and conditions of their sale; and authorizes the execution of other necessary documents related to the transaction.

The proceeds of the Series B Bonds are to be expended for identified school facilities and improvements. 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. 2009-317 and has approved it as to form.

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10 **RESOLUTION NO. 2009-317**
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13 **RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE**
14 **COUNTY PROVIDING FOR THE ISSUANCE AND SALE OF PALM**
15 **SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION**
16 **BONDS, 2008 ELECTION, SERIES B, IN THE PRINCIPAL AMOUNT OF**
17 **NOT TO EXCEED ONE HUNDRED TEN MILLION DOLLARS**
18 **(\$110,000,000) PRESCRIBING THE TERMS OF THE BONDS AND**
19 **THEIR SALE; APPROVING FORMS OF OFFERING AND BIDDING**
20 **DOCUMENTS; AND AUTHORIZING EXECUTION OF NECESSARY**
21 **DOCUMENTS AND TAKING RELATED ACTIONS**
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APPROVED COUNTY COUNSEL
DATE 4/21/09
DALE A. GARDNER

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EXHIBITS:

EXHIBIT "A"	FORM OF OFFICIAL NOTICE OF SALE	A 1
EXHIBIT "B"	BID FORM	B 1
EXHIBIT "C"	FORM OF NOTICE OF INTENTION TO SELL BONDS	C 1
EXHIBIT "D"	FORM OF SERIES B BOND	D 1

RESOLUTION NO. 2009-317

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 B, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE HUNDRED TEN MILLION DOLLARS (\$110,000,000) PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING FORMS OF OFFERING AND BIDDING DOCUMENTS AND AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS AND TAKING RELATED ACTIONS

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

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

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

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner (12/1/08)
DATE

1 **WHEREAS**, the Board of Education of the District ("District Board") has previously
2 adopted resolutions directing the issuance and sale of the Palm Springs Unified School District
3 General Obligation Bonds, 2008 Election, Series A, in a par amount not to exceed \$25,000,000,
4 leaving not less than \$491,000,000 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. 2009/2010-23 on October 13,
8 2009 ("District Resolution"), a certified copy of which has been filed with this County Board of
9 Supervisors ("County Board") requesting the County Board to issue, in the name of and on
10 behalf of the District, a series of such authorized bonds to be designated "Palm Springs Unified
11 School District General Obligation Bonds, 2008 Election, Series B" in an aggregate principal
12 amount not to exceed \$110,000,000 ("Bonds" or "Series B Bonds"); and
13

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

19 **WHEREAS**, in the District Resolution, the District Board found and informed this
20 County Board that all acts and conditions necessary to be performed by the District or to have
21 been met precedent to and in the issuing and sale of the Series B Bonds in order to make them
22 legal, valid and binding general obligations of the District have been performed and have been
23 met, or will at the time of delivery of the Series B Bonds have been performed and met, in
24 regular and due form as required by law; and
25

26 **WHEREAS**, the District Board has further requested this County Board to sell the Series
27 B Bonds through a competitive bid sale process, subject to the limitations set forth in the District
28 Resolution; and

1
2 **WHEREAS**, this County Board desires to make certain determinations and to authorize
3 the issuance of the Series B Bonds upon the terms and conditions set forth herein.
4

5 NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF
6 THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS FOLLOWS:
7

8 **SECTION 1. Recitals; Incorporation of District Resolution.** The foregoing
9 recitals are true and correct and are incorporated herein by this reference. The District
10 Resolution adopted on October 13, 2009, together with the exhibits thereto, and findings and
11 determinations contained therein, is incorporated herein by reference and all of the provisions
12 thereof are made a part hereof and shall be applicable to the Series B Bonds, except as otherwise
13 specified herein.
14

15 **SECTION 2. Purpose of the Series B Bonds.** Bonds of the District shall be issued
16 in the name and on behalf of the District in the aggregate principal or issue amount of not to
17 exceed \$110,000,000 for the purposes of: (a) raising money for acquiring and constructing the
18 projects set forth in the bond measure submitted to, and approved by, the voters at the Election,
19 as further described above; (b) funding interest on the Series B Bonds for a specified period of
20 time as authorized by California law; and (c) to pay all necessary legal, financial, printing,
21 insurance and other contingent costs in connection with the issuance and delivery of the Series B
22 Bonds, as further set forth herein and subject to the applicable provisions of the California
23 Constitution and State law including, but not limited to, the Education Code.
24

25 **SECTION 3. Statutory Authorization.** The Series B Bonds are authorized to be
26 issued and sold by the County in the name of the District pursuant to the Election, the
27 Authorization, the District Resolution, the California Constitution, this Resolution, Education
28 Code Sections 15266, 15100 *et seq.* and 15140 *et seq.* and other applicable State law.

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

5
6 (a) **“Authorized Denominations”** means, with respect to the Series B Bonds, \$5,000
7 Principal Amount and integral multiples thereof.
8

9 (b) **“Authorized Investments”** means the Riverside County Investment Pool (or
10 other investment pools of the County into which the District may lawfully invest its funds), the
11 Local Agency Investment Fund, any investment authorized pursuant to Sections 16429.1 and
12 53601 of the Government Code, or in shares in a California common law trust established
13 pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in
14 investments permitted by Section 53635 of the Government Code, or in guaranteed investment
15 contracts in direct general obligations of the United States of America (including State and Local
16 Government Securities) (provided that such contracts comply with the requirements of Section
17 148 of the Code, and with the requirements of the Bond Insurer, if any, and as shall be
18 applicable).
19

20 (c) **“Authorized Newspaper”** means a newspaper selected by the District which is
21 customarily published at least once a day for at least five days (other than legal holidays) in each
22 calendar week, published in the English language, of general circulation in the County of
23 Riverside and which has been adjudicated or designated as a “newspaper of general circulation”
24 pursuant to California law.
25

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

1
2 (e) **"Bond Insurer"** means any insurance company which issues a municipal bond
3 insurance policy insuring of the payment of Principal of, and interest on, all or a portion of the
4 Series B Bonds.

5
6 (f) **"Bond Payment Date"** or **"Interest Payment Date"** means, unless otherwise
7 provided in Official Notice of Sale, bid form and award of bid, February 1 and August 1, with
8 respect to interest payments on the Series B Bonds, commencing August 1, 2010, and August 1
9 of each year, commencing on such August 1 as shall be designated in the bidding documents as
10 confirmed by the award of bid with respect to the principal payments of the Series B Bonds.

11
12 (g) **"Bond Register"** or **"Registration Books"** means the listing of names and
13 addresses of the current registered owners of the Series B Bonds, as maintained by the Paying
14 Agent in accordance with Section 15 hereof.

15
16 (h) **"Bonds"** or **"Series B Bonds"** means the Palm Springs Unified School District
17 General Obligation Bonds, 2008 Election, Series B.

18
19 (i) **"Building Fund"** shall have the meaning set forth in Section 22 hereof.

20
21 (j) **"Business Day"** means a day which is not a Saturday or Sunday or a day on
22 which banking institution are authorized or required by law or executive order to be closed in
23 California and New York for commercial banking purposes and on which the Federal Reserve
24 system is not closed.

25
26 (k) **"Code"** means the Internal Revenue Code of 1986, as amended, and any
27 successor provisions thereto, and may also include the applicable regulations of the Department
28 of Treasury thereunder, and any successor provisions thereto.

1
2 (l) **"County"** means the County of Riverside, a political subdivision of the State of
3 California organized and existing under the Constitution and laws of the State of California, and
4 any successor thereto.
5

6 (m) **"County Treasurer"** means the County Treasurer-Tax Collector of the County,
7 or any authorized deputy.
8

9 (n) **"Date of Issuance"** means the delivery date of the Series B Bonds, or such other
10 dates for the Series B Bonds as shall be designated by the bidding documents as confirmed by
11 the award of bid.
12

13 (o) **"Debt Service Fund"** shall have the meaning set forth in Section 22 hereof.
14

15 (p) **"Designated Officer(s)"** means the District's Superintendent, Assistant
16 Superintendent Business Services, or other persons designated in writing by the District's
17 Superintendent as a Designated Officer of the District.
18

19 (q) **"District"** or **"School District"** means the Palm Springs Unified School District,
20 a public school district organized and operating under the Constitution and the laws of the State
21 of California, and any lawful successor thereto.
22

23 (r) **"District Board"** means the Board of Education of the District.
24

25 (s) **"DTC"** or **"Depository"** means The Depository Trust Company, New York, New
26 York, a limited purpose trust company organized under the laws of the State of New York in its
27 capacity as securities depository for the Bonds.
28

1 (t) **"Informational Services"** means Financial Information, Inc.'s "Daily Called
2 Bond Service," 1 Craigwood Road, 2nd Floor, Jersey City, New Jersey 07080, Attention: Editor;
3 Standard & Poor's Ratings Group "Called Bond Data," 55 Water Street, 45th Floor, New York,
4 New York, 10041; FIS/Mergent, 5250 77 Center Drive, Suite 150, Charlotte, North Carolina,
5 28217, Attention: Called Bond Department, and, in accordance with then current guidelines of
6 the Securities and Exchange Commission, such other addresses and/or such other services
7 providing information with respect to called bonds as the District may designate in a written
8 request of the District delivered to the Paying Agent.

9
10 (u) **"Letter of Representations"** or **"Representation Letter"** shall have the
11 meaning set forth in Section 16 hereof.

12
13 (v) **"Moody's"** means Moody's Investors Service, Inc., a corporation duly organized
14 and existing under the laws of the State of Delaware, and its successors and assigns, except that
15 if such entity shall be dissolved or liquidated or shall no longer perform the functions of a
16 securities rating agency, then the term "Moody's" shall be deemed to refer to any other
17 nationally recognized securities rating agency selected by the District.

18
19 (w) **"Nominee"** means the nominee of the Depository, which may be the Depository,
20 as determined from time to time pursuant to Section 16 hereof.

21
22 (x) **"Office of the Paying Agent"** means the principal corporate trust office of the
23 Paying Agent in Los Angeles, California, or such other office as may be specified to the District
24 by the Paying Agent in writing.

25
26 (y) **"Official Notice of Sale"** means the Official Notice of Sale for the Series B
27 Bonds, the form of which is attached hereto as Exhibit "A", in its final form as approved by the
28 Designated Officer of the District.

1
2 (z) **"Official Statement"** shall have the meaning set forth in Section 25 hereof.
3

4 (aa) **"Outstanding"** means all Series B Bonds theretofore issued by the District,
5 except:

6 (1) Series B Bonds theretofore canceled by the District or surrendered to the
7 District for cancellation;
8

9 (2) Series B Bonds for the transfer or exchange of or in lieu of or in
10 substitution for which other Series B Bonds shall have been authenticated
11 and delivered pursuant to the terms hereof; and
12

13 (3) Series B Bonds paid and discharged pursuant to Section 20 or 21 hereof.
14

15 (bb) **"Owner"** or **"Bond Owner"** means, with respect to a Series B Bond, the Person
16 in whose name such Series B Bond is registered on the Registration Books.
17

18 (cc) **"Participants"** means those broker-dealers, banks and other financial institutions
19 from time to time for which DTC holds book-entry certificates as securities depository.
20

21 (dd) **"Paying Agent"** means U.S. Bank National Association, or such other party as
22 selected by the Designated Officer of the District, or any successor thereto, acting as the
23 authenticating agent, bond registrar, transfer agent and paying agent.
24

25 (ee) **"Person"** means an individual, corporation, limited liability company, firm,
26 association, partnership, trust, or other legal entity or group of entities, including a governmental
27 entity or any agency or political subdivision thereof.
28

1 (ff) **“Principal”** or **“Principal Amount”** means, with respect to any Series B Bond,
2 the stated principal amount thereof.

3
4 (gg) **“Rebate Fund”** shall have the meaning set forth in Section 22 hereof.

5
6 (hh) **“Record Date”** means, with respect to a Series B Bond, the 15th calendar day of
7 the month preceding each Bond Payment Date, whether or not such day is a Business Day.

8
9 (ii) **“Redemption Notice”** shall have the meaning set forth in Section 11 hereof.

10
11 (jj) **“Representation Letter”** means the Letter of Representations from the District to
12 DTC, or any successor securities depository for Book-Entry Notes, in which the District makes
13 certain representations with respect to issues of its securities for deposit by DTC or such
14 successor depository.

15
16 (kk) **“Resolution”** or **“Bond Resolution”** means this Resolution, including the
17 Exhibits hereto, as adopted by the County Board of Supervisors and as such may be amended
18 pursuant to Section 32.

19
20 (ll) **“Securities Depositories”** means the following: The Depository Trust Company,
21 with Cede & Co. as its nominee, 55 Water Street, 25th Floor, New York, New York, 10041-
22 0099, Attn: Call Notification Department, Fax (212) 855-5004, and in accordance with then
23 current guidelines of the Securities and Exchange Commission, such other addresses and/or such
24 other securities depositories as the District may designate in a Written Request of the District
25 delivered to the Paying Agent.

26
27 (mm) **“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-
28 Hill Companies, Inc., a corporation duly organized and existing under the law of the State of

1 New York, and its successors and assigns, except that if such entity shall be dissolved or
2 liquidated or shall no longer perform the functions of a securities rating agency, then the term
3 "S&P" shall be deemed to refer to any other nationally recognized securities rating agency
4 selected by the District.

5
6 (nn) **"State"** means the State of California.

7
8 (oo) **"Tax Certificate"** means the Tax Certificate executed by the District at the time
9 of issuance of the Series B Bonds relating to the requirements of Section 148 of the Code, as
10 originally executed and as it may be amended from time to time.

11
12 (pp) **"Term Bonds"** means those Series B Bonds for which mandatory sinking fund
13 redemption dates have been established in the bidding documents as confirmed by the award of
14 bid.

15
16 (qq) **"Transfer Amount"** means, with respect to any Outstanding Series B Bond, the
17 aggregate Principal Amount thereof.

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

21
22 (ss) **"Underwriter"** means the initial purchaser of the Series B Bonds as identified in
23 the award of the bid.

24
25 (tt) **"Written Request"** of the District means a written certificate or written requested
26 signed in the name of the District by a Designated Officer. Any such certificate or request may,
27 but need not, be combined in a single instrument with any other instrument, opinion or
28 representation, and the two or more so combined shall be read and construed as a single

1 instrument.

2
3 Unless the context otherwise indicates, words expressed in the singular shall include the
4 plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience
5 only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.
6

7 Headings of sections herein and the table of contents hereof are solely for convenience of
8 reference, do not constitute a part hereof and shall not affect the meaning, construction or effect
9 hereof.
10

11 All references herein to "Sections" and other subdivisions are to the corresponding
12 Sections or subdivisions of this Resolution; the words "herein," "hereof," "hereby", "hereunder"
13 and other words of similar import refer to this Resolution as a whole and not to any particular
14 Section or subdivision hereof.
15

16 **SECTION 5. Official Notice of Sale.** That the Series B Bonds are hereby ordered
17 to be sold by competitive bid in accordance with the terms and conditions set forth in the District
18 Resolution, herein and in the Official Notice of Sale, the form of which is attached hereto as
19 Exhibit "A" and incorporated herein by this reference. The Official Notice of Sale, substantially
20 in the form attached hereto as Exhibit "A" is hereby approved, and the distribution of the Official
21 Notice of Sale is hereby authorized and approved with such changes, insertions and deletions as
22 may be approved by the Designated Officer (as defined below) and District Bond Counsel
23 (Bowie, Arneson, Wiles & Giannone), which approval shall be conclusively evidenced by
24 execution and delivery thereof.
25

26 **SECTION 6. Notice and Bid Form.** The Bid Form and Notice of Intention to Sell
27 Bonds, forms of which are attached hereto as Exhibits "B" and "C" respectively, and
28 incorporated herein by this reference, are hereby approved as to form. The Designated Officer,

1 in consultation with the Treasurer, may make such changes, insertions and deletions from such
2 form as shall be necessary or desirable for the sale of the Series B Bonds, which shall be
3 conclusively evidenced by the execution and delivery thereof.

4
5 **SECTION 7. Publication of Notice of Intention to Sell Bonds.** The publication by
6 the District of the Notice of Intention, in the final form thereof, in *The Bond Buyer* one time at
7 least five (5) days prior to the date set to receive bids is hereby approved and ratified.

