

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

164



**FROM:** Don Kent, Treasurer/Tax Collector

**SUBMITTAL DATE:**  
November 18, 2010

**SUBJECT:** Resolution No. 2010-317 – Alvord Unified School District General Obligation Bonds, 2007 Election, Series B (Vote on Separately)

**RECOMMENDED MOTION:** That your Honorable Board approve and adopt Resolution No. 2010-317 authorizing the issuance and sale of general obligation bonds on behalf of Alvord Unified School District (the "District") in a principal amount not to exceed \$40,000,000.

**BACKGROUND:** California law requires that the general obligation bonds of a school district be offered for sale by the Board of Supervisors of Riverside County when the Riverside County Superintendent of Schools has jurisdiction over the district and when the district wishes to offer its bonds via a negotiated sale. Although a board of supervisors is authorized to opt out of that requirement, your Honorable Board has not adopted the necessary enabling resolution. At the same time the County Treasurer has taken the position that school districts should not be negotiating the sale of bonds without his participation.  
(Continued on page two)

Don Kent, Treasurer-Tax Collector

FORM APPROVED COUNTY COUNSEL  
BY: DALE A. GARDNER  
DATE: 11/18/10  
Department: Finance

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

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

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

BY: Karen L. Johnson

**County Executive Office Signature**

Dept's Consent  
 Per Exec. Ofc.  
 Policy  
 Policy

Date: November 18, 2010  
From: Treasurer-Tax Collector  
Subject: Resolution No. 2010-317  
Page 2

The District, under the jurisdiction of the Riverside County Superintendent of Schools, wishes to issue and sale bonds via a negotiated sale. The District's Board of Education adopted a resolution requesting your Honorable Board to issue and sale bonds on behalf of the District.

The issuance of the bonds has been approved by the voters of the District. An election was held on November 6, 2007 pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A and subdivision (b) of Section 18 of Article XVI of the California Constitution and Section 15266 of the Education Code which codifies, in part, Proposition 39. During that election, a measure authorizing the District to incur general obligation bonded indebtedness in an aggregate principal amount not to exceed \$196,000,000 was approved by more than 55% of the voters of the District voting in the election.

On May 1, 2008 the County issued and sold Alvord Unified School District General Obligation Bonds, 2007 Election, Series A on behalf of the District in an initial par amount of \$60,000,000. In addition, the District has previously issued its 2009 General Obligation Bond Anticipation Notes in the principal amount of \$60,000,000 to provide funds to finance the acquisition and construction of certain public educational facilities and and projects.

The bonds to be issued and sold in accordance with Resolution No. 2010-317 will represent the second series of bonds to be issued and sold pursuant to the election. Resolution No. 2010-317 authorizes the issuance and sale of Alvord Unified School District General Obligation Bonds, 2007 Election, Series B (the "Series B Bonds") in an aggregate principal amount not to exceed \$40,000,000.

The Series B Bonds are being issued and sold for the purpose of paying and redeeming a portion of the outstanding 2009 General Obligation Bond Anticipation Notes, including related interest expense, and to pay for the cost of issuance of the Series B Bonds.

When issued, the bonds will represent a general obligation of the District. The bonds will not constitute an obligation of the County. No funds of the County are pledged or obligated to the repayment of the bonds.

The Office of County Counsel has reviewed Resolution No. 2010-317 and has approved it as to form.

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**RESOLUTION NO. 2010-317**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF ALVORD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FORTY MILLION DOLLARS (\$40,000,000) PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING FORM AND AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; MAKING RELATED FINDINGS AND DETERMINATIONS AND TAKING RELATED ACTIONS**

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## TABLE OF CONTENTS

	Page
RECITALS .....	1
SECTION 1. Recitals; Incorporation of School Board Resolution .....	4
SECTION 2. Purpose and Designation of the Bonds .....	4
SECTION 3. Statutory Authorization.....	4
SECTION 4. Negotiated Sale .....	4
SECTION 5. Approval of Purchase Agreement.....	5
SECTION 6. Certain Definitions.....	6
SECTION 7. Terms of Bonds.....	14
SECTION 8. Redemption .....	16
SECTION 9. Form of Bonds .....	22
SECTION 10. Execution of Bonds; Authentication .....	23
SECTION 11. Delivery of Series B Bonds.....	24
SECTION 12. Bond Registration; Transfers .....	24
SECTION 13. Book-Entry System .....	26
SECTION 14. Paying Agent.....	31
SECTION 15. Payment of Principal and Interest .....	32
SECTION 16. Source of Payment; Security for the Series B Bonds.....	33
SECTION 17. Establishment of Funds; Disposition of Proceeds of the Bonds; Investment .....	34
SECTION 18. Defeasance .....	37
SECTION 19. Partial Defeasance.....	38
SECTION 20. Bond Insurance .....	39
SECTION 21. Official Statement .....	40
SECTION 22. Continuing Disclosure.....	40
SECTION 23. Tax and Arbitrage Matters .....	41

SECTION 24. County Books and Accounts.....	42
SECTION 25. Execution of Documents by Bond Owners.....	42
SECTION 26. Unclaimed Monies.....	43
SECTION 27. Conditions Precedent .....	44
SECTION 28. Amendments .....	44
SECTION 29. Benefits Limited to Parties.....	45
SECTION 30. Approval of Actions.....	46
SECTION 31. Effective Date .....	46
SECTION 32. Clerk's Certificate.....	46
SECTION 33. Compliance With Law .....	46
SECTION 34. Partial Invalidity; Severability.....	46

**EXHIBITS**

EXHIBIT "A" FORM OF BOND PURCHASE AGREEMENT .....	A-1
EXHIBIT "B" FORM OF CURRENT INTEREST BOND .....	B-1
EXHIBIT "C" FORM OF CAPITAL APPRECIATE BOND.....	C-1
EXHIBIT "D" FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND .....	D-1

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**RESOLUTION NO. 2010-317**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF ALVORD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FORTY MILLION DOLLARS (\$40,000,000) PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING FORM AND AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; MAKING RELATED FINDINGS AND DETERMINATIONS AND TAKING RELATED ACTIONS**

**WHEREAS**, the Alvord Unified School District ("District") is a public unified school district located within the boundaries of the County of Riverside ("County"), State of California ("State"); and is duly organized and operating pursuant to the Constitution and the laws of the State; and

**WHEREAS**, an election was duly called and regularly held in the District, on November 6, 2007 ("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 Registrar 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 \$196,000,000 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 DATE \_\_\_\_\_

1           **WHEREAS**, the results of the Election were certified by the Board of Education of the  
2 District ("School Board") by adoption of Resolution No. 22, adopted on January 17, 2008,  
3 pursuant to State law, which Resolution No. 22 has been filed as required by State law; and  
4

5           **WHEREAS**, the District, acting through the County and the County Board of  
6 Supervisors ("County Board"), has previously authorized the issuance of, and did issue, its  
7 "Alvord Unified School District General Obligation Bonds, 2007 Election, Series A" ("Series A  
8 Bonds"), in the total initial par amount of \$60,000,000, leaving bonds of the Authorization in the  
9 principal amount of \$136,000,000 unissued; and  
10

11           **WHEREAS**, pursuant to the Authorization and Government Code Section 53506 et seq.,  
12 including Government Code Section 53508.7(c) and, as applicable, Education Code Sections  
13 15100 et seq., 15266, and 15350 et seq., the School Board adopted its Resolution No. 17 on  
14 November 18, 2010 ("School Board Resolution"), a certified copy of which has been received by  
15 the County Board, requesting the County Board to issue a series of such authorized bonds,  
16 designated the "Alvord Unified School District General Obligation Bonds, 2007 Election, Series  
17 B" in an aggregate principal amount not to exceed \$40,000,000 ("Series B Bonds"); and  
18

19           **WHEREAS**, the District has requested the issuance of the Series B Bonds in any  
20 combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital  
21 Appreciation Bonds, all as defined herein; and  
22

23           **WHEREAS**, the District previously issued the 2009 General Obligation Bond  
24 Anticipation Notes of the Alvord Unified School District ("2009 Notes") in the principal amount  
25 of \$60,000,000 for the purpose of providing funds to finance the acquisition and construction of  
26 public educational facilities and projects as described in the Authorization; and  
27  
28

1           **WHEREAS**, the Series B Bonds will be issued and sold for the purpose of paying and  
2 redeeming a portion of the outstanding 2009 Notes, including interest expenses thereof, and to  
3 pay for the costs of issuance of the Series B Bonds; and  
4

5           **WHEREAS**, the Series B Bonds are authorized to be issued by the County pursuant to  
6 the Authorization, the provisions of the Government Code, specifically Government Code  
7 Section 53506 et seq., and, as applicable, the provisions of the Education Code, specifically  
8 Education Code Sections 15100 et seq. and 15266; and  
9

10           **WHEREAS**, in the School Board Resolution, the School Board found and informed this  
11 County Board that all acts and conditions necessary to be performed by the District or to have  
12 been met precedent to and in the issuing and sale of the Series B Bonds in order to make them  
13 legal, valid and binding general obligations of the District have been performed and have been  
14 met, or will at the time of delivery of the Series B Bonds have been performed and met, in  
15 regular and due form as required by law; and  
16

17           **WHEREAS**, the School Board has further requested this County Board to sell the Series  
18 B Bonds to Piper Jaffray & Co. ("Underwriter") by negotiated sale pursuant to the terms of the  
19 proposed form of Bond Purchase Agreement ("Purchase Agreement") among the County, the  
20 District and the Underwriter, subject to the limitations set forth herein and in the School Board  
21 Resolution; and  
22

23           **WHEREAS**, this County Board desires to make certain determinations and to authorize  
24 the issuance and sale of the Series B Bonds.  
25

26           **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS**  
27 **OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS FOLLOWS:**  
28



1           **SECTION 1. Recitals; Incorporation of School Board Resolution.** The foregoing  
2 recitals are true and correct and are incorporated herein by this reference. The School Board  
3 Resolution, adopted on November 18, 2010, together with the exhibits thereto, is on file with this  
4 County Board and is incorporated herein by reference and all of the provisions thereof are made  
5 a part hereof and shall be applicable to the issuance and delivery of the Series B Bonds, except as  
6 otherwise specified herein.

7  
8           **SECTION 2. Purpose and Designation of the Bonds.** The purpose of the Series B  
9 Bonds is for raising money to refinance various projects for the District by paying a portion of  
10 the 2009 Notes as authorized by the qualified electors pursuant to Education Code Sections  
11 15266, 15150 and 15100, et seq., and to pay all reasonable and necessary costs of issuing and  
12 delivering the Series B Bonds pursuant to Government Code Section 53506 et seq. and, as  
13 applicable, Education Code Section 15145(a). The Series B Bonds shall be officially designated  
14 as the "Alvord Unified School District General Obligation Bonds, 2007 Election, Series B."

15  
16           **SECTION 3. Statutory Authorization.** The Series B Bonds are authorized to be issued  
17 and sold by the County pursuant to the Authorization, the School Board Resolution, the  
18 California Constitution, this Resolution, the provisions of Government Code Section 53506 et  
19 seq., and to the extent applicable, Education Code Sections 15100 et seq., and 15266.

20  
21           **SECTION 4. Negotiated Sale.** The Series B Bonds shall be sold at a negotiated sale  
22 upon the direction of the District's Superintendent, or the Superintendent's designee(s), on behalf  
23 of the District, acting together with an authorized representative of the Office of the County  
24 Treasurer-Tax Collector ("Treasurer"). The Series B Bonds shall be sold pursuant to the  
25 applicable provisions of the Education Code and the terms and conditions set forth in the  
26 Purchase Agreement, as described herein.

1           **SECTION 5. Approval of Purchase Agreement.** The Series B Bonds will be sold at  
2 negotiated sale by the Treasurer pursuant to the terms and conditions set forth in the Bond  
3 Purchase Agreement ("Purchase Agreement"), substantially in the form appended hereto as  
4 Exhibit "A" and incorporated by reference herein. The form of the Purchase Agreement is  
5 hereby approved and the Treasurer, or any designated deputy thereof, is hereby authorized to  
6 execute and deliver the Purchase Agreement and the Superintendent, or other Designated Officer  
7 (as defined herein) of the District, is hereby requested to execute the Purchase Agreement, with  
8 such changes therein, deletion wherefrom and modification thereto as the Treasurer, or  
9 designated deputy thereof, and the District may approve, such approval to be conclusively  
10 evidenced by the execution and delivery thereof; provided, however, that the principal amount of  
11 the Series B Bonds shall be determined by the District (but in no event to exceed \$40,000,000),  
12 the term of the Series B Bonds shall not exceed 40 years, the true interest cost of the Series B  
13 Bonds shall not exceed ten percent (10%), and the Underwriter's discount, if any, shall not  
14 exceed one percent (1.00%) of the principal amount of the Series B Bonds (exclusive of any  
15 premium or original issue discount on the Series B Bonds, which original issue discount shall not  
16 exceed one percent (1.00%)) (and further excluding any amount held by the Underwriter to pay  
17 designated costs of issuance under the terms of the Purchase Agreement). True interest cost for  
18 purposes of this Section means that nominal interest rate that, when compounded semiannually  
19 and used to discount the debt service payments on the Series B Bonds to the dated date(s) of the  
20 Series B Bonds, results in an amount equal to the purchase price of the Series B Bonds,  
21 excluding interest accrued to the date of delivery. For purposes of this calculation, the premium  
22 paid for the policy of municipal bond insurance, if any, shall be treated as interest paid on the  
23 Series B Bonds on the date of delivery. The Treasurer, or designated deputy thereof, is further  
24 authorized to determine the principal or issue amount of the Series B Bonds of each maturity  
25 (including any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds) to be  
26 specified in the Purchase Agreement for sale by the County, up to an aggregate principal or issue  
27 amount of \$40,000,000, to determine, upon consultation with the District, whether to purchase  
28

1 bond insurance, to modify redemption terms for the Series B Bonds and to enter into and execute  
2 the Purchase Agreement, if the conditions set forth in this Resolution are met.

3  
4 If, upon consultation with the Designated Officer (as defined below) of the District, the  
5 District determines to acquire municipal bond insurance to secure the Series B Bonds, the  
6 Treasurer may so provide in the Purchase Agreement.

7  
8 **SECTION 6. Certain Definitions.** As used in this Resolution, the terms set forth below  
9 shall have the following meanings ascribed to them:

10  
11 (a) **“Accreted Interest”** means, with respect to the Capital Appreciation Bonds and  
12 Convertible Capital Appreciation Bonds, the Accreted Value thereof minus the Principal Amount  
13 thereof as of the date of calculation.

14  
15 (b) **“Accreted Value”** means, as of the date of calculation, with respect to the Capital  
16 Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date,  
17 the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation,  
18 compounded semiannually on each February 1 and August 1 (commencing on the date stated in  
19 the Purchase Agreement), or such other dates or maturity date(s) as shall be specified in the  
20 Purchase Agreement, with respect to the Capital Appreciation Bonds and Convertible Capital  
21 Appreciation Bonds prior to the Conversion Date maturing on those dates specified in the  
22 Purchase Agreement, and at the stated yield to maturity thereof, assuming in any such  
23 semiannual period that such Accreted Value increases in equal daily amounts on the basis of a  
24 360-day year of twelve 30-day months.

25  
26 (c) **“Accretion Rate”** means, unless otherwise provided by the Purchase Agreement,  
27 that rate which, when applied to the Principal Amount of a Capital Appreciation Bond or a  
28 Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and

1 August 1 (commencing on the date set forth in the Purchase Agreement), produces the Maturity  
2 Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion  
3 Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).  
4

5 (d) **“Authorized Investments”** means the Riverside County Investment Pool (or  
6 other investment pools of the County into which the District may lawfully invest its funds), the  
7 Local Agency Investment Fund, any investment authorized pursuant to Sections 16429.1 and  
8 53601 of the Government Code, or in shares in a California common law trust established  
9 pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in  
10 investments permitted by Section 53635 of the Government Code, or in guaranteed investment  
11 contracts, float contracts or other investment products (provided that such investments comply  
12 with the requirements of applicable State law and with Section 148 of the Code, and with the  
13 requirements of the Bond Insurer, if any, and as shall be applicable).  
14

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

21 (f) **“Bond Counsel”** means a firm of nationally recognized bond counsel, initially  
22 Bowie, Arneson, Wiles & Giannone.  
23

24 (g) **“Bond Insurer”** means any insurance company which issues a municipal bond  
25 insurance policy insuring the payment of Principal and interest on all or a portion of the Series B  
26 Bonds.  
27  
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1 (h) **“Bond Payment Date”** or **“Interest Payment Date”** means, unless otherwise  
2 provided in the Purchase Agreement as executed and delivered, with respect to the interest on the  
3 Current Interest Bonds, February 1 and August 1, commencing on the date set forth in the  
4 Purchase Agreement, and commencing on the date set forth in the Purchase Agreement, with  
5 respect to the principal payments on the Current Interest Bonds. With respect to the Capital  
6 Appreciation Bonds or Convertible Capital Appreciation Bonds prior to the Conversion Date,  
7 **“Bond Payment Date”** means the stated maturity dates thereof, as applicable, as stated in the  
8 Purchase Agreement.