8
9 **SECTION 8. Sale of Bonds.** The Series B Bonds are hereby ordered to be sold by
10 competitive bid. The Designated Officer, on behalf of the Treasurer and the County Board, is
11 hereby delegated the authority to accept the best responsible bid for the purchase of the Series B
12 Bonds, determined in accordance with the final Official Notice of Sale. The Designated Officer
13 is hereby authorized and directed to accept such bid(s), for and in the name of the District and
14 the County, by notice to the successful respective bidder(s). The Designated Officer is further
15 authorized to direct the inclusion of term bonds as part of the final structure of the bond issue, if
16 term bonds have been included in the bid of the successful bidder in accordance with the final
17 Official Notice of Sale. In the event two or more bids setting forth identical interest rates and
18 premium, if any, are received, the Designated Officer, on behalf of the District and the County,
19 may exercise his or her own discretion and judgment in making the award and may award the
20 Series B Bonds on a pro rata basis in such denominations as the Designated Officer shall
21 determine. The Designated Officer, on behalf of the District and the County, shall award the
22 Series B Bonds or reject all bids not later than twenty-six (26) hours after the expiration of the
23 time prescribed for the receipt of proposals unless such time of award is waived by the successful
24 bidder.

25
26 **SECTION 9. General Authorization.** The District's Financial Advisor (Dale Scott
27 & Co.) and or District Bond Counsel are hereby authorized and directed to open the bids at the
28 time and place specified in the final Official Notice of Sale, and to report the results thereof to

1 the Designated Officer and the Treasurer. The District's Financial Advisor and/or District's
2 Bond Counsel (as identified in the District Resolution) are hereby authorized and directed to
3 receive and record the receipt of all bids made pursuant to such final Official Notice of Sale, to
4 cause the submitted bids to be examined for compliance with such final Official Notice of Sale,
5 to cause computations to be made as to which bidder has bid the lowest true interest cost, as
6 provided in such final Official Notice of Sale, along with a report as to the foregoing and any
7 other matters deemed pertinent to the award of the Series B Bonds and the proceedings for the
8 issuance thereof.

9
10 **SECTION 10. Terms of Bonds.** The Series B Bonds shall be issued in one series
11 designated "**Palm Springs Unified School District General Obligation Bonds, 2008 Election,**
12 **Series B.**"

13
14 The Series B Bonds shall be issued as fully registered bonds, without coupons, in the
15 denominations of, Five Thousand Dollar (\$5,000) Principal Amount, or any integral multiple
16 thereof.

17
18 The Series B Bonds shall be dated the Date of Issuance, and shall bear interest from the
19 date of the Series B Bonds to maturity of each of the Series B Bonds at a rate or rates such that
20 the interest rate shall not exceed twelve percent (12%) per annum unless otherwise specified in
21 the final form of the Official Notice of Sale. Interest on the Series B Bonds shall be payable on
22 February 1 and August 1 of each year (the "Interest Payment Dates"), commencing August 1,
23 2010, until the Principal Amount has been paid or provided for. Each Series B Bond shall bear
24 interest from the Interest Payment Date next preceding the date of authentication thereof using a
25 year of 360 days, comprised of twelve 30-day months, unless it is authenticated as of a day
26 during the period from the 15th day of the month next preceding any Interest Payment Date to the
27 Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment
28 Date, or unless it is authenticated on or before July 15, 2010, in which event it shall bear interest

form such date as shall be specified in the final form of the Official Notice of Sale.

The Series B Bonds will be sold as provided in Sections 8, 9 and 10 hereof. Notwithstanding anything herein to the contrary, the terms of the Series B Bonds, as set forth in this Resolution, may be modified prior to delivery in accordance with the provisions of the bid documents, as finally approved and executed. The Series B Bond maturities may be adjusted by the Designated Officer(s), in consultation with the Financial Advisor and Bond Counsel, as appropriate to provide funds to finance school facilities as set forth in the Authorization and pay for the costs of issuance of the Series B Bonds, provided that the total par amount of the Series B Bonds shall not exceed \$110,000,000. In the event of a conflict or inconsistency between this Resolution and the within-referenced bid documents relating to the terms of the Series B Bonds, the provisions of the within-referenced bid documents shall be controlling.

SECTION 11. Redemption Provisions.

(a) Optional Redemption. Unless otherwise specified in the final form of the Official Notice of Sale, the Series B Bonds maturing on or before August 1, 2019, are not subject to redemption prior to maturity. The Series B Bonds maturing on August 1, 2020, or any time thereafter, are subject to redemption prior to their respective stated maturity dates at the option of the District, in whole or in part on any date, on or after August 1, 2019, and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, plus the payment of a premium (expressed as a percentage of the principal amount), payable from any source lawfully available therefor, as follows:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 1, 2019 and thereafter	100.0%

(b) Mandatory Sinking Fund Redemption Term Bonds. If, pursuant to Section 8

1 hereof, Term Bonds have been included in the successful bid, the provisions of this Section shall
2 become applicable, and the Term Bonds shall be redeemed on the Term Bond redemption date(s)
3 so specified from monies which shall be deposited into the Debt Service Fund on August 1 of the
4 years and in the amounts as so designated.

5
6 If applicable, the Terms Bonds to be so redeemed shall be determined by lot and shall be
7 redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the
8 redemption date, without premium.

9
10 (c) Selection of Bonds for Redemption. Whenever less than all of the outstanding
11 Series B Bonds are to be redeemed, the Paying Agent, upon written direction from the District
12 shall select the Series B Bonds to be redeemed as so directed by the District, and if not so
13 directed in inverse order of maturity, and within a maturity, the Paying Agent shall select Series
14 B Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent
15 shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed
16 in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, and the
17 portion of any Capital Appreciation Bonds to be redeemed in part shall be in integral multiples of
18 the Accreted Value per \$5,000 Maturity Value of such Capital Appreciation Bond. The Paying
19 Agent shall promptly notify the District of the Bonds so selected for redemption on such date.

20
21 (d) Form of Notice of Redemption. The Paying Agent shall give notice of each
22 designated redemption ("Redemption Notice") of the Series B Bonds at the expense of the
23 School District. Such Redemption Notice shall specify: (a) that the Series B Bonds or a
24 designated portion thereof are to be redeemed; (b) if less than all of the then outstanding Bonds
25 are to be called for redemption, shall designate the numbers (or state that all Series B Bonds
26 between two stated numbers both inclusive have been called for redemption) and CUSIP®
27 numbers, if any, of the Series B Bonds to be redeemed; (c) the date of notice and the date of
28 redemption; (d) the place or places where the redemption will be made; and (e) descriptive

1 information regarding the Series B Bonds and the specific Series B Bonds to be redeemed,
2 including the dated date, interest rate and stated maturity date of each. Such Redemption Notice
3 shall further state that on the specified date there shall become due and payable upon each Series
4 B Bond to be redeemed, the portion of the principal amount of such Series B Bond to be
5 redeemed, together with interest accrued or accreted, as applicable, to the date of redemption,
6 and redemption premium, if any, and that from and after such date interest with respect thereto
7 shall cease to accrue or accrete, as applicable.
8

9 (e) Provision of Notice of Redemption. Any Redemption Notice shall be mailed, first
10 class postage, to the registered owners of the Series B Bonds, to a Securities Depository and to a
11 national Information Service, and by first class mail, postage prepaid, to the School District and
12 County and the respective Owners of any registered Series B Bonds designated for redemption at
13 their addresses appearing on the Bond registration books, in every case at least thirty (30) days,
14 but not more than forty-five (45) days, prior to the designated redemption date; provided that
15 neither failure to receive such notice nor any defect in any notice so mailed shall affect the
16 sufficiency of the proceedings for the redemption of such Series B Bonds nor entitle the Owner
17 thereof to interest beyond the date given for redemption. A certificate provided by the Paying
18 Agent that notice of such redemption has been given as herein provided shall be conclusive as
19 against all parties, and it shall not be open to a Bond Owner to show that he or she failed to
20 receive notice of such redemption. In case of the redemption as permitted herein of all the
21 Outstanding Bonds of any one maturity, notice of redemption shall be given by mailing as herein
22 provided, except that the notice of redemption need not specify the serial numbers of the Series
23 B Bonds of such maturity.
24

25 Neither failure to receive or failure to send, to the Securities Depositories or
26 Informational Services, any Redemption Notice nor any defect in any such Redemption Notice
27 so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.
28 Neither the failure to receive such notice nor any defect in any notice so mailed shall affect the

1 sufficiency of the proceedings for the redemption of such Series B Bonds or the cessation of
2 accrual or accretion of interest, as applicable, represented thereby from and after the redemption
3 date.

4
5 (f) Contingent Redemption; Rescission of Redemption. Any Redemption Notice
6 may specify that redemption of the Series B Bonds designated for redemption on the specified
7 date will be subject to the receipt by the District of monies sufficient to cause such redemption
8 (and will specify the proposed source of such monies), and neither the District or the County will
9 have any liability to the Owners of any Series B Bonds, or any other party, as a result of the
10 District's failure to redeem the Series B Bonds designated for redemption as a result of
11 insufficient monies therefor.

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

23
24 (g) Payment of Redeemed Series B Bonds. When a Redemption Notice has been
25 given substantially as provided for herein, and, when the amount necessary for the redemption of
26 the Series B Bonds called for redemption (Principal and premium, if any) is set aside for that
27 purpose in the Debt Service Fund, as provided herein, the Series B Bonds designated for
28 redemption shall become due and payable on the date fixed for redemption thereof and upon

1 presentation and surrender of said Series B Bonds at the place specified in the Redemption
2 Notice, said Series B Bonds shall be redeemed and paid at the redemption price out of the Debt
3 Service Fund.

4
5 Each check issued or other transfer of funds made by the Paying Agent for the purpose of
6 redeeming Series B Bonds shall bear or include the CUSIP® number identifying, by issue and
7 maturity, the Series B Bonds being redeemed with the proceeds of such check or other transfer.
8

9 If on such redemption date, money for the redemption of all the Series B Bonds to be
10 redeemed as provided in this Section, together with interest to such redemption date, shall be
11 available therefor, and if notice of redemption thereof shall have been given as aforesaid, then
12 from and after such redemption date, interest with respect to the Series B Bonds to be redeemed
13 shall cease to accrue. All money held for the redemption of Series B Bonds shall be held in trust
14 for the account of the registered Owners of the Series B Bonds so to be redeemed. All unpaid
15 interest payable at or prior to the designated redemption date shall continue to be payable to the
16 respective Owners, but without interest thereon.
17

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

26 (i) Effect of Notice of Redemption. Notice having been given as aforesaid, and the
27 moneys for the redemption (including the interest to the applicable date of redemption) having
28 been set aside in the Debt Service Fund, the Series B Bonds to be redeemed shall become due

1 and payable on such date of redemption.

2
3 If on such redemption date, money for the redemption of all the Series B Bonds to be
4 redeemed as provided in this Section 11, together with interest to such redemption date, shall be
5 held by the Paying Agent so as to be available therefor on such redemption date, and if notice of
6 redemption thereof shall have been given as aforesaid, then from and after such redemption date,
7 interest with respect to the Series B Bonds to be redeemed shall cease to accrue and become
8 payable. All money held by or on behalf of the Paying Agent for the redemption of Series B
9 Bonds shall be held in trust for the account of the Owners of the Series B Bonds so to be
10 redeemed.

11
12 All Series B Bonds paid at maturity or redeemed prior to maturity pursuant to the
13 provisions of this Section 11 shall be canceled upon surrender thereof. All or any portion of a
14 Series B Bond purchased by the County or the District shall be canceled and destroyed by the
15 Paying Agent and the Paying Agent shall provide a written certification of such cancellation and
16 destruction to the District.

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

thereof, as provided for in Section 11(k) below and shall not be re-issued or resold.

(k) Cancellation of Redeemed Bonds. All Series B Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section and Section 19 shall be canceled upon surrender thereof and be delivered to or upon the order of the County and the District. All or any portion of a Series B Bond purchased by the Treasurer or the District pursuant to subsection (i) above shall be canceled by the Paying Agent and the Paying Agent shall provide a written certification of such cancellation and destruction to the District and the County.

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

SECTION 12. Form of Bonds; Temporary Bonds; CUSIP® Numbers. The Series B Bonds shall be substantially in conformity with the standard form of registered school district bonds, the form of which is attached hereto as Exhibit "D" and incorporated herein by this reference as if set forth in full, with necessary or appropriate variations, omissions and insertions as may be permitted or required by this Resolution and the winning bid(s) for the Series B Bonds, as shall be applicable.

The Series B Bonds may be initially issued in temporary form exchangeable for

1 definitive Series B Bonds when ready for delivery. The temporary Series B Bonds may be
2 printed, lithographed or typewritten, shall be of such denominations as may be determined by the
3 Treasurer and the Designated Officer, and may contain such reference to any of the provisions of
4 this Resolution as may be appropriate. Every temporary Series B Bond shall be executed by the
5 County upon the same conditions and in substantially the same manner as the definitive Series B
6 Bonds. If the County issues temporary Series B Bonds it will execute and furnish definitive
7 Series B Bonds without delay, and thereupon the temporary Series B Bonds may be surrendered,
8 for cancellation, in exchange therefor at the principal office of the Paying Agent and the Paying
9 Agent shall deliver in exchange for such temporary Series B Bonds an equal aggregate Principal
10 Amount of definitive Series B Bonds of authorized denominations. Until so exchanged, the
11 temporary Series B Bonds shall be entitled to the same benefits pursuant to this Resolution as
12 definitive Series B Bonds executed and delivered hereunder.

13
14 "CUSIP®" identification numbers shall be imprinted on the Series B Bonds, but such
15 numbers shall not constitute a part of the contract evidenced by the Series B Bonds and any error
16 or omission with respect thereto shall not constitute cause for refusal of the Purchaser to accept
17 delivery of and pay for the Series B Bonds. In addition, failure on the part of the District to use
18 such CUSIP® numbers in any notice to Owners of the Series B Bonds shall not constitute an
19 event of default or any violation of the District's contract with such Owners and shall not impair
20 the effectiveness of any such notice.

21
22 **SECTION 13. Execution of Bonds.** The Series B Bonds shall be executed by the
23 manual or facsimile signature of the Chairperson of the Board of Supervisors, attested by the
24 manual or facsimile signature of the Treasurer, and countersigned by the manual or facsimile
25 signature of the Clerk of the Board of Supervisors or any designated deputy. The facsimile
26 signatures of the Chairperson, the Treasurer and the Clerk of the Board of Supervisors may be
27 printed, lithographed, engraved, or otherwise mechanically reproduced. The provisions of
28 Education Code Sections 15181 and 15182 shall apply to such execution of the Series B Bonds.

1
2 No Series B Bond shall be valid or obligatory for any purpose or shall be entitled to any
3 security or benefit under this Resolution unless and until the certificate of authentication printed
4 on the Series B Bond is signed by the Paying Agent as authenticating agent for the Series B
5 Bonds. Authentication by the Paying Agent shall be conclusive evidence that the Series B Bond
6 so authenticated has been duly issued, signed and delivered under this Resolution and is entitled
7 to the security and benefit of this Resolution.
8

9 **SECTION 14. Delivery of Bonds.** The proper officials of the County shall cause the
10 proper officials of the District to cause the Series B Bonds to be prepared and, following their
11 sale, shall have the Series B Bonds executed and delivered to the original purchaser upon
12 payment of the purchase price in immediately available funds.
13

14 **SECTION 15. Bond Registration; Transfers.** As hereinafter provided, the Series B
15 Bonds shall be delivered in a form and with such terms as will permit them to be in book-entry
16 only form, deposited with DTC. If the book-entry only system is no longer in effect, the District
17 will cause the Paying Agent to maintain and keep at its principal corporate trust office all books
18 and records necessary for the registration, exchange and transfer of certificated Series B Bonds
19 as provided in this Section ("Bond Register"). While the book-entry only system is in effect,
20 such books need not be kept, as the Series B Bonds will be represented by one Series B Bond for
21 each maturity registered in the name of Cede & Co., as nominee for DTC.
22

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

1 the District's liability upon the Series B Bonds, including interest, to the extent of the amount or
2 amounts so paid.

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

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

27
28 Any Series B Bond surrendered to the Paying Agent for payment, retirement, exchange,

1 replacement or transfer shall be canceled by the Paying Agent. The District and the County may
2 at any time deliver to the Paying Agent for cancellation any previously authenticated and
3 delivered Series B Bonds that the District and the County may have acquired in any manner
4 whatsoever, and those Series B Bonds shall be promptly canceled by the Paying Agent. Written
5 reports of the surrender and cancellation of Series B Bonds shall be made to the District and the
6 County by the Paying Agent and updated annually. The canceled Series B Bonds shall be
7 destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the
8 District.