9  
10 (i) **“Bond Register”** means the listing of names and addresses of the then-current  
11 registered owners of the Bonds, as maintained by the Paying Agent in accordance with Section  
12 12 hereof.

13  
14 (j) **“Bonds”** or **“Series B Bonds”** means the Alvord Unified School District General  
15 Obligation Bonds, 2007 Election, Series B.

16  
17 (k) **“Business Day”** means a day which is not a Saturday or Sunday or a day on  
18 which banking institutions are authorized or required by law or executive order to be closed in  
19 California and New York for commercial banking purposes and on which the Federal Reserve  
20 system is not closed.

21  
22 (l) **“Capital Appreciation Bonds”** means those Series B Bonds, if any, the interest  
23 component of which is compounded semiannually on each Bond Payment Date to maturity as  
24 shown in the table of Accreted Values for such Bonds in the Purchase Agreement.

25  
26 (m) **“Capital Appreciation Term Bonds”** means those Capital Appreciation Bonds,  
27 if any, for which mandatory sinking fund redemption dates have been established in the Purchase  
28 Agreement.

1  
2 (n) **“Code”** means the Internal Revenue Code of 1986, as amended, and any  
3 successor provisions thereto, and applicable regulations of the Department of Treasury  
4 thereunder, and any successor provisions thereto.

5  
6 (o) **“Conversion Date”** means, with respect to Convertible Capital Appreciation  
7 Bonds, the date stated in the Purchase Agreement as the date on which such Series B Bonds,  
8 originally issued as Capital Appreciation Bonds, convert to Current Interest Bonds.

9  
10 (p) **“Conversion Value”** means, with respect to any Convertible Capital  
11 Appreciation Bonds, the Accreted Value as of the Conversion Date.

12  
13 (q) **“Convertible Capital Appreciation Bonds”** means the Bonds which are  
14 originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on  
15 the Conversion Date.

16  
17 (r) **“County”** means the County of Riverside, California, a political subdivision of  
18 the State of California organized and existing under the Constitution and laws of the State of  
19 California.

20  
21 (s) **“Current Interest Bonds”** means the Series B Bonds, if any, designated as, or  
22 converted to, Current Interest Bonds pursuant to the terms hereof, the interest on which is  
23 payable on each Bond Payment Date specified for each such Series B Bond as designated and  
24 maturing in the years and in the amounts set forth in the Purchase Agreement.

25  
26 (t) **“Current Interest Term Bonds”** means those Current Interest Bonds for which  
27 mandatory sinking fund redemption dates have been established in the Purchase Agreement.  
28

1 (u) **“Date of Issuance”** means the delivery date with respect to the Series B Bonds,  
2 or such other dates for the Series B Bonds as shall be designated by the Purchase Agreement.

3  
4 (v) **“Debt Service Fund”** shall have the meaning set forth in Section 17 hereof.

5  
6 (w) **“Denominational Amount”** means, with respect to the Capital Appreciation  
7 Bonds and Convertible Capital Appreciation Bonds, the initial offering price thereof, which  
8 represents the initial Principal Amount thereof (exclusive of any initial premium thereon), and,  
9 with respect to the Current Interest Bonds, the Principal Amount thereof.

10  
11 (x) **“Designated Officer(s)”** means the District’s Superintendent, Assistant  
12 Superintendent, Business Services, Controller, or other persons designated in writing by the  
13 District’s Superintendent as a Designated Officer of the District.

14  
15 (y) **“District”** or **“School District”** means the Alvord Unified School District, a  
16 public school district organized and operating under the Constitution and the laws of the State of  
17 California, and any lawful successor thereto.

18  
19 (z) **“District Board”** or **“School Board”** means the Board of Education of the  
20 District.

21  
22 (aa) **“DTC”** or **“Depository”** means The Depository Trust Company, New York, New  
23 York, a limited purpose trust company organized under the laws of the State of New York in its  
24 capacity as securities depository for the Series B Bonds.

25  
26 (bb) **“Escrow Agent”** means U.S. Bank National Association as the Escrow Agent  
27 under the terms of the Escrow Agreement.

1 (cc) **“Escrow Agreement”** means the Escrow Agreement to be entered into by and  
2 between the District and the Escrow Agent for the deposit, investment and application of a  
3 portion of the proceeds of the Series B Bonds to pay and redeem at maturity a portion of the  
4 District’s outstanding 2009 Notes.

5  
6 (dd) **“Informational Services”** means Financial Information, Inc.’s “Daily Called  
7 Bond Service,” 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention:  
8 Editor; Kenny Information Services “Called Bond Service,” 65 Broadway, 16th Floor, New  
9 York, New York 10006; Standard & Poor’s Ratings Group “Called Bond Record,” 55 Water  
10 Street, New York, New York, 10041; FIS/Mergent, 5250 77 Center Drive, Suite 150, Charlotte,  
11 North Carolina, 28217, Attention: Called Bond Department, and, in accordance with then current  
12 guidelines of the Securities and Exchange Commission, such other addresses and/or such other  
13 services providing information with respect to called bonds as the District may designate in a  
14 written request of the District delivered to the Paying Agent.

15  
16 (ee) **“Letter of Representations”** or **“Representation Letter”** shall have the  
17 meaning set forth in Section 13 hereof.

18  
19 (ff) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond  
20 on its maturity date.

21  
22 (gg) **“Nominee”** means the nominee of the Depository, which may be the Depository,  
23 as determined from time to time pursuant to Section 13 hereof.

24  
25 (hh) **“Official Statement”** shall have the meaning set forth in Section 21 hereof.

26  
27 (ii) **“Outstanding”** means all Series B Bonds theretofore issued by or on behalf of  
28 the District, except:



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- (1) Series B Bonds theretofore canceled by the District or surrendered to the District for cancellation;
- (2) Series B Bonds for the transfer or exchange of or in lieu of or in substitution for which other Series B Bonds shall have been authenticated and delivered by the District pursuant to the terms hereof; and
- (3) Series B Bonds paid and discharged pursuant to Sections 18 or 19 hereof.

(jj) **“Owner”** means the current registered owner of a Series B Bond or Series B Bonds to whom payments of principal and interest are made.

(kk) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which DTC holds book-entry certificates as securities depository.

(ll) **“Paying Agent”** means U.S. Bank National Association, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent or any successor thereto as duly appointed by the District.

(mm) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest Bond, the principal amount stated thereon, and, with respect to any Capital Appreciation Bond and Convertible Capital Appreciation Bond, the Denominational Amount.

(nn) **“Purchase Agreement”** shall have the meaning set forth in Section 5 hereof.

(oo) **“Rebate Fund”** shall have the meaning set forth in Section 17(c) hereof.

1 (pp) **“Record Date”** means the close of business on the fifteenth day of the month  
2 preceding each Bond Payment Date whether or not such day is a business day.

3  
4 (qq) **“Securities Depositories”** means the following: The Depository Trust Company,  
5 with Cede & Co. as its nominee, 55 Water Street, 25th Floor, New York, New York, 10041-  
6 0099, Attn: Call Notification Department, Fax (212) 855-5004, and in accordance with then  
7 current guidelines of the Securities and Exchange Commission, such other addresses and/or such  
8 other securities depositories as the District may designate in a Written Request of the District  
9 delivered to the Paying Agent.

10  
11 (rr) **“Special Tax Counsel”** means a firm or law office nationally recognized for the  
12 provision of opinions concerning the tax-exempt status of municipal securities, initially the Law  
13 Offices of Samuel Norber.

14  
15 (ss) **“State”** means the State of California.

16  
17 (tt) **“Tax Certificate”** means the document of that name, executed by the District,  
18 including all attachments thereto, dated the date of delivery of the Series B Bonds.

19  
20 (uu) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest  
21 Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the  
22 Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation  
23 Bond, the Conversion Value.

24  
25 (vv) **“Treasurer,” “County Treasurer”** or **“Treasurer-Tax Collector”** means the  
26 Treasurer-Tax Collector of the County of Riverside, California, or any authorized deputy thereof.

1 (ww) "Underwriter" or "Purchaser" means the initial purchaser of the Series B Bonds  
2 (Piper Jaffray & Co.) as identified in the Purchase Agreement.  
3

4 (xx) "Written Request" means a written request or directive of the District provided  
5 by a Designated Officer.  
6

7 Unless the context otherwise indicates, words expressed in the singular shall include the  
8 plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience  
9 only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.  
10 Headings of sections herein and the table of contents hereof are solely for convenience of  
11 reference, do not constitute a part hereof and shall not affect the meaning, construction or effect  
12 hereof.  
13

14 All references herein to "Sections" and other subdivisions are to the corresponding  
15 Sections or subdivisions of this Resolution; the words "herein," "hereof," "hereby," "hereunder"  
16 and other words of similar import refer to this Resolution as a whole and not to any particular  
17 Section or subdivision hereof.  
18

19 **SECTION 7. Terms of Bonds.** The Series B Bonds shall be issued in one series (which  
20 may include one or more sub-series) designated "Alvord Unified School District General  
21 Obligation Bonds, 2007 Election, Series B." The Series B Bonds shall consist of Current Interest  
22 Bonds, Capital Appreciation Bonds and/or Convertible Capital Appreciation Bonds as set forth  
23 in the Purchase Agreement (as executed and delivered).  
24

25 The Series B Bonds shall be issued as fully-registered bonds, without coupons, in the  
26 following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal  
27 Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds,  
28 \$5,000 Maturity Value, or any integral multiple thereof, and (iii) with respect to Convertible

1 Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof; provided  
2 that one Capital Appreciation Bond may be issued in an odd Maturity Value.

3  
4 The Current Interest Bonds, if issued, shall be dated the Date of Issuance, and shall bear  
5 interest at the rate or rates consistent with the interest cost limitations set forth in Section 5,  
6 payable on February 1 and August 1 of each year, commencing on the date specified in the  
7 Purchase Agreement (subject to the terms of the Purchase Agreement, as executed and  
8 delivered), as may be specified in the Purchase Agreement as executed and delivered (each, an  
9 "Interest Payment Date"), the actual interest rate or rates and the actual maturity schedule to be  
10 fixed at the time of sale. Each Series B Bond shall be issued in denominations of \$5,000 or  
11 integral multiples thereof, and shall bear interest from the Interest Payment Date next preceding  
12 the date of authentication thereof unless it is authenticated as of a day during the period from the  
13 16th day of the month next preceding any Interest Payment Date to the Interest Payment Date,  
14 inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is  
15 authenticated on or before the fifteenth day prior to the initial Interest Payment Date, in which  
16 event it shall bear interest from the Date of Issuance, computed using a year of 360 days,  
17 comprised of twelve 30-day months; provided, however, that if at the time of authentication of  
18 any Series B Bond, interest is then in default on Outstanding Series B Bonds, such Series B  
19 Bond shall bear interest from the Interest Payment Date to which interest has previously been  
20 paid or made available for payment thereon. The foregoing terms shall be subject to the terms of  
21 the Purchase Agreement as executed and delivered.

22  
23 The Capital Appreciation Bonds, if issued, shall mature in the years, shall be issued in  
24 aggregate Principal Amounts, shall have Accretion Rates and shall have Denominational  
25 Amounts per each \$5,000 in Maturity Value as shown in the Accreted Value table attached to the  
26 Purchase Agreement, provided that one Capital Appreciation Bond may be issued in an odd  
27 Maturity Value. Series B Bonds issued as Capital Appreciation Bonds will not bear interest on a  
28 current basis. The Convertible Capital Appreciation Bonds, if issued, shall mature in the years,

1 shall be issued in the aggregate Principal Amounts, shall have Accretion Rates and shall have  
2 Denominational Amounts per each \$5,000 in Conversion Value as shown in such Accreted  
3 Value table; provided, that in the event that the amount shown in such Accreted Value table and  
4 the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if  
5 any, by application of the definition of Accreted Value set forth in Section 6 differ, the latter  
6 amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital  
7 Appreciation Bond, as applicable.  
8

9         The Convertible Capital Appreciation Bonds, if issued, shall convert to Current Interest  
10 Bonds on the Conversion Date. During the period while the Convertible Capital Appreciation  
11 Bonds are in the form of Capital Appreciation Bonds, they will not bear interest but will accrete  
12 value through the Conversion Date. From and after the Conversion Date, the Convertible Capital  
13 Appreciation Bonds will bear interest as Current Interest Bonds, and such interest will accrue  
14 based upon the Conversion Value of such Bonds at the Conversion Date. No payment will be  
15 made to the Owners of Convertible Capital Appreciation Bonds on the Conversion Date.  
16

17         The Series B Bonds will be sold as provided in Section 5 hereof; notwithstanding  
18 anything herein to the contrary, the terms of the Series B Bonds, as set forth in this Resolution,  
19 may be amended prior to delivery in accordance with the provisions of the Purchase Agreement,  
20 as finally approved and executed. The Series B Bond maturities may be adjusted by the  
21 Designated Officer(s), in consultation with the Underwriter, the District's Financial Consultant  
22 (as defined in the School Board Resolution) and Bond Counsel, as appropriate, to provide funds  
23 to finance school facilities as set forth in the Authorization and pay for the costs of issuance of  
24 the Series B Bonds, provided that the total par amount of the Series B Bonds shall not exceed  
25 \$40,000,000.  
26

27         **SECTION 8. Redemption.**

28         (a)     Optional Redemption. Unless otherwise specified in the Purchase Agreement as

1 executed and delivered, the Capital Appreciation Bonds and Convertible Capital Appreciation  
2 Bonds shall not be subject to optional redemption prior to maturity.

3  
4 The terms for the optional redemption of the Current Interest Bonds shall be as specified  
5 in the Purchase Agreement, as executed and delivered.

6  
7 (b) Mandatory Sinking Fund Redemption of Current Interest Term Bonds. The  
8 Current Interest Term Bonds, if any, are subject to mandatory sinking fund redemption prior to  
9 their maturity, by lot, without premium, on each August 1 (or such other date specified in the  
10 Purchase Agreement), in the years and in the amounts as set forth in the Purchase Agreement and  
11 in the Official Statement. In the event that there are no Current Interest Term Bonds specified in  
12 the Purchase Agreement, this subsection shall not apply.

13  
14 (c) Mandatory Sinking Fund Redemption of Capital Appreciation Term Bonds. The  
15 Capital Appreciation Term Bonds are subject to mandatory sinking fund redemption prior to  
16 their maturity date from monies in the Debt Service Fund established in Section 17 hereof, by  
17 lot, without premium, on each August 1 (or such other date specified in the Purchase  
18 Agreement), in the years and in the amounts as set forth in the Purchase Agreement and in the  
19 Official Statement. In the event that there are no Capital Appreciation Term Bonds specified in  
20 the Purchase Agreement, this subsection shall not apply.

21  
22 (d) Selection of Bonds for Redemption. Whenever less than all of the outstanding  
23 Bonds are to be redeemed, the Paying Agent, upon written direction from the District, shall  
24 select the Bonds to be redeemed as so directed, and if not so directed in inverse order of  
25 maturity, and within a maturity, the Paying Agent shall select Bonds for redemption by lot.  
26 Redemption by lot shall be in such manner as the Paying Agent shall determine; provided,  
27 however, that (A) the portion of any Current Interest Bond to be redeemed in part shall be in the  
28 Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital

1 Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value  
2 per \$5,000 Maturity Value thereof, and (C) the portion of any Convertible Capital Appreciation  
3 Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000  
4 Conversion Value thereof. In the event that Term Bonds are subject to optional redemption  
5 pursuant to Section 8, there shall be pro rata reductions in the annual sinking fund payments due  
6 on such Outstanding Term Bonds.