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

16
17 **SECTION 16. Book-Entry System.** Except as provided below, the owner of all of the
18 Bonds shall be The Depository Trust Company, New York, New York ("DTC" or "Depository"),
19 and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Series B
20 Bonds shall be initially executed and delivered in the form of a single, fully registered Bond for
21 each maturity (which may be typewritten). Upon initial execution and delivery, as provided for
22 herein, the ownership of such Bond shall be registered in the Bond Register in the name of the
23 Nominee identified below as nominee of The Depository Trust Company, New York, New York,
24 and its successors and assigns. Except as hereinafter provided, all of the Outstanding Bonds
25 shall be registered in the Bond Register in the name of the nominee of the Depository, which
26 may be the Depository, as determined from time to time pursuant to this Section ("Nominee").
27 With respect to the Bonds registered in the Bond Register in the name of the Nominee, neither
28 the District nor the Paying Agent shall have any responsibility or obligation to any broker-

1 dealers, banks and other financial institutions from time to time for which the Depository holds
2 Bonds as securities depository ("Participant") or to any person on behalf of which such a
3 Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence,
4 neither the District nor the Paying Agent shall have any responsibility or obligation (unless the
5 District is at such time the Depository) with respect to (i) the accuracy of the records of the
6 Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds,
7 (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown
8 in the Bond Register, of any notice with respect to the Bonds, including any notice of
9 redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in
10 the Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the payment
11 to any Participant or any other person, other than an Owner of a Bond as shown in the Bond
12 Register, of any amount with respect to principal of or interest on the Bonds. The District and
13 the Paying Agent may treat and consider the person in whose name each Bond is registered in
14 the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of
15 principal and interest with respect to such Bond, for the purpose of giving notices of redemption,
16 if applicable, and other matters with respect to such Bond, for the purpose of registering transfers
17 with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay
18 all principal of and interest on the Bonds only to or upon the order of the respective Owner of the
19 Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and
20 all such payments shall be valid and effective to fully satisfy and discharge the District's
21 obligations with respect to payment of principal of and interest on the Bonds to the extent of the
22 sum or sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register,
23 shall receive a Bond evidencing the obligation of the District to make payments of principal and
24 interest. Upon delivery by the Depository to the Owners of the Bonds and the District of written
25 notice to the effect that the Depository has determined to substitute a new nominee in place of
26 the Nominee, and subject to the provisions herein with respect to Record Dates, the word
27 Nominee in this Resolution shall refer to such nominee of the Depository.
28

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

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

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

1 Paying Agent prior to payment.
2

3 Notwithstanding any other provisions of this Resolution to the contrary, so long as any
4 Bond is registered in the name of the Nominee, all payments with respect to Principal of, and
5 interest on such Bond and all notices with respect to such Bond shall be made and given,
6 respectively, as provided in the Representation Letter or as otherwise instructed by the
7 Depository and acceptable to the District. The initial Depository under this Section shall be
8 DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.
9

10 **SECTION 17. Paying Agent.**
11

12 (a) At the request and direction of the District, U.S. Bank National Association is
13 hereby confirmed as the initial authenticating agent, bond registrar, transfer agent and paying
14 agent (collectively, "Paying Agent") for the Series B Bonds. All fees and expenses incurred for
15 services of the Paying Agent shall be the sole responsibility of the District, subject to the terms
16 hereof. The Paying Agent may, at the election of the District, also function as the dissemination
17 agent and if so acting, shall perform all duties and obligations as set forth in the Continuing
18 Disclosure Certificate, as described in the District Resolution and in Section 26 hereof.
19

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

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

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

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

24
25 (e) To the extent permitted by law, the Paying Agent may become the Owner of any
26 of the Series B Bonds.

27
28 (f) The District shall be responsible to pay all fees, costs and expenses of the Paying

1 Agent, subject to the provisions of Section 18 hereof.

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

7
8 **SECTION 18. Security for the Series B Bonds.** Pursuant to the California
9 Constitution, the Authorization and California law, there shall be levied by the County, pursuant
10 to Education Code Sections 15250 et seq., on all the taxable property in the District located
11 within the County, in addition to all other taxes, a continuing direct *ad valorem* tax annually
12 during the period the Series B Bonds are Outstanding, commencing in Fiscal Year 2010-2011, in
13 an amount sufficient to pay the Principal Amount, and interest on, the Series B Bonds when due,
14 which monies when collected will be placed in the Debt Service Fund. The Debt Service Fund is
15 irrevocably pledged for the payment of the Principal of, and interest on, the Series B Bonds when
16 and as the same fall due along with administrative costs and expenses for the Series B Bonds
17 including fees and expenses of the Paying Agent.

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

1
2
3 **SECTION 19. Payment of Principal and Interest.** The Principal of, and interest on,
4 the Series B Bonds shall be payable in lawful money of the United States of America without
5 deduction for the services of the Paying Agent. Interest on Bonds shall be paid on each Bond
6 Payment Date by check mailed by first class mail to the person in whose name the Series B Bond
7 is registered, and to that person's address appearing on the Bond Register (as described in
8 Section 15 above) on the Record Date. The Owner of an aggregate Principal Amount of Current
9 Interest Bonds of \$1,000,000 or more may request, in writing, prior to the close of business on
10 the fifteenth (15th) day of the month preceding each Interest Payment Date, to the Paying Agent
11 that such Owner be paid interest by wire transfer to the bank and account number on file with the
12 Paying Agent as of the Record Date.
13

14 Payments of principal and redemption premiums, if any, with respect to the Series B
15 Bonds, shall be payable at maturity or redemption upon surrender at the Office of the Paying
16 Agent. In the event the Paying Agent shall provide written notice of a change in the location for
17 payment of Principal and redemption premiums on the Series B Bonds, the Paying Agent shall
18 thereafter provide notice of such change to the Informational Services and Securities
19 Depositories of such change. The Paying Agent is hereby authorized to pay the Series B Bonds
20 when duly presented for payment at maturity, and to cancel all Series B Bonds upon payment
21 thereof.
22

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

27 The Series B Bonds are the general obligations of the District secured by *ad valorem*
28 taxes levied and collected pursuant to the Authorization, the California Constitution and State

1 law and do not constitute an obligation of the County except to provide for the levy and
2 collection of the *ad valorem* taxes and payment of funds to the Paying Agent as set forth in
3 Section 18 hereof. No part of any fund of the County is pledged or obligated to the payment of
4 the Series B Bonds.

5
6 **SECTION 20. Defeasance.** The Series B Bonds may be defeased prior to maturity in
7 the following ways:

8
9 (a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an
10 amount of cash which, together with amounts then on deposit in the Debt Service
11 Fund, is sufficient to pay all Series B Bonds Outstanding, including all principal
12 and interest and premium, if any; or

13
14 (b) Defeasance Obligations: By irrevocably depositing with a bank or trust company,
15 in escrow, noncallable Defeasance Obligations, permitted under Section 149(d) of
16 the Code thereto together with cash, if required, in such amount as will, in the
17 opinion of an independent certified public accountant, together with interest to
18 accrue thereon and monies then on deposit in the Debt Service Fund, together with
19 the interest to accrue thereon, be fully sufficient to pay and discharge all Series B
20 Bonds (including all principal and interest represented thereby and redemption
21 premiums, if any) at or before their maturity date;

22
23 *then*, notwithstanding that any Series B Bonds shall not have been surrendered for payments, all
24 obligations of the District and the County with respect to all Outstanding Series B Bonds shall
25 cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid
26 from funds deposited pursuant to paragraphs (a) or (b) of this Section 20, to the Owners of the
27 Series B Bonds not so surrendered and paid all sums due with respect thereto.

1 For purposes of this Section 20, "Defeasance Obligations" shall mean:

2
3 Direct and general obligations of the United States of America, or obligations that are
4 unconditionally guaranteed as to principal and interest by the United States of America,
5 including (in the case of direct and general obligations of the United States of America) evidence
6 of direct ownership or proportionate interests in future interest or principal payments of such
7 obligations. Investments in such proportionate interests must be limited to circumstances
8 wherein (a) a bank or trust company acts as custodian and holds the underlying Defeasance
9 Obligations; (b) the owner of the investment is the real party in interest and has the right to
10 proceed directly and individually against the obligor of the underlying Defeasance Obligations;
11 and (c) the underlying Defeasance Obligations are held in a special account, segregated from the
12 custodian's general assets, and are not available to satisfy any claims of the custodian, any person
13 claiming through the custodian, or any person to whom the custodian may be obligated; provided
14 that such obligations are rated or assessed "AAA" by Standard & Poor's Ratings' Services and
15 "Aaa" by Moody's Investors Service.

16
17 For purposes of this Section 20, and Section 21, the escrow agent bank or trust company
18 and verification agent shall be selected by the District. Any such escrow bank or trust company
19 shall conform to the successor paying agent requirements of Section 17 hereof. All costs for
20 defeasance of the Series B Bonds shall be paid by the District.

21
22 **SECTION 21. Partial Defeasance.** A portion of the then-Outstanding maturities of the
23 Series B Bonds may be defeased prior to maturity in the following ways:

- 24
25 (a) Cash: by irrevocably depositing with a bank or trust company, in escrow, an
26 amount of cash which, together with amounts then on deposit in the Debt Service
27 Fund, is sufficient to pay the designated Outstanding maturities of Series B Bonds,
28 including all principal and interest and premium, if any; or

1
2 (b) Defeasance Obligations: by irrevocably depositing with a bank or trust company,
3 in escrow, noncallable Defeasance Obligations, permitted under Section 149(d) of
4 the Code together with cash, if required, in such an amount as will, in the opinion
5 of an independent certified public accountant, together with interest to accrue
6 thereon, be fully sufficient to pay and discharge the designated maturities of Series
7 B Bonds (including all principal and interest represented thereby and redemption
8 premiums, if any,) at or before their maturity date;
9

10 *then*, notwithstanding that any of such designated maturities of Series B Bonds shall not have
11 been surrendered for payment, all obligations of the District and the County with respect to such
12 Outstanding maturities of Series B Bonds shall cease and terminate, except only the obligation of
13 the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or
14 (b) of this Section 21, to the Owners of the Series B Bonds of such maturities designated for
15 redemption not so surrendered and paid all sums due with respect thereto.
16

17 For purposes of this Section 21, Defeasance Obligations shall have the same meaning as
18 set forth in Section 20 hereof.
19

20 **SECTION 22. Establishment of Funds; Disposition of Proceeds; Investment.**

21 (a) The proceeds from the sale of the Series B Bonds, to the extent of the Principal
22 Amount thereof, shall be paid and credited to the fund established and held by the Treasurer and
23 designated as the "Palm Springs Unified School District General Obligation Bonds, 2008
24 Election, Series B Building Fund" ("Building Fund") of the District, and shall be kept separate
25 and distinct from all other District and County funds, and those proceeds shall be used solely for
26 the purpose for which the Series B Bonds are being issued and for payment of permissible costs
27 of issuance and provided further that such proceeds shall be applied solely to authorized
28 purposes for which the Series B Bonds were authorized as directed in writing by the District.

1 The County shall have no obligation to ensure that the proceeds are applied in accordance with
2 the preceding sentence. The interest earned on the monies deposited to the Building Fund shall
3 be deposited to said Fund and such monies shall be used for any lawful purpose of the District at
4 the direction of the District.

5
6 (b) The accrued interest, if any, and any premium received by the County from the
7 sale of the Series B Bonds (if any after all or a portion of the Underwriter's discount or costs of
8 issuance are paid), as well as tax revenues collected by the County pursuant to Section 18 hereof
9 and Sections 15250 *et seq.* of the Education Code, shall be deposited and kept separate and
10 apart in the fund established and held by the Treasurer and designated as the "Palm Springs
11 Unified School District General Obligation Bonds, 2008 Election, Series B Bond Debt Service
12 Fund" ("Debt Service Fund") for the Bonds and used only for payments of Principal and interest
13 on the Bonds when due. *Ad valorem* taxes collected by the County pursuant to State law and
14 Section 18 hereof shall be deposited by the County into the Debt Service Fund and applied,
15 pursuant to the provisions of State law and this Resolution, only for payments of Principal of,
16 interest on and redemption premium, if any, on the Series B Bonds when due. Funds held in the
17 Debt Service Fund are irrevocably pledged to the payment of Principal of, interest on and
18 redemption premium, if any, on the Series B Bonds when due. Except as required below to
19 satisfy the requirements of Section 148(f) of the Code, as may be applicable, interest earned on
20 investments of monies held in the Debt Service Fund shall be retained in the Debt Service Fund
21 and used to pay Principal of, interest on, and redemption premium, if any, on the Series B Bonds
22 when and as such become due. The monies in the Debt Service Fund, to the extent necessary to
23 pay the Principal of and interest on the Series B Bonds, as the same becomes due and payable,
24 shall be transferred by the Treasurer to the Paying Agent for subsequent disbursement to the
25 beneficial Owners of the Series B Bonds. The Debt Service Fund shall be administered by the
26 Treasurer, and shall be kept separate and distinct from all other District and County funds.

27
28 (c) The District shall, at such time as shall be necessary, establish and create the

1 "Palm Springs Unified School District General Obligation Bonds, Series B, Rebate Fund"
2 ("Rebate Fund"), which fund shall be kept separate and distinct from all other District funds, and
3 into which the District shall deposit, or direct deposit of, funds used to satisfy any requirement to
4 make rebate payments to the United States pursuant to Section 148 of the Internal Revenue Code
5 of 1986, as amended and the Treasury Regulations promulgated thereunder ("Code") as shall be
6 applicable to the Series B Bonds. The principal requirements for rebate payments applicable to
7 the Series B Bonds shall be as set forth in the Tax Certificate as executed and delivered by the
8 District. The Rebate Fund (if and when established pursuant to the requirements of the Tax
9 Certificate) may, at the discretion of the District, be held by the Paying Agent or the County.
10 Responsibility for determining and calculating rebate payments, if any, due with regard to the
11 Series B Bonds are the responsibility of the District as further set forth in Section 27. Monies in
12 the Rebate Fund shall be invested in compliance with the limitations of the Code.

13
14 (d) Any proceeds of the Bonds not needed for the authorized purposes set forth herein
15 for which Bonds are being issued, and not needed for rebate purposes, shall, at the direction of
16 the District, be transferred to the Debt Service Fund and applied to the payment of Principal of,
17 and interest on the Series B Bonds. If, after payment in full of the Series B Bonds, there remain
18 excess proceeds, any such excess amounts shall be transferred to the General Fund of the
19 District, as provided for herein, to be applied in accordance with applicable law.

20
21 (e) All proceeds of the Bonds and interest earning thereon shall be invested by the
22 County, on behalf of, and pursuant to the written direction(s) of, the District, in Authorized
23 Investments. Absent other written investment directions provided to the County from the
24 District, the Treasurer shall invest monies in the Building Fund and the Debt Service Fund
25 pursuant to the State law and the investment policy of the County.

26
27 **SECTION 23. County Books and Accounts.** The Treasurer, the County and the
28 Paying Agent will keep, or cause to be kept, proper books or record and accounts to record (i) the

1 amount of taxes collected pursuant to Section 18 hereof, (ii) all deposits, expenditure and
2 investment earnings on the Debt Service Fund and the Building Fund and any and all accounts or
3 subaccounts thereof, and (iii) all transfers of funds for the payment of Principal of, or interest or
4 redemption premiums on, the Series B Bonds. Such books of record and accounts shall, upon
5 two days prior notice, at all times during business hours be subject to the inspection of the
6 District, the Paying Agent (if other than the Treasurer) and the Owners of not less than ten
7 percent (10%) of the Principal Amount of the Series B Bonds then Outstanding, or their
8 representatives authorized in writing.

9
10 **SECTION 24. Bond Insurance.** In the event that a policy of bond insurance is
11 purchased for the Series B Bonds, and to the extent that the Bond Insurer makes payment of the
12 Principal of, or interest on, the Series B Bonds, as applicable, it shall become subrogated to the
13 rights of such Owner(s) of such Series B Bonds with the right to payment of Principal of, or
14 interest on, the Series B Bonds, and the rights of the Owners shall be fully subrogated to all of
15 the Bond Insurer's rights, including the Owners' rights to payment thereof. To evidence such
16 subrogation (i) in the case of subrogation as to claims that were past due interest components, the
17 Paying Agent shall note the Bond Insurer's rights as subrogee on the Registration Books upon
18 receipt of a copy of the canceled check issued by the Bond Insurer for the payment of such
19 interest to the Owners of the Series B Bonds, and (ii) in the case of subrogation as to claims for
20 past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond
21 Register upon surrender of the Series B Bonds by the Owners thereof to the Bond Insurer or the
22 insurance trustee for the Bond Insurer. In the event that the Bond Insurer requires additional
23 agreements, covenants or conditions to the issuance of the bond insurance policy, the Designated
24 Officer may deliver or agree to such; provided, however, that applicable law(s) shall be complied
25 with and any such agreement, covenants or conditions shall be consistent with the provisions of
26 the Resolution and shall be satisfactory to the Designated Officer.

27
28 **SECTION 25. Preliminary Official Statement; Official Statement.** The School

1 District has authorized, and shall be responsible for, preparing a preliminary and final Official
2 Statement for the Series B Bonds meeting the requirements of Securities and Exchange
3 Commission ("SEC") Rule 15c2-12. Such Preliminary Official Statement and final Official
4 Statement are collectively referred to herein as the "Official Statement." Neither the Board of
5 Supervisors nor any officer of the County has prepared or reviewed the Official Statement, and
6 this Board of Supervisors and the various officers of the County take no responsibility for the
7 contents or distribution thereof; provided, however, that solely with respect to one or more
8 section(s) contained, or to be contained, therein describing the County's investment policy,
9 current portfolio holdings, and valuation procedures, as they may relate to funds of the School
10 District held by the Treasurer, the Treasurer is hereby authorized and directed to prepare and
11 review such information for inclusion in the District's Official Statement and in preliminary
12 Official Statement, and to certify to the District prior to or upon the issuance of the Series B
13 Bonds that the information contained in such section(s) does not contain any untrue statement of
14 a material fact or omit to state any material fact necessary in order to make the statements made
15 therein, in the light of the circumstances under which they are made, not misleading.

16
17 **SECTION 26. Continuing Disclosure.** The District has covenanted and agreed that it
18 will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (as
19 defined below), which shall be executed by District and delivered at the time of delivery of the
20 Series B Bonds. Notwithstanding any other provisions of this Resolution, failure of the District
21 to comply with the Continuing Disclosure Certificate shall not be considered a default by the
22 District hereunder or under the Series B Bonds; however, any underwriter or any holder or
23 beneficial Owner of the Series B Bonds may take such actions as may be necessary and
24 appropriate to compel performance, including seeking mandate or specific performance by court
25 order.

26
27 "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure
28 Certificate executed and delivered by the District and dated the date of issuance and delivery of

1 the Series B Bonds, as originally executed and as it may be amended from time to time in
2 accordance with the terms thereof.

3
4 **SECTION 27. Tax and Arbitrage Matters.**

5
6 (a) The District has represented that it shall not take any action, or fail to take any
7 action if such action or failure to take such action would adversely affect the exclusion from
8 gross income of the interest payable on the Series B Bonds under Section 103 of the Code.

9
10 (b) The District has covenanted to restrict the use of the proceeds of the Series B
11 Bonds in such manner and to such extent, if any, as may be necessary, so that the Series B Bonds
12 will not constitute "arbitrage bonds" under Section 148 of the Code and the applicable
13 regulations prescribed under that section or any successor section. Calculations for determining
14 arbitrage requirements are the sole responsibility of the District.

15
16 (c) The District, in order to maintain the exclusion from gross income for federal
17 income tax purposes of the interest on the Series B Bonds, has covenanted to comply with each
18 applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set forth in
19 the Tax Certificate to be provided by the District on the date of initial delivery of the Series B
20 Bonds and incorporated herein by this reference as a source of guidance for compliance with
21 such provisions.

22
23 (d) The District has covenanted that it shall at all times do and perform all other acts
24 and things necessary or desirable and within its powers to assure, for the purposes of California
25 personal and federal income taxation, that the tax-exempt status of the interest paid on the Series
26 B Bonds to the recipients thereof will be preserved.

27
28 (e) Notwithstanding any other provision of this Resolution to the contrary, upon the

1 District's failure to observe, or refusal to comply with, the above covenant, no person other than
2 the owners of the Series B Bonds shall be entitled to exercise any right or remedy provided to
3 such owners under this Resolution on the basis of the District's failure to observe, or refusal to
4 comply with, the above covenant.

5
6 **SECTION 28. Execution of Documents by Bond Owners.** Any request, consent or
7 other instrument required by this Resolution to be signed and executed by Bond Owners may be
8 in any number of concurrent writings of substantially similar tenor and may be signed or
9 executed by such Bond Owners in person or by their agent or agents duly appointed in writing.
10 Proof of the execution of any such request consent or other instrument or of a writing appointing
11 any such agent shall be sufficient for any purpose of this Resolution and shall be conclusive in
12 favor of the County, and the School District, if made in the manner provided in this Section 28.

13
14 The fact and date of the execution by any person of any such request consent or other
15 Instrument or writing may be proved by the affidavit of a witness of such execution or by the
16 certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof
17 to take acknowledgements of deeds, certifying that the person signing such request consent or
18 other Instrument or writing acknowledged to him the execution thereof.

19
20 The ownership of the Series B Bonds shall be proved by the Bond Register. Any request,
21 consent or vote of the Owner of any Series B Bond shall bind every future Owner of the same
22 Series B Bond and the Owner of any Series B Bond issued in exchange therefor or in lieu
23 thereof, in respect of anything done or suffered to be done by the County or the School District,
24 in pursuance of such request, consent or vote.

25
26 **SECTION 29. Unclaimed Monies.** Notwithstanding any of the foregoing provisions of
27 this Resolution and subject to State law, any monies held by the Paying Agent for the payment of
28 the Principal of, redemption premium, if any, or interest on the Series B Bonds remaining

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

13
14 **SECTION 30. Compliance With Law.** All acts, conditions and things required by law
15 to be done and performed in strict conformity with the laws authorizing the issuance of general
16 obligation bonds of the District, and the indebtedness of the District, including this proposed
17 issue of the Series B Bonds, is within all limits prescribed by law.

18
19 **SECTION 31. Conditions Precedent.** This County Board determines that all acts and
20 conditions necessary to be performed by the Board or to have been met precedent to and in the
21 issuing of the Series B Bonds, in order to make them legal, valid and binding general obligations
22 of the District have been performed and have been met, or will at the time of delivery of the
23 Series B Bonds have been performed and have been met, in regular and due form as required by
24 law; and that no statutory or Constitutional limitation of indebtedness or taxation will have been
25 exceeded in the issuance of the Series B Bonds.

26
27 **SECTION 32. Amendments.** The County may from time to time (which may be at the
28 request of the District, made in writing to the County), and at any time, without notice to or

1 consent of any of the Owners, by action of the County Board, amend the provisions of this
2 Resolution for any of the following reasons:

3
4 (a) to cure any ambiguity, to correct or supplement any provision herein which may
5 be inconsistent with any other provision herein or therein, or to make any other provision with
6 respect to matters or questions arising under this Resolution, provided that such action shall not
7 adversely affect the interests of the Owners;

8
9 (b) to add to the covenants and agreements of, and the limitations and the restrictions,
10 contained in this Resolution which are not contrary to or inconsistent with this Resolution as
11 theretofore in effect; and/or

12
13 (c) to modify, alter, amend or supplement this Resolution in any other respect which
14 is not materially adverse to the Owners.

15
16 In the event of any such amendment, the County shall promptly provide the School
17 District and the Paying Agent with copies of such amendment and the action of the County
18 Board approving such amendment. Notice of any such amendment shall also be provided to the
19 Owners by the School District in the next occurring Annual Report provided by the School
20 District under the terms of the Continuing Disclosure Agreement.

21
22 No such amendment shall: (i) extend the fixed maturity of any Series B Bond, reduce the
23 amount of Principal thereof or the rate of interest thereon or extend the time of payment thereof,
24 without the consent of the Owner of each Series B Bond so affected, or (ii) modify or amend this
25 Section without the consent of the Owners of all the Series B Bonds then outstanding.

26
27 Upon the adoption of any amendment pursuant to this Section, this Resolution shall be
28 deemed to be modified and amended in accordance therewith, and the respective rights, duties

1 and obligations under this Resolution of the County, the District, the Paying Agent and all
2 Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects
3 to such modification and amendment, and all the terms and conditions of any such amendment
4 shall be deemed to be part of the terms and conditions of this Resolution for any and all
5 purposes.

6
7 The provisions of this Section shall not prevent any Owner from accepting any
8 modification or amendment as to the particular Series B Bonds held by such Owner.

9
10 **SECTION 33. Benefits Limited to Parties.** Nothing in this Resolution, express or
11 implied, is intended to give to any person other than the County, the District, the Paying Agent
12 and the Owners of the Series B Bonds, any right, remedy or claim under or by reason of this
13 Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by
14 and on behalf of the District or the County, are for the sole and exclusive benefit of the County,
15 the District, the Paying Agent and the Owners.

16
17 **SECTION 34. Approval of Actions.** Officers of the Board and County officials and
18 staff, including the Treasurer, or the Treasurer's designee(s), are hereby authorized and directed,
19 jointly and severally, to do any and all things and to execute and deliver any and all documents
20 which they may deem necessary or advisable in order to proceed with the issuance, sale and
21 delivery of the Series B Bonds and otherwise carry out, give effect to and comply with the terms
22 and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff
23 are hereby ratified, confirmed and approved.

24
25 **SECTION 35. Partial Invalidity; Severability.** If any one or more of the covenants or
26 agreements, or portions thereof, provided in this Resolution to be performed should be contrary
27 to law, then such covenant or covenants, such agreement or agreements, or such portions thereof,
28 shall be null and void and shall in no way affect the validity of this Resolution or of the Series B

1 Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under any
2 applicable provisions of law. The County Board hereby declares that it would have adopted
3 Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase
4 hereof and would have authorized the issuance of the Series B Bonds pursuant hereto
5 irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences,
6 clauses or phrases of this Resolution or the application thereof to any person or circumstance
7 may be held to be unconstitutional, unenforceable or invalid.
8

9 **SECTION 36. Effective Date.** This Resolution shall take effect immediately upon its
10 passage.
11

12 **SECTION 37. Furnishing of Clerk Certifications.** The Clerk of the Board is hereby
13 authorized to furnish up to four (4) certified copies of this Resolution to Bowie, Arneson, Wiles
14 & Giannone, District Bond Counsel, at or prior to closing.
15

16 [Remainder of this page is blank]
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134588.3

The foregoing Resolution was on the 3rd 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 OFFICIAL NOTICE OF SALE

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OFFICIAL NOTICE OF SALE

**\$_____ PALM SPRINGS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B
(Riverside County, California)**

NOTICE IS HEREBY GIVEN that unconditional proposals for the purchase of \$_____ par value general obligation bonds ("Bonds") of the Palm Springs Unified School District ("District"), Riverside County ("County"), California, will be received by the Financial Advisor for the District (Dale Scott & Company, Inc.) ("Financial Advisor") at the place and up to the time below specified in any one of the following forms: (i) delivery to the Financial Advisor in a sealed envelope; (ii) telefax/facsimile submission; or (iii) electronic submission via PARITY® (as defined and set forth herein):

TIME: _____, _____, 20__ at 9:30 a.m. (Pacific Time)

PLACE: Office of the Financial Advisor
Dale Scott & Company, Inc.
Attn: Michelle Ogawa
400 Montgomery Street, Suite 805
San Francisco, California 94104.

MAILED BIDS: Palm Springs Unified School District
c/o Dale Scott & Company, Inc.
Attn: Michelle Ogawa
400 Montgomery Street, Suite 805
San Francisco, California 94104

FACSIMILE BIDS: Bids may be transmitted by telefax/facsimile to (415) 956-1322. Such bids must be transmitted and received by 9:30 a.m. on the date set forth above, and the District, Bond Counsel and Dale Scott & Co., Inc., assume no responsibility for the failure of such bids to be received prior to that time.

For additional instructions regarding submission of bids, see "Terms of Sale - Submission of Bids; Form; Award" herein.

**ELECTRONIC
BIDS:**

Bids may be transmitted via the Thompson Financial Municipals Group PARITY® system ("PARITY") (see discussion under the heading "Electronic Bids" as set forth herein). Such bids must be submitted and transmitted by 9:30 a.m. on the date set forth above, and the District, Bond Counsel and Dale Scott & Co., Inc., assume no responsibility for the failure of such bids to be received prior to that time.

Additionally, the Preliminary Official Statement for the Bonds is available at no cost in an electronic version from the District's Financial Advisor on the internet at www.dalescott.com.

ISSUE; BOOK-ENTRY:

\$_____ * consisting of fully registered Bonds, without coupons. The Bonds will be issued in minimum denominations of \$5,000. The Bonds will be issued in a book-entry only system with no physical distribution of the Bonds made to the public. The Depository Trust Company, New York, New York ("DTC"), will act as depository for the Bonds which will be immobilized in its custody. The Bonds will be registered in the name of CEDE & CO., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds designated, "**Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series B.**"

MATURITIES: The Bonds will mature on August 1 in each of the years and in the amounts as follows:

<u>MATURITY</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT (\$)*</u>	<u>MATURITY</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT (\$)*</u>
2011		2023	
2012		2024	
2013		2025	
2014		2026	
2015		2027	
2016		2028	
2017		2029	
2018		2030	
2019		2031	
2020		2032	
2021		2033	
2022		2034	

(The Bonds will be dated the date of delivery - Expected to be _____, 20__)

* Subject to change, see "**TERMS OF SALE – Adjustment of Principal Amounts**".

Important note - The winning bidder will be required to pay, from the underwriter's gross spread, certain costs of issuance of the Bonds - see "TERMS OF SALE - Payment of Issuance Costs", and will be required to provide funds for a stated interest payment on the Bonds - see "TERMS OF SALE - Funding of Interest", below.

Authority: The Bonds will be issued pursuant to the Constitution and laws of the State of California. The issuance of the Bonds was authorized by a greater than the required fifty-five percent (55%) affirmative vote of the qualified electors of the District voting at a special bond election held on February 5, 2008. Issuance and sale of the Bonds was authorized by a resolution adopted by the Board of Education of the District on October 13, 2009, and a resolution of the Board of Supervisors of the County on _____, 2009 (collectively the "Bond Resolution").

Interest: The Bonds shall bear interest at a rate or rates to be fixed upon the sale thereof but not to exceed 12% per annum, payable initially on August 1, 2010, for the first period, and semi-annually thereafter on February 1 and August 1.

Payment: Principal of the Bonds will be payable upon surrender at the designated offices of U.S. Bank National Association ("Paying Agent"). Interest on the Bonds will be payable by check mailed to the owner at the address listed on the registration books maintained by the Paying Agent for such purpose. 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. Both the payment of principal of and interest and premium (if any) on the Bonds are payable in lawful money of the United States of America.

Registration: The Bonds will be issued as fully registered bonds as to both principal and interest. All of such exchanges shall be made in such manner and upon the terms and conditions as prescribed in the Bond Resolution. Any transfer of ownership or exchange may be subject to a reasonable fee and any tax or governmental change that may be imposed in connection therewith. The Bonds will be issued in a book-entry only system with no physical distribution of the Bonds made to the public.

Optional Redemption: The Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to maturity. The Bonds maturing on August 1, 20__, or any time thereafter, are subject to redemption prior to their respective stated maturity dates at the option of the District, in whole or in part on a pro rata basis among maturities and by lot within a maturity on any date, on or after August 1, 20__, and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, plus the payment of a premium (expressed as a percentage of the principal amount), payable from any source lawfully available therefor, as follows:

Redemption Date
August 1, 20__ and thereafter

Redemption Price
100.0%

Special Bidders Option; Term Bonds: Any bidder may elect to combine any number of consecutive maturities of Bonds, for which an identical yield to maturity has been specified, to comprise term bonds, by indicating such an election on the bid form. The election to create term bonds in such manner will require the creation of a mandatory sinking fund so that the sinking fund redemption payments shall equal the principal amount of the corresponding serial bond maturities. Bonds designated as term bonds will be subject to mandatory sinking fund redemption on August 1 in each year so designated in the bid, at a redemption price equal to the designated amount thereof together with accrued interest thereon to the redemption date, without premium.

Notice of Redemption: Notice of redemption of the Bonds, either by Optional Redemption, or sinking fund redemption (Term Bonds) shall be provided on the basis set forth in the Official Statement.

Purpose: The proceeds of the Bonds will be applied to: (a) real property acquisition or improvements, including renovation and repair of existing District schools and school facilities, construction of new school facilities and upgrading, repairing, rehabilitating, acquiring and constructing classrooms and property throughout the District all as described in the bond authorization; and (b) to pay all necessary legal, financial, engineering and contingent costs in connection therewith and certain costs of issuance of the Bonds.

Security: Pursuant to State law, the Bonds represent the general obligation of the Palm Springs Unified School District secured by *ad valorem* property taxes, and the Board of Supervisors of Riverside County has the power and is obligated to levy *ad valorem* taxes for the payment of the 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 as further discussed in the Preliminary Official Statement.