7  
8 (e) Form of Notice of Redemption. The Paying Agent shall give notice of the  
9 redemption of the Series B Bonds at the expense of the District. Such notice shall specify: (a)  
10 that the Series B Bonds or a designated portion thereof are to be redeemed; (b) if less than all of  
11 the then outstanding Bonds are to be called for redemption, shall designate the numbers (or state  
12 that all Series B Bonds between two stated numbers both inclusive have been called for  
13 redemption) and CUSIP® numbers, if any, of the Series B Bonds to be redeemed; (c) the date of  
14 notice and the date of redemption; (d) the place or places where the redemption will be made;  
15 and (e) descriptive information regarding the Series B Bonds and the specific Series B Bonds to  
16 be redeemed, including the dated date, interest rate and stated maturity date of each. Such notice  
17 shall further state that on the specified date there shall become due and payable upon each Series  
18 B Bond to be redeemed, the portion of the Principal Amount of such Series B Bond to be  
19 redeemed, together with interest accrued, to the date of redemption, and redemption premium, if  
20 any, and that from and after such date interest with respect thereto shall cease to accrue.

21  
22 (f) Provision of Notice of Redemption. Notice of redemption of the Series B Bonds  
23 (“Redemption Notice”) shall be mailed by the Paying Agent, first-class, postage prepaid, to the  
24 respective Owners of any Series B Bonds designated for redemption at their address appearing  
25 on the Bond Register (as defined herein) required to be kept by the Paying Agent, not less than  
26 thirty (30) nor more than sixty (60) days prior to the corresponding redemption date. At the  
27 same time the Paying Agent shall also provide such Redemption Notice to at least one of the  
28

1 Information Services and at least one of the Securities Depositories. Any such redemption, or  
2 notice of such redemption, shall be subject to the provisions of subsection (g), below.

3  
4 Neither the failure to receive such Redemption Notice nor any defect in any Redemption  
5 Notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Series  
6 B Bonds or the cessation of accrual of interest represented thereby from and after the redemption  
7 date. Neither failure to receive, nor failure to send, to the Securities Depositories or Information  
8 Services, any Redemption Notice nor any defect in any such Redemption Notice so given shall  
9 affect the sufficiency of the proceedings for the redemption of the affected Series B Bonds.

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

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



1  
2 (h) Payment of Redeemed Bonds. When a Redemption Notice has been given  
3 substantially as provided for herein, and, when the amount necessary for the redemption of the  
4 Series B Bonds called for redemption (Principal, Accreted Value and interest, as applicable, and  
5 premium, if any) is set aside for that purpose in the Debt Service Fund, as provided herein (and  
6 subject to the provisions of the foregoing subparagraph), the Series B Bonds designated for  
7 redemption shall become due and payable on the date fixed for redemption thereof and upon  
8 presentation and surrender of said Bonds at the place specified in the Redemption Notice, such  
9 Series B Bonds shall be redeemed and paid at the redemption price from funds held in the Debt  
10 Service Fund.

11  
12 Each check issued or other transfer of funds made by the Paying Agent for the purpose of  
13 redeeming Series B Bonds shall bear or include the CUSIP® number identifying, by issue and  
14 maturity, the Series B Bonds being redeemed with the proceeds of such check or other transfer.

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

24  
25 (i) Purchase in Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory  
26 sinking fund redemption of Series B Bonds pursuant to the terms hereof, monies in the Debt  
27 Service Fund may be used to purchase the Outstanding Series B Bonds that were to be redeemed  
28 with such funds in the manner hereinafter provided. Purchases of Outstanding Series B Bonds

1 may be made by the District or the Treasurer through the Paying Agent prior to the selection of  
2 Series B Bonds for redemption at public or private sale as and when and at such prices as the  
3 District may in its discretion determine but only at prices (including brokerage or other expenses)  
4 not more than par plus accrued interest. Any accrued interest payable upon the purchase of  
5 Series B Bonds may be paid from the Debt Service Fund for payment of interest on the next  
6 following Interest Payment Date. Any Series B Bond purchased in lieu of redemption shall be  
7 transmitted to the Paying Agent and shall be canceled by the Paying Agent upon surrender  
8 thereof, as provided for in Section 8(l) below and shall not be re-issued or resold.

9  
10 (j) Effect of Notice of Redemption. Notice having been given as aforesaid, and the  
11 monies for the redemption (including the interest to the applicable date of redemption) having  
12 been set aside in the District's Debt Service Fund, the Series B Bonds to be redeemed shall  
13 become due and payable on such date of redemption.

14  
15 If on such redemption date, money for the redemption of all the Series B Bonds to be  
16 redeemed as provided in this Section 8, together with interest to such redemption date, shall be  
17 held by the Paying Agent so as to be available therefor on such redemption date, and if notice of  
18 redemption thereof shall have been given as aforesaid, then from and after such redemption date,  
19 interest with respect to the Series B Bonds to be redeemed shall cease to accrue and become  
20 payable. All money held by or on behalf of the Paying Agent for the redemption of Series B  
21 Bonds shall be held in trust for the account of the Owners of the Series B Bonds so to be  
22 redeemed.

23  
24 (k) Partial Redemption of Series B Bonds. Upon the surrender of any Series B Bond  
25 redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new  
26 Series B Bond or Series B Bonds of like tenor and maturity and of authorized denominations  
27 equal in Transfer Amounts to the unredeemed portion of the Series B Bond surrendered. Such  
28 partial redemption shall be valid upon payment of the amount required to be paid to such Owner,

1 and the District shall be released and discharged thereupon from all liability to the extent of such  
2 payment.

3  
4 (l) Cancellation of Redeemed Bonds. All Series B Bonds paid at maturity or  
5 redeemed prior to maturity pursuant to the provisions of this Section and Section 15 shall be  
6 canceled upon surrender thereof and be delivered to or upon the order of the County and the  
7 District. All or any portion of a Series B Bond purchased by the Treasurer or the District  
8 pursuant to subsection (i) above shall be canceled by the Paying Agent, and the Paying Agent  
9 shall provide a written certification of such cancellation and destruction to the District.

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

20  
21 **SECTION 9. Form of Bonds.** The Series B Bonds shall be substantially in conformity  
22 with the standard form of registered school district bonds, copies of which are attached hereto as  
23 Exhibit "B" (as to the Current Interest Bonds), Exhibit "C" (as to the Capital Appreciation  
24 Bonds) and Exhibit "D" (as to the Convertible Capital Appreciation Bonds) and incorporated  
25 herein by this reference as if set forth in full, with necessary or appropriate variations, omissions  
26 and insertions as may be permitted or required by this Resolution and to conform with the  
27 requirements of the Purchase Agreement. One bond certificate shall be issued for each maturity  
28

1 of the Current Interest Bonds of the same interest rate and one bond certificate shall be issued for  
2 each maturity of the Capital Appreciation Bonds.

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

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

25  
26 **SECTION 10. Execution of Bonds; Authentication.** The Series B Bonds shall be  
27 executed by the manual or facsimile signature of the Chair and the Treasurer, or any designated  
28 deputy of the Treasurer, and countersigned by the manual or facsimile signature of the Clerk of

1 the County Board or any designated deputy, and the official seal of the County affixed thereto.  
2 The facsimile signatures of the Chair, the Treasurer and the Clerk of the County Board may be  
3 printed, lithographed, engraved, typewritten or otherwise mechanically reproduced. The County  
4 Board hereby directs that the provisions of Education Code Sections 15181 and 15182 shall  
5 apply to such execution of the Series B Bonds.  
6

7 No Series B Bond shall be valid or obligatory for any purpose or shall be entitled to any  
8 security or benefit under this Resolution unless and until the certificate of authentication printed  
9 on the Series B Bond is signed by the Paying Agent as authenticating agent for the Series B  
10 Bonds. Authentication by the Paying Agent shall be conclusive evidence that the Series B Bond  
11 so authenticated has been duly issued, signed and delivered under this Resolution and is entitled  
12 to the security and benefit of this Resolution.  
13

14 **SECTION 11. Delivery of Series B Bonds.** The proper officials of the County shall  
15 cause the Series B Bonds to be prepared and, following their sale, shall have the Series B Bonds  
16 executed and delivered (as set forth herein), to the original purchaser (Underwriter) upon  
17 payment of the purchase price in immediately available funds as set forth in the Purchase  
18 Agreement, as executed and delivered.  
19

20 **SECTION 12. Bond Registration; Transfers.** As hereinafter provided, the Bonds shall  
21 be delivered in a form and with such terms as will permit them to be in book-entry only form,  
22 deposited with DTC. If the book-entry only system is no longer in effect, the District will cause  
23 the Paying Agent to maintain and keep at its principal corporate trust office all books and records  
24 necessary for the registration, exchange and transfer of certificated Bonds as provided in this  
25 Section ("Bond Register") and which Bond Register shall, upon reasonable notice, be open to  
26 inspection by the District. While the book-entry only system is in effect, such books need not be  
27 kept, as the Bonds will be represented by one Bond for each maturity registered in the name of  
28 Cede & Co., as nominee for DTC.

1  
2           Subject to the provisions of Section 13 below, the person in whose name a Bond is  
3 registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all  
4 purposes of this Resolution. Payment of or on account of the Principal of and interest on any  
5 Bond shall be made only to or upon the order of the Owner thereof; neither the District, the  
6 County nor the Paying Agent shall be affected by any notice to the contrary, but the registration  
7 may be changed as provided in this Section. All such payments shall be valid and effectual to  
8 satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of  
9 the amount or amounts so paid.

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

23  
24           If manual signatures on behalf of the County are required in connection with an exchange  
25 or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the  
26 new Bonds are signed by the authorized officers of the County. In all cases of exchanged or  
27 transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver  
28 Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall

1 be paid by the requesting party. Those charges may be required to be paid before the procedure  
2 is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be  
3 valid obligations of the District, evidencing the same debt, and entitled to the same security and  
4 benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

5  
6 Any Bond surrendered to the Paying Agent for payment, retirement, exchange,  
7 replacement or transfer shall be canceled by the Paying Agent. The District and the County may  
8 at any time deliver to the Paying Agent for cancellation any previously authenticated and  
9 delivered Bonds that the District and the County may have acquired in any manner whatsoever,  
10 and those Bonds shall be promptly canceled by the Paying Agent. Written reports of the  
11 surrender and cancellation of Bonds shall be made to the District and the County by the Paying  
12 Agent and updated annually. The canceled Bonds shall be destroyed by the Paying Agent in  
13 accordance with its procedures as confirmed in writing to the District.

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

21  
22 **SECTION 13. Book-Entry System.** Except as provided below, the owner of all of the  
23 Bonds shall be The Depository Trust Company, New York, New York ("DTC" or "Depository"),  
24 and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Bonds  
25 shall be initially executed and delivered in the form of a single, fully-registered Bond for each  
26 maturity (which may be typewritten). Upon initial execution and delivery, as provided for  
27 herein, the ownership of such Bond shall be registered in the Bond Register in the name of the  
28 Nominee identified below as nominee of The Depository Trust Company, New York, New York,

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



1 make payments of principal and interest. Upon delivery by the Depository to the Owners of the  
2 Bonds and the District of written notice to the effect that the Depository has determined to  
3 substitute a new nominee in place of the Nominee, and subject to the provisions herein with  
4 respect to Record Dates, the word Nominee in this Resolution shall refer to such nominee of the  
5 Depository.

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

15  
16 If the District determines to replace the Depository with another qualified securities  
17 depository, the District shall prepare or direct the preparation of a new single, separate, fully-  
18 registered Bond, per maturity, registered in the name of such successor or substitute qualified  
19 securities depository or its nominee. If the District fails to identify another qualified securities  
20 depository to replace the Depository, then the Bonds shall no longer be restricted to being  
21 registered in the Bond Register in the name of the Nominee, but shall be registered in whatever  
22 name or names owners of the Bonds transferring or exchanging Bonds shall designate, in  
23 accordance with provisions of this Resolution, and the District shall prepare and deliver Bonds to  
24 the owners thereof for such purpose.

25  
26 Registered ownership of the Series B Bonds, or any portion thereof, may not thereafter be  
27 transferred except:  
28

1 (i) To any successor of Cede & Co., as Nominee of Depository, or its  
2 Nominee, or to any substitute depository designated pursuant to clause (ii) of this section  
3 (a "substitute depository"); provided, that any successor of Cede & Co., as Nominee of  
4 Depository or a substitute depository, shall be qualified under any applicable laws to  
5 provide the services proposed to be provided by it;

6  
7 (ii) To any substitute depository not objected to by the District or the County,  
8 upon (1) the resignation of the Depository or its successor (or any substitute depository or  
9 its successor) from its functions as depository, or (2) a determination by the County  
10 (upon consultation with the District) to substitute another depository for Depository (or  
11 its successor) because the Depository or its successor (or any substitute depository or its  
12 successor) is no longer able to carry out its functions as depository; provided, that any  
13 such substitute depository shall be qualified under any applicable laws to provide the  
14 services proposed to be provided by it; or

15  
16 (iii) To any person as provided herein, upon (1) the resignation of Depository  
17 or its successor (or substitute depository or its successor) from its functions as depository,  
18 or (2) a determination by the County (upon consultation with the District) to remove  
19 Depository or its successor (or any substitute depository or its successor) from its  
20 functions as depository.

21  
22 If the District determines to replace the Depository with another qualified securities  
23 depository, the District shall prepare or direct the preparation of a new single, separate, fully-  
24 registered Bond, per maturity, registered in the name of such successor or substitute qualified  
25 securities depository or its nominee. If the District fails to identify another qualified securities  
26 depository to replace the Depository, then the Bonds shall no longer be restricted to being  
27 registered in the Bond Register in the name of the Nominee, but shall be registered in whatever  
28 name or names owners of the Bonds transferring or exchanging Bonds shall designate, in

1 accordance with provisions of this Resolution, and the District shall prepare and deliver Bonds to  
2 the owners thereof for such purpose.

3  
4 In the event of a reduction in aggregate principal amount of Bonds Outstanding or an  
5 advance refunding of part of the Bonds Outstanding, Depository in its discretion, (a) may request  
6 the District to prepare and issue a new Bond or (b) may make an appropriate notation on the  
7 Bond indicating the date and amounts of such reduction in principal, but in such event the  
8 District records maintained by the Paying Agent shall be conclusive as to what amounts are  
9 Outstanding on the Bond, except in the case of final maturity in which case the Bond must be  
10 presented to the Paying Agent prior to payment.

11  
12 Notwithstanding any other provisions of this Resolution to the contrary, so long as any  
13 Bond is registered in the name of the Nominee, all payments with respect to Principal of, and  
14 interest on such Bond and all notices with respect to such Bond shall be made and given,  
15 respectively, as provided in the Representation Letter or as otherwise instructed by the  
16 Depository and acceptable to the District. The initial depository under this Section shall be  
17 Depository. The initial nominee shall be Cede & Co., as Nominee of Depository.

18  
19 The County, the District and the Paying Agent shall have no responsibility for  
20 transmitting payments to, communicating with, notifying, or otherwise dealing with any  
21 beneficial owners of the Series B Bonds and neither the County, the District or the Paying Agent  
22 shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any  
23 other party, including the Depository or its Nominee for any failure of the Depository or its  
24 Nominee to provide notices, distribute payments on the Series B Bonds or take other actions  
25 concerning the beneficial owners of the Series B Bonds which are the responsibility of the  
26 Depository or its Nominee. As to the District, the foregoing is subject to the express provisions  
27 of the Representation Letter.

1           **SECTION 14. Paying Agent.**

2  
3           (a)     At the direction of the District, U.S. Bank National Association shall act as the  
4 initial authenticating agent, bond registrar, transfer agent and paying agent (collectively the  
5 “Paying Agent”) for the Series B Bonds. All fees and expenses incurred for services of the  
6 Paying Agent shall be the sole responsibility of the District, subject to the terms hereof.

7  
8           (b)     The Paying Agent may, at any time, resign as Paying Agent upon 60 days’ prior  
9 written notice to the Treasurer and the District and may be removed at any time by the District.  
10 If at any time the Paying Agent shall resign or be removed, the District shall appoint a successor  
11 Paying Agent, which shall be a bank or trust company doing business in and having a principal  
12 corporate trust office in Los Angeles County, California, or other location as specified by the  
13 District, with at least \$50,000,000 in assets. The Paying Agent shall keep accurate records of all  
14 funds administered by it and of all Series B Bonds paid and discharged by it. Such records shall  
15 be provided, upon reasonable request and reasonable notice to the Paying Agent, in a format  
16 mutually agreeable to the District, Paying Agent and the County.