Right to Modify or Amend Official Notice of Sale: The District reserves the right to modify or amend this Official Notice of Sale including, but not limited to, the right to adjust and change the principal amounts and principal amortization schedule of the Bonds being offered; however, such modifications and amendments, if any, shall be made not later than 11:00 a.m. (California time) on the business day prior to the date specified for the receipt of bids for the Bonds and shall be communicated through The Bond Buyer Wire, Thompson Municipal Market Monitor (TM3) or the Bloomberg Business News Wire.

Terms and Conditions of Offer and Sale: All bids submitted shall be subject to all of the terms and conditions set forth in this Official Notice of Sale. Bond bidders are advised to review and consider all of the terms and conditions set forth in this Official Notice of Sale prior to submission of a bid.

TERMS OF SALE

Interest Rate: The maximum rate bid may not exceed 12% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%) or any combination thereof. No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date. The rate on any maturity or group of maturities shall not be more than three percent (3.00%) higher than the interest rate on any other maturity or group of maturities.

Submission of Bids; Form; Award: The Bonds shall be sold for cash only. All bids must be for not less than all of the Bonds hereby offered for sale. **The purchase price to be paid for the Bonds may not be less than the par amount thereof.** Each bid shall state that the bidder offers par, the premium, if any, and the rate or rates not to exceed those specified herein, at which the bidder offers to buy the Bonds. Each bid must be delivered in accordance with the requirements set forth herein, to be received not later than the date and time of sale set forth above. Each bidder shall state in its bid the total interest cost in dollars and the true interest rate determined thereby, which shall be considered informative only and not a part of the bid.

Each bidder is requested to furnish the names of all firms participating in the bid.

All bids must be accompanied by a good faith deposit as more fully described below under the heading "Bid Security".

Delivered bids must be presented in a sealed envelope, addressed to the Palm Springs Unified School District, with the envelope and bid clearly marked **"Proposal for Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series B."**

Any bidder may submit its bid by telefax/facsimile as set forth above. Bids submitted by facsimile transmission (fax) will be deemed late and will not be evaluated unless, at precisely the time indicated above for receipt of bids, the entire bid form has been fully ejected from the receiving fax machine at the place of the bid opening, and the interest rates and name and signature of the bidder are clearly readable by that time. **NEITHER THE DISTRICT NOR ITS REPRESENTATIVES TAKE ANY RESPONSIBILITY FOR ANY DIFFICULTIES IN RECEIVING FAX TRANSMITTALS PRIOR TO THE DEADLINE FOR RECEIPT OF BIDS. BIDS SUBMITTED BY FAX ARE AT THE RISK OF THE BIDDER.** No attempt will be made prior to the deadline for opening/receiving bids to inform any bidder that its bid was incomplete, illegible, or not received. Bids may, alternatively, be submitted electronically through PARITY. The PARITY system can be accessed on the internet at www.newissuehome.i-deal.com.

A prescribed form of bid for the Bonds has been prepared and all delivered and facsimile bids must be submitted on such form. Bids submitted electronically shall conform to the requirements under the heading "Electronic Bids" herein.

Electronic Bids: Electronic bids must conform with the procedures established by PARITY. Solely as an accommodation to bidders, electronic bids will be received exclusively through PARITY in accordance with this Official Notice of Sale until 9:30 a.m. California Time, on the specified bid date, but no bid will be received after the time specified herein for receiving bids. To the extent any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about PARITY, potential bidders may contact the District's Financial Advisor, Dale Scott & Co., Inc., 400 Montgomery Street, Suite 805, San Francisco, California 94104, telephone (415) 956-1030, Dalcomp at telephone (212) 806-8304 or Parity at telephone (212) 404-8102.

Warning Regarding Electronic Bids: The District will accept bids in electronic form solely through PARITY on the Official Bid form created for such purpose. Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with PARITY, that the District neither endorses nor explicitly encourages the use of PARITY, and that PARITY is not acting as an Agent of the District. Instructions and forms for submitting electronic bids must be obtained from PARITY, and the District assumes no responsibility for ensuring or verifying bidder compliance with the procedures of PARITY. The District shall assume that any bid received through PARITY has been made by a duly authorized Agent of the bidder.

The District will make its best efforts to accommodate electronic bids; however the District, the Financial Advisor and Bond Counsel assume no responsibility for any error contained in any bid submitted electronically, or for failure of any bid to be transmitted; received or opened at the official time for receipt of bids. The official time for receipt of bids will be determined by the District at the place of bid opening, and the District shall not be required to accept the time kept by PARITY as the official time.

In the event of a malfunction in the electronic bidding process, bidders should submit their bids on the official designated bid form by facsimile to: (415) 956-1322.

Adjustment of Principal Amounts: The principal amounts of each maturity and the aggregate principal amount of Bonds set forth above reflect certain assumptions of the District and its Financial Advisor with respect to the likely interest rates of the winning bid. Correspondingly, following the determination of the successful bidder, the Superintendent or the Superintendent's designee, acting on behalf of the District, reserves the right to increase or decrease the principal amount of any and each maturity of the Bonds (or, in the case of term Bonds, the principal amount thereof which is subject to mandatory redemption on August 1 in any year) in \$5,000 increments of principal amounts in order to comply with such requirement. **The aggregate principal amount of the Bonds shall not exceed \$_____ under any circumstances.** Such adjustment shall be made within twenty-six (26) hours following the bid opening and in the sole discretion of the Superintendent or the Superintendent's designee, upon recommendation of the District and the Financial Advisor, and notice of any such adjustment shall be given to the successful bidder as soon as practical following the notification of the award

of bid, as set forth below. IN THE EVENT OF ANY SUCH ADJUSTMENT, NO REBIDDING OR RECALCULATION OF THE BIDS SUBMITTED WILL BE REQUIRED OR PERMITTED AND THE SUCCESSFUL BID MAY NOT BE WITHDRAWN, AND THE SUCCESSFUL BIDDER WILL NOT BE PERMITTED TO CHANGE THE INTEREST RATE(S) IN ITS BID FOR THE BONDS.

Best Bidder: The Bonds will be awarded to the best responsible bidder offering the lowest true interest cost to the District. The true interest cost for the best bid will be determined on the basis of the aggregate present value of each semi-annual payment. The present value will be calculated to the dated date of the Bonds and will be based on the bid amount (par value plus any premium or less any discount, specified in the bid), excluding the accrued interest from the date of the Bonds to the date of the delivery of the Bonds. The determination of the bid representing the lowest true interest cost will be made without regard to any adjustments made or contemplated to be made after award by the District, as described herein under the heading "Adjustment of Principal Amounts," even if such adjustments have the effect of raising the true interest cost of the successful bid to a level higher than the bid containing the next lowest true interest cost prior to adjustment.

Right of Rejection: The District reserves the right, in its sole discretion, to reject any and all bids and, to the extent not prohibited by law, to waive any irregularity or informality in any bid.

Prompt Award: The Superintendent, or the Superintendent's designee, will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of proposals; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given to the District notice in writing of the withdrawal of such proposal.

Rebidding: In the event that the Superintendent or the Superintendent's authorized designee does not award a bid on the date specified above, proposals will be received the following Wednesday at the same time and place specified above, and each Wednesday thereafter, until such time as a bid is awarded or notice to the contrary is given.

Payment of Issuance Costs: The successful bidder will be required to pay \$_____ in costs of issuance of the Bonds from the underwriter's gross compensation at the time of delivery of the Bonds. This amount should not be added to the price paid for the Bonds. **Payment of this amount is not optional and is in addition to** any premium paid for the policy of municipal bond insurance for the Bonds (see "TERMS OF SALE - Qualification for Insurance" below). The winning bidder will be required to pay to the Paying Agent bank (as fiscal agent) such costs of issuance prior to, or concurrent with, the close of the Bonds **and may not transmit this amount directly to the District or the County.** Bidders should include payment of such costs in calculating their bids.

Funding of Interest: The successful bidder will be required to provide not less than \$_____ ("Interest Payment Amount") in funded interest to pay the interest payment

on the Bonds for the August 1, 2010, interest payment. This amount is in addition to the purchase price paid for the Bonds and is separate and in an addition to the payment of issuance costs described above. Funding and payment of this amount is not optional. The winning bidder will be required to pay to the County Treasurer the Interest Payment Amount prior to, or concurrent with, the closing of the Bonds (which may be in the form of a consolidated wire transfer with the purchase price of the Bonds). Bidders shall include the funding of the Interest Payment Amount in calculating their bids.

Place of Delivery; Cancellation for Late Delivery: It is expected that said Bonds will be delivered to DTC for the account of the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at its option, to cancel the contract of purchase if the Bonds are not tendered for delivery within sixty (60) days from the date of the sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

Bid Security: A good faith deposit of \$_____ (one percent (1%) of the par amount of the Bonds) in the form of a certified or cashier's check or a Financial Surety Bond in the amount of \$_____ payable to the order of the Riverside County Treasurer-Tax Collector ("Treasurer-Tax Collector") must accompany each proposal as a guaranty that the bidder, if successful, will accept and pay for said Bonds in accordance with the terms of this bid. If a certified or cashier's check is used, it must accompany the bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of California, and such bond must be submitted to the County or Financial Advisor prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder utilizing a Financial Surety Bond, then such bidder must submit its Deposit to the Treasurer-Tax Collector or the District's Financial Advisor in the form of a cashier's check (or wire transfer such amount as instructed by the Treasurer-Tax Collector or the Financial Advisor) not later than 3:30 p.m. California time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Treasurer-Tax Collector, on behalf of the District, to satisfy the Deposit requirement. The proceeds of the check accompanying any accepted proposal shall be applied on the purchase price or, if such proposal is accepted but not performed, unless such failure of performance shall be caused by any act or omission of the District, shall then be retained by the Treasurer-Tax Collector for the benefit of the District. The check accompanying each unaccepted proposal will be returned promptly.

No interest will be paid upon the deposit made by any bidder. Deposit checks of all bidders (except the successful bidder) will be returned by the Treasurer-Tax Collector promptly following the award of the Bonds to the successful bidder. The principal amount of such deposit(s) made by the successful bidder shall be applied to the purchase price of the Bonds at the time of delivery thereof.

If the purchase price for an awarded lot of Bonds is not paid in full upon tender of such Bonds, the successful bidder therefor shall have no right in or to the Bonds or to the recovery of its deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that

such Bonds would not be validly issued if delivered to the successful bidder in the form and manner proposed. In the event of nonpayment by the successful bidder, the amount of the deposit shall be retained by the District as and for liquidated damages for such failure by the successful bidder, and such retention shall constitute a full release and discharge of all claims by the District against the successful bidder arising from such failure. The District's actual damages in such event may be greater or may be less than the amount of the Deposit. Each bidder waives any right to claim that the District's actual damages are less than such amount.

Change in Tax Exempt Status: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw its proposal if the interest received by private holders from Bonds of the same type and character as the Bonds shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

Qualification for Insurance: If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, **any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs, including rating agency fees other than the ratings provided by [Standard & Poor's] (which shall be paid by the District), shall be paid by such bidder.** In particular, the District will neither amend or supplement its issuance resolution in any way nor will it agree in advance of the sale of the Bonds to enter into any additional agreement(s) with respect to the provision of such policy. ANY FAILURE OF THE BONDS TO BE SO INSURED OR ANY FAILURE OF SUCH POLICY OF INSURANCE TO BE ISSUED SHALL NOT IN ANY WAY RELIEVE THE PURCHASER OF ITS CONTRACTUAL OBLIGATIONS ARISING FROM THE ACCEPTANCE OF ITS PROPOSAL TO PURCHASE THE BONDS.

Each Purchaser must provide the District with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider for inclusion in the final Official Statement within two (2) business days following the award of the bid. The District will require (i) a certificate from the insurance provider regarding disclosure in the Official Statement about the insurance provider and its policy on or prior to the date of delivery of the Bonds, (ii) a certificate establishing that the municipal bond insurance policy is a "qualified guarantee" within the meaning of Treasury Regulations section 1.148-4(f), (iii) an opinion of counsel to the insurance provider concerning the enforceability of the municipal bond insurance policy, in form reasonably satisfactory to the District and the respective Purchaser, and (iv) an opinion of counsel to the insurance provider, in form reasonably satisfactory to the District and Bond Counsel, to the effect that the information furnished by such insurance provider and contained in the Official Statement is accurate in all material respects.

Closing Papers: Bond Printing: Each proposal will be understood to be conditioned upon the District's furnishing to the purchaser, without charge, concurrently with payment for and

delivery of the Bonds, the following closing papers, each dated the date of delivery. The cost of printing the Bonds will be borne by the District.

(a) Legal Opinion: The opinion of Bowie, Arneson, Wiles & Giannone, Bond Counsel, approving the validity of the Bonds and stating that, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of preference for present purposes of the federal alternative minimum tax imposed on individuals and corporations; however, noting that with respect to corporations, such interest is taken into account in determining certain income and earnings for the purpose of computing the alternative minimum tax imposed on such corporations, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws. Other federal tax consequences to holders of the Bonds, if any, are not addressed in the opinion. A copy of the opinion will be printed on each Bond. No charge will be made to the purchaser for such printing or certification;

(b) A certificate of the District certifying that on the basis of the facts, estimates, expectations and circumstances in existence on the date of issue, neither will the proceeds of the Bonds be used in a manner that would cause the Bonds to be arbitrage bonds, nor shall the District engage in any other acts which would cause the Bonds to be arbitrage bonds;

(c) The receipt of the County showing that the purchase price of the Bonds, including interest accrued to the date of delivery thereof, has been received by the County on behalf of the District;

(d) A certificate executed by an officer for the District, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds;

(e) A certificate of the District, signed by an officer of the District, acting in their official capacity, to the effect that at the time of the sale of the Bonds, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, the Official Statement relating to the Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(f) A Continuing Disclosure Certificate, signed by an officer of the District, certifying that the District will make available annual reports and provide notices of certain events, in order to assist the successful bidder in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The form of the Continuing Disclosure Certificate will be printed in the Preliminary Official Statement relating to the Bonds. Bidders are advised to review this form to determine that it will satisfy their responsibilities under Securities and Exchange Commission Rule 15c2-12(b)(5). The successful bidder will be required to confirm to the District, in writing, that the provision of such executed and completed Continuing Disclosure Certificate will satisfy their responsibilities under Securities and Exchange Commission Rule 15c2-12(b)(5).

Certification of Reoffering Price: The successful bidder shall be required to notify the District within twenty-four (24) hours of the submittal of bidder's bid, and as a condition to the delivery of the Bonds by the District, to deliver to the District a certificate, in form and substance satisfactory to the District and Bond Counsel, including the following:

- (i) that, as of the date of award, the Bonds were expected to be resold in a bona fide public offering;
- (ii) the initial offering price at which a substantial amount (at least 10%) of each maturity of the Bonds were sold to the public; and
- (iii) that no Bonds of a single maturity were offered at one price to the general public and at a discount from that price to institutional or other investors.

Such certificate shall be in a form and substance satisfactory to Bond Counsel and shall include such additional information as may be requested by Bond Counsel.

CUSIP® Numbers: It is anticipated that CUSIP® numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP® numbers on the Bonds and the CUSIP® Service Bureau charge for the assignment of such numbers shall be paid by the successful bidder.

Payment of Fees: In addition to the payment of the Costs of Issuance identified herein, the successful bidder shall be required to pay all fees required by The Depository Trust Company, Bond Market Association, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Bonds. The successful bidder shall be required, pursuant to State Law, to pay any fees to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will invoice the successful bidder after the closing of the Bonds.

Official Statement: Reference is made to the Preliminary Official Statement adopted by the District for more details regarding the Bonds. In addition, the Preliminary Official Statement is available at no cost in an electronic version from the Financial Advisor on its website at www.dalescott.com. Requests for copies of the Preliminary Official Statement may be made to the District's Financial Advisor, Dale Scott & Company, Inc., 400 Montgomery Street, Suite 805, San Francisco, CA 94104, telephone (415) 956-1030, fax (415) 956-1322. The District has covenanted that it has adopted a Preliminary Official Statement meeting the requirements of Securities and Exchange Commission Rule 15c2-12 relating to the Bonds, a copy of which will be furnished upon request to Dale Scott & Company, Inc., 400 Montgomery Street, Suite 805, San Francisco, CA 94104, telephone (415) 956-1030. Within seven (7) business days from the sale date, the District will deliver to the purchaser copies of the final Official Statement, executed by an authorized representative of the District and dated the date of delivery thereof to the purchaser, in sufficient number to allow the purchaser to comply with paragraph (b)(4) of the

Rule and to satisfy the Municipal Securities Rulemaking Board ("MSRB") Rule G-32 or any other rules adopted by the MSRB, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and such other amendments or supplements as shall have been approved by the District ("Final Official Statement"). The purchaser agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Final Official Statement. The District will furnish to the successful bidder, at no charge, not in excess of _____ (____) copies of the Official Statement for use in connection with any resale of the Bonds.

[Remainder of this page is blank]

GIVEN BY ORDER of the Board of Education of the Palm Springs Unified School District, California, adopted October 13, 2009, and by the Board of Supervisors of the County of Riverside on _____, 2009.

Clerk of the Board of Education
Palm Springs Unified School District

EXHIBIT "B"

BID FORM

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BID FORM FOR THE PURCHASE OF
\$ _____ PALM SPRINGS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B
(Riverside County, California)

Palm Springs Unified School District
c/o Dale Scott & Company, Inc.
400 Montgomery Street, Suite 805
San Francisco, CA 94104

Ladies and Gentlemen:

By authorized signature below, we offer to purchase **PALM SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B** ("Bonds"), in the amount of \$_____, in the denomination of \$5,000 or any integral multiple thereof, and maturing and bearing interest as follows:

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate</u>
2011		_____ %	2023		_____ %
2012		_____ %	2024		_____ %
2013		_____ %	2025		_____ %
2014		_____ %	2026		_____ %
2015		_____ %	2027		_____ %
2016		_____ %	2028		_____ %
2017		_____ %	2029		_____ %
2018		_____ %	2030		_____ %
2019		_____ %	2031		_____ %
2020		_____ %	2032		_____ %
2021		_____ %	2033		_____ %
2022		_____ %	2034		_____ %

(The Bonds will be dated the date of delivery - Expected to be _____, 20__)

We will pay therefor the principal amount thereof, plus a premium of \$_____.

This proposal is made subject to all the terms and conditions of the Official Notice of Sale for such Bonds, dated _____, 20__ ("Official Notice of Sale"), all of which terms and conditions are made a part hereof as fully as though set forth in full in this proposal.

The following maturities of Bonds shall be retired by mandatory sinking fund payments rather than serial maturities:

Bonds Maturing on August 1 in the Years:

_____ through _____
_____ through _____
_____ through _____

We have received and reviewed the Preliminary Official Statement with respect to the Bonds ("Preliminary Official Statement") and as a condition to bidding on the Bonds, have determined that we can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

This proposal is subject to acceptance, in whole or in part, within twenty-six (26) hours after expiration of the time for the receipt of proposals, as specified in said Official Notice of Sale.

Enclosed herewith a certified or cashier's check for \$_____, payable to the order of the Riverside County Treasurer-Tax Collector, or alternatively, a Financial Surety Bond for that amount has been secured in accordance with the terms and conditions set forth in the Official Notice of Sale. We understand that no interest will be paid on good faith checks.

We hereby request that _____ printed copies of the Official Statement (not to exceed _____ copies) pertaining to the Bonds be furnished to us in accordance with the terms of such Official Notice of Sale.

As of the date of award and as of the date of delivery of the Bonds, all members of our syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

This bid is submitted with our intention to purchase a bond insurance policy from _____ (Fill in if applicable), an insurer that satisfies the terms and conditions of the Official Notice of Sale. Such insurance will be obtained at our expense.

The following is our computation made as provided in the Official Notice of Sale, but not constituting any part of the foregoing, of the true interest cost under the foregoing proposal:

Gross Interest Cost	\$ _____
Less Premium	\$ _____
Net Interest Cost	\$ _____
True Interest Cost	_____ %

These estimates are provided for informational purposes only and are not binding on the District or the undersigned.

Authorized Signature:

Name of Firm: _____

By: _____
(Print Name)

Address: _____

Phone: _____ Fax: _____

Date of Submission: _____

Name, address, and phone number of Bidder's representative to be contacted for closing procedures:

Name: _____

Address: _____

Phone: _____ Fax: _____

EXHIBIT "C"

FORM OF NOTICE OF INTENTION TO SELL BONDS

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NOTICE OF INTENTION TO SELL BONDS

**§ _____
PALM SPRINGS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B
(Riverside County, California)**

NOTICE IS HEREBY GIVEN, pursuant to California Government Code Section 53692 and Education Code Section 15147, that the Board of Education of the Palm Springs Unified School District, Riverside County ("County"), California, acting through the County, intends to sell \$_____ principal amount of Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series B. Bids will be received on:

_____, _____, 20__

at 9:30 a.m. (Pacific Time), at the offices of Dale Scott & Company, Inc. ("Financial Advisor"), 400 Montgomery Street, Suite 805, San Francisco, California 94104, phone (415) 956-1030 / facsimile (415) 956-1322. Bids may be submitted in any one of the following forms: (i) delivery to the Financial Advisor in a sealed envelope; (ii) telefax/facsimile submission at (415) 956-1322; or (iii) electronic submission via the Thompson Financial Municipals Group PARITY© system as further set forth in the Official Notice of Sale, and the sale will be awarded by the Superintendent of the Palm Springs Unified School District, or the Superintendent's authorized designee, on behalf of the Board of Education of the Palm Springs Unified School District and the County, within twenty-six (26) hours after the bid opening is completed. In the event that the Superintendent, or the Superintendent's authorized designee, does not award a bid on the date specified above, proposals will be received the following _____ at the same time and place specified above, and each _____ thereafter, until such time as a bid is awarded or notice to the contrary is given. Further information, including copies of the Preliminary Official Statement, Official Notice of Sale and Bid Form, may be obtained from the Financial Advisor at the above address or on the internet at www.dalescott.com beginning on or about _____, 20__. The Preliminary Official Statement will be available for viewing on the internet at www.dalescott.com beginning on or about _____, 20__.

BOND COUNSEL: Bowie, Arneson, Wiles & Giannone,
Newport Beach, California

DATED: _____, 2009

1 **EXHIBIT "D"**

2
3 **FORM OF SERIES B BOND**

4
5 **REGISTERED**

REGISTERED

6 **NO.**

\$

7
8
9 **PALM SPRINGS UNIFIED SCHOOL DISTRICT**
10 **GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B**
11 **(Riverside County, California)**
12

13
14 **INTEREST RATE: MATURITY DATE: DATED AS OF: CUSIP®:**

15
16 _____ %

August 1, 20____

_____, 20____

17
18
19 **REGISTERED OWNER: CEDE & CO.**

20
21 **PRINCIPAL AMOUNT: DOLLARS**

22
23
24 The **PALM SPRINGS UNIFIED SCHOOL DISTRICT** ("District") in Riverside
25 County, California ("County"), for value received, promises to pay to the Registered Owner
26 named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated
27 above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate
28 stated above, on February 1 and August 1 ("Bond Payment Dates"), commencing August 1,

1 2010. This bond will bear interest from the Bond Payment Date next preceding the date of
2 authentication hereof unless it is authenticated as of a day during the period from the 16th day of
3 the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in
4 which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on
5 or before July 15, 2010, in which event it shall bear interest from _____, 20____. Principal
6 and interest are payable in lawful money of the United States of America, without deduction for
7 the paying agent services, to the person in whose name this bond (or, if applicable, on one or
8 more predecessor bonds) is registered ("Registered Owner") on the Register maintained by the
9 Paying Agent, initially U.S. Bank National Association ("Paying Agent"). Interest shall be
10 calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal is
11 payable upon presentation and surrender of this Bond at the principal office of the Paying Agent
12 in Los Angeles, California. Interest is payable by check mailed by the Paying Agent on each
13 Bond Payment Date to the Owner of this Bond (or one or more predecessor Bonds) as shown and
14 at the address appearing on the Register at the close of business on the 15th day of the calendar
15 month next preceding that Bond Payment Date ("Record Date"). The Owner of an aggregate
16 Principal Amount of \$1,000,000 or more may request in writing to the Paying Agent that such
17 Owner be paid interest by wire transfer to the bank and account number on file with the Paying
18 Agent as of the Record Date.

19
20 This Bond is one of a aggregate amount of \$_____ of bonds issued to be used for
21 the acquisition and construction of school facilities to serve the District under authority of and
22 pursuant to the laws of the State of California, and the requisite fifty-five percent (55%) vote of
23 the electors of the District obtained at an election held on February 5, 2008, upon the question of
24 issuing bonds in the amount of \$516,000,000, the resolution of the Board of Trustees of the
25 District adopted on October 13, 2009 ("District Resolution"), and the resolution of the County
26 Board of Supervisors adopted on _____, 2009, ("County Resolution"). This bond
27 and the issue of which this bond is one are payable as to both principal and interest from the
28 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 issuable only as fully registered Bonds in the denominations
6 of \$5,000 or any integral multiple thereof. This Bond is exchangeable and transferable for
7 Bonds of other authorized denominations at the principal corporate trust office of the Paying
8 Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation
9 and surrender hereof to the Paying Agent, together with a request for exchange or an assignment
10 signed by the Registered Owner or by a person legally empowered to do so, in a form
11 satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in
12 the County Resolution. Any tax or governmental charges shall be paid by the transferor. The
13 District, the County and the Paying Agent may deem and treat the Registered Owner as the
14 absolute owner of this Bond for the purpose of receiving payment of or on account of principal
15 or interest and for all other purposes, and neither the District, the County nor the Paying Agent
16 shall be affected by any notice to the contrary.

17
18 The Bonds maturing on or before August 1, 2019, are not subject to optional redemption
19 prior to maturity. The Bonds maturing on or after August 1, 2020, are subject to redemption at
20 the option of the District, as a whole or in part as selected and directed by the District, and, if not
21 so directed, in inverse order of maturity and by lot within each maturity, from any source of
22 available funds, on August 1, 2019, or on any Bond Payment Date thereafter at the following
23 prices, expressed as a percentage of the principal amount to be redeemed, plus accrued interest
24 represented thereby to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 1, 2019 and thereafter	100.0%

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

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

Redemption Year	Principal Amount
_____	_____
_____	_____
_____	_____]

If less than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be as directed by the District, and if not so directed, in inverse order of maturity and by lot within a maturity. If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the District in such manner as the District in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP® numbers, if any, of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be

1 made, and (e) descriptive information regarding the issue of Bonds and the specific bonds
2 redeemed, including the dated date, interest rate and stated maturity date of each. Such notice
3 shall further state that on the specified date there shall become due and payable upon each Bond
4 to be redeemed, together with interest accrued to said date, the redemption premium, if any, and
5 that from and after such date interest with respect thereto shall cease to accrue.
6

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

18 Any Redemption Notice may specify that redemption of the Series B Bonds designated
19 for redemption on the specified date will be subject to the receipt by the District of monies
20 sufficient to cause such redemption (and will specify the proposed source of such monies), and
21 neither the District or the County will have any liability to the Owners of any Series B Bonds, or
22 any other party, as a result of the District's failure to redeem the Series B Bonds designated for
23 redemption as a result of insufficient monies therefor. The District may rescind any optional
24 redemption of the Series B Bonds, and notice thereof, for any reason on any date prior to the date
25 fixed for such redemption by causing written notice of the rescission to be given to the Owners
26 of the Series B Bonds so called for redemption. Notice of rescission of redemption shall be
27 given in the same manner in which notice of redemption was originally given.
28

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

7
8 The rights and obligations of the District and of the Registered Owners of the Bonds may
9 be amended at any time, and in certain cases without the consent of the Registered Owners to the
10 extent and upon the terms and conditions provided in the County Resolution.

11
12 The County Resolution contains provisions permitting the District to make provision for
13 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that
14 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

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

22
23 IT IS CERTIFIED AND RECITED that all acts and conditions required by the
24 Constitution and laws of the State of California to exist, to occur and to be performed or to have
25 been met precedent to and in the issuing of the Bonds in order to make them legal, valid and
26 binding general obligations of the District, have been performed and have been met in regular
27 and due form as required by law; that payment in full for the Bonds has been received; that no
28 statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the

1 Bonds; and that due provision has been made for levying and collecting *ad valorem* property
2 taxes on all of the taxable property within the District in an amount sufficient to pay principal
3 and interest when due.
4

5 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any
6 security or benefit under the County Resolution until the Certificate of Authentication below has
7 been signed.
8
9
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12 **IN WITNESS WHEREOF**, the County of Riverside, California, has caused this bond to
13 be executed on behalf of the District and in their official capacities by the manual or facsimile
14 signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax
15 Collector of the County, and to be countersigned by the manual or facsimile signature of the
16 Clerk to the Board of Supervisors of the County, and has caused the seal of the County to be
17 affixed hereto, all as of the date stated above.
18

19 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

21 **-EXHIBIT-**

22 By: _____

23 Chairperson, Board of Supervisors
24
25

26 **-EXHIBIT-**

27 By: _____

28 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

8

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11

12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory

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16

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1 **FORM OF ASSIGNMENT**

2

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

4

5 _____

6

7 _____

8

9 _____

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]

RESOLUTION NO. 2009/2010-23

RESOLUTION OF THE BOARD OF EDUCATION OF THE PALM SPRINGS UNIFIED SCHOOL DISTRICT AUTHORIZING ISSUANCE OF NOT TO EXCEED \$110,000,000 PRINCIPAL AMOUNT OF PALM SPRINGS UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B; MAKING CERTAIN FINDINGS AND DETERMINATIONS, APPROVING A PRELIMINARY OFFICIAL STATEMENT, APPROVING CERTAIN RELATED DOCUMENTS AND AUTHORIZING RELATED ACTIONS

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, pursuant to the provisions of State law and certain federal programs and requirements, the District Board has previously adopted Resolution No. 2009/2010-16 on September 22, 2009, and Resolution No. 2009/2010-22 on October 13, 2009, providing for the issuance and sale of the Palm Springs Unified School District General Obligation Bonds, 2008 Election, Series A ("Series A Bonds") in an amount not to exceed \$25,000,000, leaving not less than \$491,000,000 of the Bond Authorization unissued; 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 California Education Code ("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 District pursuant to a resolution adopted by the District; and

WHEREAS, the District has determined that it is in the best interests of the District at this time to authorize the issuance of a portion of the authorized but unissued bonds of the bond authorization in the total principal amount of not to exceed One Hundred Ten Million dollars (\$110,000,000) ("Bonds" or "Series B Bonds") and requests the County Board to offer the Series B Bonds for sale upon the terms and conditions set forth herein; 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 B Bonds and/or expending the Series B Bond proceeds; and

WHEREAS, based upon documentation presented to the District Board, the District Board is prepared to make certain findings and determinations concerning the issuance and sale of the Series B Bonds and the levy of taxes to pay principal and interest on the Series B Bonds pursuant to State law; 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 B Bonds and desires to take certain related actions in connection therewith; and

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

WHEREAS, the proposed forms of the Notice of Intention to Sell Bonds, Bid Form, the form of the Official Notice of Sale and the Continuing Disclosure Certificate relating to the Series B bonds have been presented to this District Board; and

WHEREAS, the District Board desires that the Series B Bonds be sold by a competitive sale process; 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 B 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 B 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 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. 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 B 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 B Bonds have been performed and met, in regular and due form as required by law; that the Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Series B 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 B Bonds.

Section 3. Purpose of Bonds. The Series B Bonds, in the aggregate principal amount of not to exceed \$110,000,000, shall be offered for sale, the proceeds of which are to be used for the purposes of: (a) raising money for real property acquisition or improvements, including renovation and repair of existing District schools and school facilities, construction of new school facilities and upgrading, repairing, rehabilitating, acquiring and construction classrooms, property furnishings and equipment all as described in District Resolution No. 2007/2008-11, as approved as part of the Bond Authorization; (b) providing for the payment of interest coming due on the Series B Bonds for a period of time within statutory limits and as stated herein; and (c) to pay all necessary legal, financial and contingent costs in connection with the issuance of the Series B Bonds pursuant to the applicable provisions of Education Code Sections 15145 and 15146 and other applicable State law.

Section 4. Authority for Issuance of Bonds. The Series B Bonds shall be issued and sold by the County, on behalf of the 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) such issuance and sale be subject to the matters set forth herein and in the County Resolution (as defined herein) and and Education Code Sections 15264, 15266, 15100 *et seq.* and 15140 *et seq.*

Section 5. Designation. The Series B Bonds authorized pursuant to this Resolution, and the County Issuance Resolution shall be designated as "Palm Spring Unified School District General Obligation Bonds, 2008 Election, Series B" or such other designation as the

Superintendent of the District ("Superintendent") or the Superintendent's designee(s) (each a "Designated Officer") may approve. The resolution of the County Board providing for the issuance and sale of the Series B Bonds is in certain instances herein referred to as the "County Resolution." The Series B Bonds shall otherwise conform to the requirements set forth herein, the County Resolution and the sale documents referenced herein. The final principal amount of the Series B Bonds shall be as specified by the Superintendent in consultation with the District's Bond Counsel and Financial Advisor.