17  
18           (c)     In the event of the resignation or removal of the Paying Agent, such Paying Agent  
19 shall pay over, assign and deliver any monies held by it as Paying Agent to its successor. In the  
20 event of a replacement of the Paying Agent, the Paying Agent shall serve in such capacity until  
21 the successor Paying Agent has accepted such position and appointment. The County shall  
22 promptly cause to be mailed, at the District’s expense, the name and principal corporate trust  
23 office address of the Paying Agent appointed to replace any resigned or removed Paying Agent  
24 to the Informational Services and to DTC.

25  
26           (d)     Any company or association into which a successor Paying Agent may be merged  
27 or converted or with which it may be consolidated or any company resulting from any merger,  
28 conversion or consolidation to which it shall be a party or any company or association to which

1 the Paying Agent may sell or transfer all or substantially all of its corporate trust business,  
2 provided that such company or association shall be eligible under Section 14(b), shall be the  
3 successor to the Paying Agent and vested with all of the title to the trust estate and all of the  
4 trust, powers, discretions, immunities, privileges and all other matters as was its predecessor,  
5 without the execution or filing of any paper or further act, anything herein to the contrary  
6 notwithstanding. All costs associated with the Paying Agent's merger or consolidation with  
7 another bank or trust company shall be paid by the successor Paying Agent. No expense  
8 resulting from such merger or consolidation shall be billed to the District.

9  
10 (e) The Paying Agent may, to the extent permitted by applicable law, become the  
11 Owner of any of the Outstanding Series B Bonds.

12  
13 (f) The District shall be responsible to pay all fees, costs and expenses of the Paying  
14 Agent, subject to the provisions of Section 16 hereof.

15  
16 **SECTION 15. Payment of Principal and Interest.** The Principal of, Maturity Value  
17 of, and interest on the Series B Bonds shall be payable in lawful money of the United States of  
18 America without deduction for the services of the Paying Agent. Interest on Current Interest  
19 Bonds shall be paid on each Bond Payment Date by check mailed by first-class mail to the  
20 person in whose name the Bond is registered, and to that person's address appearing on the Bond  
21 Register (as described in Section 12) on the Record Date. The Owner of an aggregate Principal  
22 Amount of Current Interest Bonds of \$1,000,000 or more may request, in writing, prior to the  
23 close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date,  
24 to the Paying Agent that such Owner be paid interest by wire transfer to the bank within the  
25 continental United States and account number on file with the Paying Agent as of the Record  
26 Date.

1           Payments of Principal and redemption premiums, if any, with respect to the Current  
2 Interest Bonds, and the payments of Maturity Value and redemption premiums, if any, with  
3 respect to the Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, shall be  
4 payable at maturity or redemption upon surrender at the office of the Paying Agent in Los  
5 Angeles, California, or such other location as the Paying Agent shall designate to the County and  
6 the District in writing. In the event the Paying Agent shall provide written notice of a change in  
7 the location for payment of Principal, redemption premiums and Maturity Value on the Bonds,  
8 the Paying Agent shall thereafter provide notice of such change to the Informational Services and  
9 Securities Depositories of such change. The Paying Agent is hereby authorized to pay the Bonds  
10 when duly presented for payment at maturity and to cancel all Bonds upon payment thereof.

11  
12           The Series B Bonds are the general obligations of the District secured by *ad valorem*  
13 taxes levied and collected pursuant to the Authorization, the California Constitution and State  
14 law and do not constitute an obligation of the County except to provide for the levy and  
15 collection of the *ad valorem* taxes and payment of funds to the Paying Agent as set forth in  
16 Section 16 hereof. No part of any fund of the County is pledged or obligated to the payment of  
17 the Series B Bonds.

18  
19           **SECTION 16. Source of Payment; Security for the Series B Bonds.** Pursuant to the  
20 California Constitution, the Authorization and California law, there shall be levied by the  
21 County, pursuant to Education Code Sections 15250 et seq., on all the taxable property in the  
22 District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the  
23 period the Series B Bonds are Outstanding, commencing in Fiscal Year 2011/2012, as needed, in  
24 an amount sufficient to pay the Principal and Accreted Value of, interest on, and redemption  
25 premium, if any, on the Series B Bonds when due, which monies when collected will be placed  
26 in the Debt Service Fund. The Auditor-Controller of the County of Riverside has been, and is  
27 hereby, requested to levy, pursuant to Education Code Sections 15250 et seq. on its 2011/2012  
28 tax roll, as needed, and all subsequent tax rolls, taxes on taxable property within the District in an

1 amount sufficient to pay the Principal and Accreted Value of, interest on and redemption  
2 premium, if any, on the Series B Bonds, in accordance with the provisions of this Resolution and  
3 State law. The Debt Service Fund is irrevocably pledged for the payment of the Principal and  
4 Accreted Value of, interest on, and redemption premium, if any, on the Series B Bonds when and  
5 as the same fall due. Funds in the Debt Service Fund after payment of Principal and Accreted  
6 Value of, interest on, and redemption premium, if any, the Series B Bonds, if any still then  
7 remain following each August 1 (or other maturity date for the Series B Bonds, as specified),  
8 may be used to pay administrative costs and expenses for the Series B Bonds, including fees and  
9 expenses of the Paying Agent.

10  
11 The monies in the Debt Service Fund, to the extent necessary to pay the Principal and  
12 Accreted Value of, interest on, and redemption premium, if any, on the Series B Bonds as the  
13 same become due and payable, shall be transferred by the Treasurer, or his or her designee or  
14 deputy, to the Paying Agent (sufficiently in advance of each Interest Payment Date to allow for  
15 timely payment by the Paying Agent of Principal, Accreted Value, interest on, and redemption  
16 premium, if any, on the Series B Bonds) who in turn, shall pay such monies to Depository to pay  
17 the Principal and Accreted Value of, interest on, and redemption premium, if any, on the Series  
18 B Bonds when due. Depository will thereupon make payments of Principal and Accreted Value  
19 of, interest on, and redemption premium, if any, on the Series B Bonds to the Depository who  
20 will thereupon make payments of Principal and Accreted Value, interest and redemption  
21 premium, if any, to the beneficial owners of the Series B Bonds. Any monies remaining in the  
22 Debt Service Fund after the Series B Bonds, the interest thereon and redemption premium, if  
23 any, have been paid, or provision for such payment has been made, shall be transferred to the  
24 General Fund of the District pursuant to the Education Code Section 15235, or any successor  
25 section thereto.

26  
27 **SECTION 17. Establishment of Funds; Disposition of Proceeds of the Bonds;**  
28 **Investment.**

1  
2 (a) A portion of the proceeds of the Series B Bonds, which may include a portion of  
3 any premium paid thereof, shall be used to pay and redeem at maturity a portion of the District's  
4 Outstanding 2009 Notes. Such proceeds, as designated in writing by the District, shall, upon  
5 delivery by the Underwriter, be transferred to the Escrow Agent, for deposit into an escrow fund  
6 established pursuant to the provisions of the Escrow Agreement and invested pursuant to the  
7 terms thereof. Such deposited funds, and earnings thereon, to be applied to the payment of a  
8 portion of the Outstanding 2009 Notes. The Treasurer is authorized and directed to assist in such  
9 transfer and deposit of funds, as may be requested by the District.