Section 6. Approval of Notices and Bid Form.

(a) That the County Board is hereby requested to offer the Series B Bonds for sale in the manner provided by law on such date as shall be designated by the District, in accordance with the terms and conditions set forth in the Official Notice of Sale, the form of which has been presented to this District Board (the "Official Notice of Sale"). The Official Notice of Sale, substantially in the form presented to this District Board, is hereby approved by the District Board and the distribution of the final form of the Official Notice of Sale pursuant to the County Resolution is hereby authorized and approved. The District's Clerk is hereby authorized and directed to execute and deliver the final form of the Official Notice of Sale.

(b) That the Notice of Intention to Sell Bonds and the Bid Form, the forms of which have been presented to this District Board, are hereby approved, and the publication of such Notice of Intention pursuant to the provisions of the County Resolution is hereby approved and authorized.

(c) Notwithstanding the foregoing, the form of the Official Notice of Sale, Notice of Intention to Sell Bonds, and Bid Form, are approved with such changes, insertions and deletions as may be approved by the Superintendent, the Financial Advisor and Bond Counsel, which approval shall be conclusively evidenced by execution and delivery thereof.

Section 7. Sale of Bonds; Designation of Authority. The Series B Bonds are hereby ordered to be sold by competitive bid as referenced herein and as set forth in the County Resolution. The Superintendent or the Superintendent's designee(s), on behalf of the District Board, are hereby delegated the authority to accept the best responsible bid for the purchase of the Series B Bonds, determined in accordance with the Official Notice of Sale. The Superintendent, or the Designated Officers are hereby authorized and directed to accept such bid, for and in the name of the District Board, by notice to the successful bidder, subject to the provisions and terms of the County Resolution. The Superintendent, or the Designated Officers, are further authorized to direct the inclusion of term bonds as part of the final structure of the bond issue, if term bonds have been included in the bid of the successful bidder in accordance with the Official Notice of Sale. In the event two or more bids setting forth identical interest rates and premium, if any, are received, the Superintendent, or the Designated Officers, on behalf of the District Board, may exercise their own discretion and judgment in making the award and may award the Series B Bonds on a pro rata basis in such denominations as the Superintendent shall determine. The Superintendent, or the Superintendent's designee, on behalf of the District Board, shall award the Bonds or reject all bids not later than twenty-six (26) hours after the

expiration of the time prescribed for the receipt of proposals unless such time of award is waived by the successful bidder, subject to the provisions and terms of the County Resolution.

Section 8. General Authorization. The Financial Advisor and/or Bond Counsel are hereby authorized and directed to open and/or receive the bids at the time and place specified in the final Official Notice of Sale and to report the results thereof to the County and to the Designated Officer. The Financial Advisor and/or Bond Counsel are hereby authorized and directed to receive and record the receipt of all bids made pursuant to such Official Notice of Sale, to cause such bids to be examined for compliance with such Official Notice of Sale, to cause computations to be made as to which bidder has bid the lowest true interest cost, as provided in such Official Notice of Sale, along with a report as to the foregoing and any other matters deemed pertinent to the award of the Series B Bonds and the proceedings for the issuance thereof.

Section 9. Building Fund; Debt Service Fund and Rebate Fund.

(a) **Building Fund.** Upon the issuance and sale of the Series B 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 B, 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 B 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 B Bonds, the District Board shall request that the Treasurer establish and create the "Palm Springs Unified School District General Obligation Bonds, 2008 Election Series B, 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 B Bonds, as the case may be, and administrative costs and expenses for the Series B 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 B 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 B, 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 10. Book-Entry Form. The Series B Bonds shall 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 B 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 lodgement. The Financial Advisor and Bond Counsel are requested to assist the District and the County in qualifying the Series B Bonds for deposit with DTC.

Section 11. Paying Agent. U.S. Bank National Association shall be the initial Paying Agent for the Series B Bonds, recognizing that any fees incurred therefore in the first year shall be paid from proceeds of the Series B Bonds and subsequent annual fees, if any, shall be paid out of the Debt Service Fund to be established for the Series B Bonds to the extent that there are funds remaining after payment of the principal and interest on the Series B Bonds in that year, and if such funds are insufficient, from the General Fund of the District. The Paying Agent may be replaced as and when determined by the District, subject to such terms and conditions as may be set out in the County Resolution.

Section 12. Levy and Collection of Taxes. Pursuant to Education Code Sections 15250 *et seq.* (or any successor sections thereto) the District, upon sale and delivery of the Series B Bonds, requests that the County Board take action to levy, or cause to be levied, on all the taxable property in the District, commencing with the 2010/2011 tax year, and subsequent tax years, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series B Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Series B Bonds when due in accordance with the terms of the Series B Bonds and the County Resolution.

Section 13. Tax Covenants; Findings and Determinations.

(a) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series B Bonds, hereby covenants to comply with each applicable requirement 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 Series B 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 Series B Bonds, or of any of the property financed or refinanced with the proceeds of the Series B Bonds, or other funds of the District, or take or omit to take any action that would cause the Series B 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 Series B 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 Series B Bonds due to the United States 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 States 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 12(c) hereof and in the County Resolution.

(d) The District, represents that it shall not take any action(s), or fail to take any action(s) if such action(s) or failure to take such action(s) would adversely affect the exclusion from gross income of the interest payable on the Series B Bonds under Section 103 of the Code.

(e) The District shall at all times do and perform all other acts and things necessary or desirable and within its powers to assure, for the purposes of California personal and federal income taxation, that the tax-exempt status of the interest paid on the Series B Bonds to the recipients thereof will be preserved.

Section 14. Expenditure of Bond Proceeds. The District hereby covenants to expend all Series B Bond proceeds in accordance with applicable law and the Bond Authorization, including, but not limited to, Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the California Education Code of the State of California (commencing with Section 15100), as amended, and Article XIII A of the California Constitution.

Section 15. Preliminary Official Statement; Official Statement. Pursuant to applicable State law and federal disclosure requirements, the Preliminary Official Statement relating to the Series B 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 Series B Bonds is hereby authorized subject to the provisions of this Section. The Designated Officers are, and each of them acting alone 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 Underwriter 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 16. 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 B Bonds; however, any underwriter or any holder or beneficial Owner of the Series B 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 B 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 "A" 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, Bond Counsel and/or Disclosure Counsel, which approval shall be conclusively evidenced by execution and delivery thereof.

Section 17. 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 12 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 B Bonds. The Treasurer is requested to provide regular periodic statements of such accounts to the District.

Section 18. Compliance with Proposition 39 Accountability Requirements. The District hereby 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 B Bonds (exclusive of costs of issuance and delivery of the Series B Bonds) ("Bond Proceeds" or "Series B 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 No. 2007/2008-11.

(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 B 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 Series B Bond Proceeds have been expended for the school facilities projects identified in the School Facilities Project List.

(e) Measure E and the matters submitted to the voters as part of the Bond Election included statements in compliance with Education Code Section 15272.

(f) The Measure E election results have been certified by the District Board pursuant to Resolution No. 2007/2008-11, and such resolution has been filed as required under Education Code Sections 15124 and 15274.

(g) Pursuant to Education Code Section 15278 *et seq.*, the District Board has established its Citizens' Oversight Committee for the Measure E bond election ("Committee") has appointed initial members thereto pursuant to the Citizens' Oversight 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 outstanding Series B Bonds in the collective will not exceed Sixty Dollars (\$60) per year per One Hundred Thousand Dollars (\$100,000) of taxable property. The 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 B Bonds are delivered.

Section 19. Compliance with State Law; Additional Reporting Requirements.

That pursuant to Government Code Section 53410, the District Board hereby finds, determines and directs as follows:

(a) The Series B 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 herein and in the County Resolution, shall be created into which the Series B Bond Proceeds shall be deposited.

(c) The District's Assistant Superintendent, Operational Support 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 B 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 B Bond Proceeds.

The report(s) required by this Section 19(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, reports to the Citizen's Oversight

Committee, continuing disclosure reports or other periodic reports made in connection with the Series B Bonds. The requirements of this Section 19(c) shall apply only until all the Series B Bonds are redeemed or defeased, but if the Series B Bonds, or any series of bonds, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

Section 20. Additional Findings and Directives. Pursuant to Education Code Section 15146(b) and (c), the Board hereby finds, determines and directs as follows:

(a) The Series B Bonds shall be sold by competitive sale process as set forth in Sections 6, 7 and 8 of this Resolution, the terms and conditions of the County Resolution and elsewhere herein.

(b) The Series B Bonds shall be sold by competitive sale inasmuch as: (i) such method of sale is expected to result in a lower underwriter's discount than would be the case if a negotiated sale method was used; (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 & Company, Inc., as Financial Advisor, Bowie, Arneson, Wiles & Giannone as Bond Counsel and Jones Hall as Disclosure Counsel. The underwriter(s) of the Series B Bonds ("Underwriter(s)") shall be selected as part of a competitive sale process and shall be disclosed once such Underwriter(s) are selected through such process.

(d) The District Board estimates that the costs associated with the issuance of the Series B Bonds, including compensation to the Underwriter and any such costs which the Underwriter shall agree to pay pursuant to the provisions of the bid and sale documents for the Series B Bonds, are set forth in Exhibit "B", attached hereto and incorporated herein by this reference. Such costs of issuance of the Series B 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 B Bonds pursuant to the directives and conditions set forth herein. It is currently expected that the Series B Bonds will be sold to the market at a premium, with such premium being utilized to cover such costs of issuance such that the net amount deposited into the Building Fund for the Series B Bonds (as described in the County Resolution) shall be substantially equal to the par amount of the Series B Bonds.

(e) The District Board hereby directs that following the sale of the Series B Bonds, the District Board shall be presented with the actual costs of sale, issuance and delivery costs of the Series B 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 B Bonds that an itemized summary of the costs of the sale, issuance and delivery costs of the Series B 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 B Bonds made to CDIAC pursuant to State law, including Government Code Section 8855, shall constitute compliance with the applicable 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 B Bonds that all necessary filings with CDIAC shall be completed by the District staff and/or its consultants or legal 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 B Bonds.

Section 21. District Consultant Costs; County Costs.

(a) The District has retained the services of Bowie, Arneson, Wiles & Giannone to represent the District as Bond Counsel, Dale Scott & Company, Inc., as Financial Advisor with regard to the issuance of the Series B Bonds, and the firm of Jones Hall to represent the District as Disclosure Counsel.

(b) U.S. Bank National Association will serve as the 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 service and assessment information as are necessary or desirable to facilitate the issuance and delivery of the Series B Bonds.

(c) 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 B Bonds.

(d) As provided in the bid documents, the selected underwriter may be required to pay a portion of the costs of issuance from allocated funds as a condition to the purchase of the Series B Bonds. The District Board hereby authorizes a Designated Officer(s) to enter into a Costs of Issuance Custodian Agreement, or equivalent agreement, with U.S. Bank National Association or another bank or financial institution. As may be provided in such agreement, amounts provided by the Underwriter for payment of costs of issuance shall be deposited thereunder and the payment of costs of issuance may be requisitioned by a Designated Officer(s) in accordance with such agreement.

Section 22. Approval of Actions. All actions heretofore taken by officers and agents of the District with respect to the sale and issuance of the Series B Bonds 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 B Bonds. 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. Any reference to the District's Superintendent herein shall include any appointed and acting Interim Superintendent of the District.

Section 23. 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.

Section 24. 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 25. Effective Date. This Resolution shall take effect immediately upon adoption.

Section 26. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 25. County Filing. The Clerk of the District Board is hereby directed to file, or cause to be filed, certified copies of this Resolution with the Clerk of the County Board and the Superintendent of Schools of the County.

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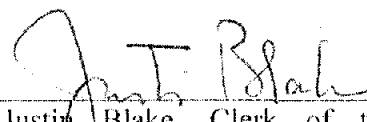
ADOPTED, SIGNED AND APPROVED this 13th day of October, 2009.

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

)

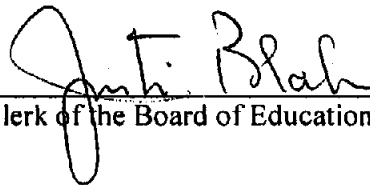
I, Justin Blake, Clerk of the Board of Education of the Palm Springs Unified School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Education of such School District at a meeting of said Board held on the 13th day of October, 2009, of which meeting all of the 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


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. 2009/2010-23 of such Board and that the same has not been amended or repealed.

Dated: October 13, 2009



Clerk of the Board of Education
Palm Springs Unified School District

EXHIBIT "A"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

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 B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on October 13, 2009 and a Resolution adopted by the Board of Supervisors of Riverside County on November 3, 2009 (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.

(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 B

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 "B"

**PALM SPRINGS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2008 ELECTION, SERIES B**

ESTIMATED COSTS OF ISSUANCE*

Underwriter's Discount (estimated)		\$1,100,000 (1.00% of par amount of Bonds*)
Bond Insurance (if purchased)(estimated)		\$1,700,000 (based on 70 basis points)*
<u>Firm</u>	<u>Role/Service</u>	<u>Cost Est.*</u>
Bowie, Arneson, Wiles & Giannone	Bond Counsel for General Obligation Bond Services	
Jones Hall	Disclosure Counsel to the District	
Dale Scott & Co.	Financial Consultant to the District	
Standard & Poor's	Rating	
TBD	Printing	
U.S. Bank	Paying Agent	
U.S. Bank	COI Custodian	
Other allocated costs		
Total Estimated for above-listed services		\$440,000

*All costs of issuance listed herein are estimates. Such figures are estimates and shall not constrain or limit the District as to the issuance and sale of the Series B Bonds pursuant to the directives and conditions set forth in District Resolution No. 2009/2010-23.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2009

NEW ISSUE -- FULL BOOK-ENTRY

Standard & Poor's: ____
See "RATINGS" herein.

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California ("Bond Counsel") subject, however to certain qualifications described herein, under existing law, the interest on the Series B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$110,000,000*

PALM SPRINGS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2008 Election, Series B

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Issuance. The above-captioned General Obligation Bonds, 2008 Election, Series B (the "Series B Bonds" or the "Bonds") are being issued by the Palm Springs Unified School District (the "District") pursuant to a resolution of the Board of Education of the District adopted on October 13, 2009 (the "District Resolution"), a resolution of the Board of Supervisors of Riverside County (the "County") on October 27, 2009 (the "County Resolution"), and certain provisions of the Education Code of the State of California. The Series B Bonds were authorized at an election of the registered voters of the District held on February 5, 2008, which authorized a total of \$516,000,000 principal amount of general obligation bonds to finance new construction and additions to and modernization of school facilities for the District. The Series B Bonds are the second series of bonds issued pursuant to such authorization.

Security. The Series B Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. 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 Series B Bonds. The District currently has outstanding general obligation bonds issued under previous authorizations that are similarly payable from *ad valorem* taxes levied on parcels in the District. See "THE SERIES B BONDS-Security."

Redemption. The Series B Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE SERIES B BONDS-Optional Redemption."

Book Entry Only. The Series B 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 Series B Bonds. See Appendix F - "Book-Entry-Only System."

Payments. Interest with respect to the Series B Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2010, by check mailed to the person in whose name the Series B Bond is registered. Payments of principal and interest on the Series B Bonds will be paid by U.S. Bank National Association, Los Angeles, California, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series B Bonds.

MATURITY SCHEDULES
(See inside front cover)

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

The Series B Bonds will be sold at public sale to be held on Tuesday, November 17, 2009. The Series B Bonds are offered when, as and if issued, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District. It is anticipated that the Series B Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about December __, 2009.

Dated: __, 2009

*Preliminary; subject to change.

MATURITY SCHEDULE

Base CUSIP^(†): _____

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
-------------------------------------	-----------------------------	--------------------------	--------------	--------------	--------------------------

\$ _____ % Term Series B Bond Due August 1, _____, Yield: _____%, Price: _____%;
CUSIP[†] No.: _____

[†] Copyright 2009, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

* Preliminary, subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series B 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 District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement 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.

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 Series B Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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.

Involvement of Underwriter. The Underwriter has provided the following statement 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.

Document Summaries. All summaries of the Bond Resolution 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.

No Securities Laws Registration. The Series B Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Series B Bonds have not been registered or qualified under the securities laws of any state.

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 Series B Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of 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 Series B Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exception from the registration requirements contained in such act. The Series B Bonds have not been registered or qualified under the securities laws of any state.

**PALM SPRINGS UNIFIED SCHOOL DISTRICT
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

DISTRICT BOARD OF TRUSTEES

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

DISTRICT ADMINISTRATION

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 COUNSEL

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

DISCLOSURE COUNSEL

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

PAYING AGENT, TRANSFER AGENT, AND BOND REGISTRAR

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

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\$110,000,000*
PALM SPRINGS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2008 Election, Series B

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 Palm Springs Unified School District (the "District") of the bonds captioned above (the "Series B Bonds"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Bond Resolution (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 Series B Bonds to potential investors is made only by means of the entire Official Statement.

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.

Description of the Series B Bonds. The Series B Bonds will be dated their date of delivery (the "Dated Date") and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Series B Bonds will mature on August 1 in the years indicated on the inside cover page hereof.

Registration. The Series B 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 Series B Bonds (the "Beneficial Owners") in the denominations set forth on the inside 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 Series B Bonds. See "THE SERIES B BONDS -- Book-Entry-Only System." In the event that the book-entry-only system described below is no longer used with respect to the Series B Bonds, the Series B Bonds will be registered in accordance with the Bond Resolution described herein. See "THE SERIES B BONDS -- Registration, Transfer and Exchange of Bonds."

*Preliminary; subject to change.

Redemption. The Current Interest Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in "THE SERIES B BONDS - Optional Redemption" and " - Mandatory Sinking Fund Redemption." The Capital Appreciation Bonds are not subject to redemption.

Authority for Issuance of the Series B Bonds. Issuance of the Series B Bonds was approved by more than 55% of the voters of the District voting at an election held on February 5, 2008 (the "Bond Election") and will be issued pursuant to certain provisions of the Education Code of the State and pursuant to a resolution adopted by the Board of Supervisors of the County adopted on November 3, 2009. See "THE SERIES B BONDS - Authority for Issuance."

Security for the Series B Bonds. The Series B Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Series B Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SOURCES OF PAYMENT FOR THE BONDS."

Purpose of Issue. The net proceeds of the Series B Bonds will be used to finance school construction and improvements to the school facilities as approved by the voters at an election held in the District on February 5, 2008. See "THE SERIES B BONDS -- Purpose of Issue" and "ESTIMATED SOURCES AND USES OF FUNDS."

Offering and Delivery of the Bonds. The Series B 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 Series B Bonds will be available for delivery in New York, New York on or about December ___, 2009.

Legal Matters. Issuance of the Series B Bonds is subject to the approving opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, 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 serve as Disclosure Counsel to the District. *Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Series B Bonds.*

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Series B Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also in the opinion of Bond Counsel, interest on the Series B Bonds will be exempt from State of California (the "State") personal income taxes. See "TAX MATTERS."

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "THE SERIES B BONDS - Continuing Disclosure."

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 Series B Bonds are available from the Superintendent, Palm Springs Unified School District, 980 Tahquitz Canyon Way Suite 202, Palm Springs, California 92262, telephone: (760) 416-6126 (the "Superintendent's Office"). The District may impose a charge for copying, mailing and handling.

THE SERIES B BONDS

Description of the Series B Bonds

The Series B Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Series B Bonds.

Interest with respect to the Series B Bonds accrues from their Dated Date, and is payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing February 1, 2010. Each Series B Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of a Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to a Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2010, in which event it shall bear interest from the date of original delivery; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series B Bonds, including the final interest payment upon maturity, is payable by check of the Paying Agent mailed on the Interest Payment Date via first-class mail to the Owner thereof at such Owner's address as it appears on the bond register maintained by the Paying Agent at the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose, or upon written request filed with the Paying Agent as of the Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Series B Bonds, by wire transfer.

The Series B Bonds shall be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. The Series B Bonds mature on August 1, in the years and amounts set forth on the cover page hereof.

Authority for Issuance

The Series B Bonds are issued pursuant to the provisions of Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15100 *et seq.*) of the Education Code of the State of California (the "Bond Law"), pursuant to a resolution adopted by the Board of Education of the District on October 13, 2009 and pursuant to a resolution adopted by the Board of Supervisors of the County on November 3, 2009 (the "Bond Resolution"). The District received authorization at the Bond Election, by a requisite 55% vote of the qualified electors to issue general obligation bonds in a principal amount not to exceed \$516,000,000 (the "Authorization"). The Series B Bonds are the first series of bonds issued pursuant to the Authorization. In December, 2009, the District intends to issue its 2009 General Obligation Revenue Bonds, (Palm Springs Unified

School District Qualified School Construction Bonds) in the principal amount of not to exceed \$_____.

The District currently has outstanding \$228,345,000 of general obligation bonds issued under previous authorizations that are similarly payable from *ad valorem* taxes levied on parcels in the District. See "APPENDIX A - General and Financial Information About the District".

Purpose of Issue

The proceeds of bonds issued pursuant to the Authorization 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 at the Bond Election.

Security

Ad Valorem Taxes. The Series B 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 Series B 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 Series B Bonds are outstanding in an amount sufficient to pay the principal and interest on the Series B Bonds when due. Such taxes, when collected, will be deposited into an interest and sinking fund for the Series B 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 Series B Bonds when due. **Although the County is obligated to levy an *ad valorem* tax for the payment of the Series B Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Series B Bonds, the Series B Bonds are not a debt of the County.**

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and interest on the Series B Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent (as defined herein) which, in turn, shall pay such moneys to DTC to pay the principal and interest on the Series B Bonds. DTC will thereupon make payments of principal and interest on the Series B Bonds to the DTC Participants who will thereupon make payments of principal and interest to the beneficial owners of the Series B Bonds.

The rate of the annual *ad valorem* tax levied by the County to repay the Series B 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 Series B 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. For further information regarding the District's tax base, tax rates, overlapping debt and other matters concerning taxation, see "SOURCES OF PAYMENT FOR THE BONDS" herein.

Paying Agent

U.S. Bank National Association, Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Series B Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Series B Bonds and DTC's book-entry method is used for the Series B Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series B Bonds called for prepayment or of any other action covered by such notice.

The Paying Agent, the District, the County and the Underwriter of the Series B Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series B Bonds.

Optional Redemption

The Series B Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their respective stated maturities. The Series B Bonds maturing on or after August 1, 2020 are subject to redemption prior to maturity, as a whole or in part, in inverse order of maturity and by lot within a maturity, at the option of the District, from any available source of funds, on August 1, 2019 and on any date thereafter, at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption, without premium.

For the purpose of selection for optional redemption, Series B Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed.

Mandatory Sinking Fund Redemption

The Series B Bonds maturing on August 1, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year in accordance with the schedules set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

Redemption Year
(August 1)

Principal Amount
to be Redeemed

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Series B Bonds and less than all Outstanding Series B Bonds of a series are to be redeemed, the Paying Agent, upon written instruction from the District received at least 30 days prior to the specified redemption date (unless a shorter notice is consented to by the Paying Agent and the Insurer), shall select Series B Bonds of such series for redemption in inverse order of maturity. Within a maturity, the Paying Agent shall select Series B Bonds for redemption by lot. Redemption by lot shall be in such a manner as the Paying Agent shall determine; *provided, however*, that the portion of any

Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Value of \$5,000 or any integral multiple thereof.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Series B Bonds, at the expense of the District. Notice of any redemption of Series B Bonds shall specify: (a) the Series B Bonds or designated portions thereof (in the case of redemption of the Series B Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series B Bonds to be redeemed, (f) the Series B Bond numbers of the Series B Bonds to be redeemed in whole or in part and, in the case of any Series B Bond to be redeemed in part only, the Principal Amount of such Series B Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series B Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Series B Bond or portion thereof being redeemed the redemption price thereof, together with the interest accrued to the redemption date in the case of the Capital Appreciation Bonds, and that from and after such date, interest with respect thereto shall cease to accrete in value.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Series B Bonds.

Partial Redemption of Bonds

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

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Series B Bonds.

If the book entry system is discontinued, the person in whose name a Series B Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Series B Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Series B Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Series B Bonds of authorized denominations and of the same series and maturity; provided that Current Interest Bonds may only be exchanged for Current Interest Bonds, and Capital Appreciation Bonds may only be exchanged for Capital Appreciation Bonds. Any Series B Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Series B Bonds, (ii) DTC determines to discontinue providing such services and no

successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series B Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Series B Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Series B Bonds for redemption or (b) with respect to a Series B Bond after such Series B Bond has been selected for redemption.

Book-Entry Only System

The Series B 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 Series B 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 Series B Bonds. See "APPENDIX F – The Book-Entry Only System." In event that the book-entry-only system described below is no longer used with respect to the Series B Bonds, the Series B Bonds will be registered in accordance with the Bond Resolution described herein. See "THE BONDS -- Description of the Bonds."

Continuing Disclosure

The District has covenanted, for the benefit of holders and beneficial owners of the Series B Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an "Annual Report") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2010 with the report for the 2008-2009 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of material events is set forth below under the caption APPENDIX E – "Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

[CONFIRM] The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

SOURCES OF PAYMENT FOR THE BONDS

The Series B Bonds are general obligation bonds of the District payable from ad valorem taxes. The Board of Supervisors of the County has the power and is obligated to levy ad valorem taxes upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates), for the payment of the Series B Bonds and the interest thereon, in accordance with and subject to the Bond Law. The Series B Bonds are not a debt of the County.

Ad Valorem Taxes

The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Series B Bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Such taxes will be levied annually in addition to all other taxes during the period that the Series B Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Series B Bonds when due. Such taxes, when collected, will be placed by the County in the District's Debt Service Fund, which is segregated and maintained by the County and which is irrevocably pledged for the payment of the Series B Bonds and interest thereon when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Series B Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Series B Bonds, the Series B Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Series B Bonds as the same become due and payable, shall be transferred by the County Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Series B Bonds. DTC will thereupon make payments of principal and interest on the Series B Bonds to the DTC Participants who will thereupon make payments of principal and interest to the beneficial owners of the Series B Bonds. Any moneys remaining in the Debt Service Fund after the Series B Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District, pursuant to Section 15234 of the Education Code of the State.

The amount of the annual *ad valorem* tax levied by the County to repay the Series B 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 Series B Bonds in any year. Fluctuations in the annual debt service on the Series B Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as economic recession, 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 annual tax levy.

Property Tax Collection Procedures

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 February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10 percent penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent 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 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 percent 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 percent 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> [TO COME]	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2005-06					
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 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
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

Single Family Residential	No. of Parcels	2009-10 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
	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	<u>.06000</u>	<u>.06000</u>	<u>.08000</u>	<u>.08000</u>	
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 Gorgonio 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 Bonds 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.

DEBT SERVICE SCHEDULES

Series B Bonds. The following table shows the debt service schedule with respect to the Series B Bonds (assuming no optional redemptions).

Period Ending (August 1)	Series B Bond Principal	Series B Bond Interest	Annual Debt Service
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
Total			

Combined Debt Service Schedule. The following schedule shows the combined debt service with respect to general obligation bonds issued by the District pursuant to its 1992 Authorization, its 2000 Authorization, its 2004 Authorization, and its 2008 Authorization (which includes the Series B Bonds).

<u>Bond Year Ending August 1</u>	<u>Combined Total From 1992 Authorization</u>	<u>Combined Total From 2000 Authorization</u>	<u>Combined Total From 2004 Authorization</u>	<u>Combined Total From 2008 Authorization*</u>	<u>Aggregate Debt Service*</u>
2008					
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
TOTAL					

*Preliminary; subject to change.

SOURCES AND USES OF FUNDS

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

Sources of Funds:

Principal Amount of Series B Bonds
Original Issue Premium

Total Sources

Uses of Funds:

Building Fund
Debt Service Fund
Costs of Issuance (1)

Total Uses

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

APPLICATION OF PROCEEDS OF SERIES B BONDS

Building Fund

The proceeds from the sale of the Series B Bonds, to the extent of the principal amount thereof, shall be paid to the County to the credit of the funds created and established in the Bond Resolution and known as the "Palm Springs Unified School District General Obligation Bond, 2008 Election, Series B, Building Fund" (the "Building Fund"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Series B Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Series B Bonds not needed for the authorized purposes for which the Series B Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the applicable series of Series B Bonds. If, after payment in full of the Series B Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund shall be retained in the Building Fund.

Debt Service Fund

The accrued interest and any premium received by the County from the sale of the Series B Bonds after payment of costs of issuance shall be deposited in a separate fund known as the "Palm Springs Unified School District General Obligation Bond, 2008 Election, Series B, Debt Service Fund" (the "Debt Service Fund"), which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on each series of Series B Bonds. Interest earnings on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the principal of and interest on each series of Series B Bonds when due.

Investment of Proceeds of Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. The proceeds of Series B Bonds to be deposited in the Building Fund and the Debt Service Fund initially will be deposited in the Treasury of the County which is administered by the County Treasurer (the "Treasurer"). The Bond Resolution provides that proceeds of the Series B Bonds held by the Treasurer shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County, unless the District otherwise requests the County to invest all or a portion of the funds on deposit in the Building Fund in certain permitted investments, including investment agreements which comply with the requirements of each rating agency then rating the Series B Bonds, as defined in the Bond Resolution. See "COUNTY INVESTMENT POOL" herein for a description of the County's investment policy and investment portfolio. Money on deposit in the Building Fund and the Debt Service Fund will be accounted for separately from other moneys held by the Treasurer. See also "COUNTY INVESTMENT POOL" herein.

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%

LEGAL OPINION

The proceedings in connection with the issuance of the Series B Bonds are subject to the approval as to their legality of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel for the District. The opinion of Bond Counsel with respect to the Series B Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Jones Hall as Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Series B Bonds.

TAX MATTERS

[Subject to review by Bond Counsel]

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 interest on the Series B Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series B Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series B Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Series B 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 Series B 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 and original issue premium is disregarded. Owners of Series B Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Series B Bonds.

California Tax Status. In the opinion of Bond Counsel, interest on the Series B Bonds is exempt from California personal income taxes.

Other Tax Considerations. Owners of the Series B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series B 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.

NO LITIGATION

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

RATINGS

Standard & Poor's Ratings Services ("S&P") have assigned its municipal bond rating of "_____" to the Series B Bonds. There is no assurance that any credit ratings given to the Series B Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series B Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such ratings may be obtained from such rating agencies.

UNDERWRITING

The Series B Bonds were sold pursuant to competitive sale, and were awarded to _____ (the "Underwriter"), whose proposal represented the lowest true interest rate for the Series B Bonds. The Underwriter has agreed to purchase the Series B Bonds at a price of \$_____ (which is equal to the initial principal amount of the Series B Bonds plus original issue premium (\$_____) less original issue premium retained by the Underwriter in the amount of \$_____ to pay the Underwriter's discount of \$_____ and estimated costs of issuance in the amount of \$_____). The purchase contract relating to the Series B Bonds provides that the Underwriter will purchase all of the Series B 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 may offer and sell Series B 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 Bond Resolution 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 Series B Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

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 District and the purchasers or Owners of any of the Series B Bonds.

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

PALM SPRINGS UNIFIED SCHOOL
DISTRICT

By: _____
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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.

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

<u>Year Ended</u> <u>June 30</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
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".

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	02/2021	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 herein.

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.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2008**

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF PALM SPRINGS AND THE COUNTY OF RIVERSIDE

The following information concerning the city of Palm Springs and the County of Riverside is included only for the purpose of supplying general information regarding the area of the District. The Series B Bonds are not a debt of the City of Palm Springs, the County, the State or any of its political subdivisions, and neither the City of Palm Springs, the County, the State nor any of its political subdivisions is liable therefor.

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 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 B

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 B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on October 13, 2009 and a Resolution adopted by the Board of Supervisors of Riverside County on November 3, 2009 (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.

(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 B

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 ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Series B Bonds, payment of principal, interest and other payments on the Series B Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series B 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 District nor the Paying Agent 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 Series B Bonds, (b) Series B Bonds representing ownership interest in or other confirmation or ownership interest in the Series B Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series B 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.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series B Bonds. The Series B Bonds will be issued as fully-registered securities 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 Series B 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 certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 the Series B Bonds. 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.

Purchases of Series B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series B Bonds on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Series B 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 Series B Bonds representing their ownership interests in Series B Bonds, except in the event that use of the book-entry system for the Series B Bonds is discontinued.

To facilitate subsequent transfers, all Series B 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 Series B 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 Series B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series B 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.

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 Series B Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series B Bonds may wish to ascertain that the nominee holding the Series B 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.

Redemption notices shall be sent to DTC. If less than all of the Series B 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.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Series B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series B 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 District or 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, Paying Agent, or 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 District or 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.

DTC may discontinue providing its services as securities depository with respect to the Series B Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series B Bonds are required to be printed and delivered.

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, Series B Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.