10  
11 (b) The accrued interest, if any, and any premium received by the County or the  
12 District from the sale of the Series B Bonds (if any, after all or a portion of the Underwriter's  
13 discount, costs of issuance and payment for the 2009 Notes are paid therefrom), as well as tax  
14 revenues collected by the County pursuant to Section 16 hereof and Sections 15250 et seq. of the  
15 Education Code, shall be deposited and kept separate and apart in the fund established and held  
16 by the Treasurer and designated as the "Alvord Unified School District General Obligation  
17 Bonds, 2007 Election, Series B Bond Debt Service Fund" ("Debt Service Fund") for the Bonds  
18 and used for payments of Principal and Accreted Value of, interest on, and redemption premium,  
19 if any, on the Series B Bonds when and as such become due. *Ad valorem* taxes collected by the  
20 County pursuant to State law and Section 16 hereof shall be deposited by the County into the  
21 Debt Service Fund and applied, pursuant to the provisions of State law and this Resolution, only  
22 for payments of Principal and Accreted Value of, interest on and redemption premium, if any, on  
23 the Series B Bonds when due. Funds held in the Debt Service Fund are irrevocably pledged to  
24 the payment of Principal and Accreted Value of, interest on and redemption premium, if any, on  
25 the Series B Bonds when due. Except as required below to satisfy the requirements of Section  
26 148(f) of the Code, as may be applicable, interest earned on investments of monies held in the  
27 Debt Service Fund shall be retained in the Debt Service Fund and used to pay Principal and  
28 Accreted Value of, interest on, and redemption premium, if any, on the Series B Bonds when and



1 as such become due. Prior to each such Bond Payment Date (and subject to the applicable  
2 provisions of Section 16 hereof), the Treasurer shall transfer to the Paying Agent, for subsequent  
3 disbursement to the beneficial Owners of the Series B Bonds, pursuant to the provisions hereof,  
4 monies from the Debt Service Fund sufficient to pay Principal and Accreted Value of, interest on  
5 and premium (if any) on the Series B Bonds due on such Bond Payment Date. The Paying  
6 Agent shall hold all such monies transferred to it, pursuant to the foregoing sentence, uninvested.  
7 If, after payment in full of all Principal and Accreted Value, redemption premium, if any, and  
8 interest on the Series B Bonds, there remain funds in the Debt Service Fund, any such excess  
9 amounts shall be transferred to the General Fund of the District.

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

22  
23 (d) If, after payment in full of the Series B Bonds, there remain excess proceeds  
24 and/or interest earnings, any such excess amounts shall be transferred to the General Fund of the  
25 District to be applied in accordance with law.

26  
27 (e) All funds in the Debt Service Fund and interest earning thereon shall be invested  
28 by the County, on behalf of, and pursuant to the written direction(s) of, the District, in

1 Authorized Investments. Absent other written investment directions provided to the County  
2 from the District, the Treasurer shall invest monies in the Debt Service Fund pursuant to the  
3 State law and the then-current investment policy of the County.

4  
5 **SECTION 18. Defeasance.** The Series B Bonds may be defeased prior to maturity in  
6 the following ways:

7  
8 (a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an  
9 amount of cash which, together with amounts then on deposit in the Debt Service Fund, is  
10 sufficient to pay all Series B Bonds Outstanding, including all Principal and interest and  
11 premium, if any; or

12  
13 (b) Defeasance Securities: By irrevocably depositing with a bank or trust company,  
14 in escrow, noncallable Defeasance Securities, permitted under Section 149(d) of the Code thereto  
15 together with cash, if required, in such amount as will, in the opinion of an independent certified  
16 public accountant, together with interest to accrue thereon and monies then on deposit in the  
17 Debt Service Fund, together with the interest to accrue thereon, be fully sufficient to pay and  
18 discharge all Series B Bonds (including all Principal and interest represented thereby and  
19 redemption premiums, if any) at or before their maturity date;

20  
21 *then*, notwithstanding that any Series B Bonds shall not have been surrendered for payment, all  
22 obligations of the District and the County with respect to all Outstanding Series B Bonds shall  
23 cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid  
24 from funds deposited pursuant to paragraphs (a) or (b) of this Section 18, to the Owners of the  
25 Series B Bonds not so surrendered and paid all sums due with respect thereto.

26  
27 For purposes of this Section and Section 19, "Defeasance Securities" shall mean:  
28

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

15  
16 For purposes of this Section 18, and Section 19, the escrow agent bank and verification  
17 agent shall be selected by the District. Any such escrow bank or trust company shall conform to  
18 the successor paying agent requirements of Section 14 hereof. All costs for defeasance of the  
19 Series B Bonds shall be paid by the District.

20  
21 **SECTION 19. Partial Defeasance.** A portion of the then-Outstanding maturities of the  
22 Series B Bonds may be defeased prior to maturity in the following ways:

23  
24 (a) Cash: by irrevocably depositing with a bank or trust company, in escrow, an  
25 amount of cash which, together with amounts then on deposit in the Debt Service Fund, is  
26 sufficient to pay the designated Outstanding maturities of Series B Bonds, including all Principal  
27 and interest and premium, if any; or  
28

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

7  
8 *then*, notwithstanding that any of such designated maturities of Series B Bonds shall not have  
9 been surrendered for payment, all obligations of the District and the County with respect to such  
10 Outstanding maturities of Series B Bonds shall cease and terminate, except only the obligation of  
11 the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or  
12 (b) of this Section 19, to the Owners of the Series B Bonds of such maturities designated for  
13 redemption not so surrendered and paid all sums due with respect thereto.

14  
15 **SECTION 20. Bond Insurance.** In the event the District purchases bond insurance for  
16 the Series B Bonds, and to the extent that the Bond Insurer makes payment of the Principal or  
17 Accreted Value of, or interest on, the Series B Bonds, it shall become the Owner of such Series  
18 B Bonds with the right to payment of Principal or interest on the Series B Bonds, and shall be  
19 fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof.  
20 To evidence such subrogation (i) in the case of subrogation as to claims that were past due  
21 interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the  
22 Bond Register upon receipt of a copy of the canceled check issued by the Series B Bonds Bond  
23 Insurer for the payment of such interest to the Owners of the Series B Bonds, and (ii) in the case  
24 of subrogation as to claims for past due Principal, the Paying Agent shall note the Bond Insurer  
25 as subrogee on the Bond Register upon surrender of the Series B Bonds by the Owners thereof to  
26 the Bond Insurer or the insurance trustee for the Bond Insurer. The officers and officials of the  
27 County are authorized to take all other and further necessary actions to arrange for the delivery  
28 of the bond insurance policy, if such is purchased by, or on behalf of, the District for the Series B

1 Bonds. In the event that the Bond Insurer requires additional agreements, covenants or  
2 conditions to the issuance of the bond insurance policy, the Designated Officer may deliver or  
3 agree to such; provided, however, that applicable law(s) shall be complied with and any such  
4 agreement, covenants or conditions shall be consistent with the provisions of this Resolution and  
5 the School Board Resolution and be satisfactory to the Designated Officer.  
6

7 **SECTION 21. Official Statement.** The District shall authorize, and shall be  
8 responsible for, preparing a preliminary and final Official Statement for the Series B Bonds  
9 meeting the requirements of Securities and Exchange Commission ("SEC") Rule 15c2-12. Such  
10 preliminary Official Statement and final Official Statement are collectively referred to herein as  
11 the "Official Statement." Neither the Board of Supervisors nor any officer of the County has  
12 prepared or reviewed the Official Statement, and this Board of Supervisors and the various  
13 officers of the County take no responsibility for the contents or distribution thereof; provided,  
14 however, that solely with respect to one or more section(s) contained, or to be contained, therein  
15 describing the County's investment policy, current portfolio holdings, and valuation procedures,  
16 as they may relate to funds of the District held by the Treasurer, the Treasurer is hereby  
17 authorized and directed to prepare and review such information for inclusion in the District's  
18 Official Statement and in preliminary Official Statement, and to certify to the District prior to or  
19 upon the issuance of the Series B Bonds that the information contained in such section(s) does  
20 not contain any untrue statement of a material fact or omit to state any material fact necessary in  
21 order to make the statements made therein, in the light of the circumstances under which they are  
22 made, not misleading.  
23

24 **SECTION 22. Continuing Disclosure.** "Continuing Disclosure Certificate" shall mean  
25 that certain Continuing Disclosure Certificate provided by the District, as originally executed and  
26 as it may be amended from time to time in accordance with the terms thereof.  
27  
28

1 The District has covenanted and agreed that it will comply with and carry out all of the  
2 terms and conditions of the Continuing Disclosure Certificate (as defined above), which shall be  
3 entered into by District and delivered at the time of delivery of the Series B Bonds.  
4 Notwithstanding any other provisions of this Resolution, failure of the District to comply with  
5 the Continuing Disclosure Certificate shall not be considered a default by the District hereunder  
6 or under the Series B Bonds; however, any underwriter or any holder or beneficial Owner of the  
7 Series B Bonds may take such actions as may be necessary and appropriate to compel  
8 performance, including seeking mandate or specific performance by court order.

9  
10 **SECTION 23. Tax and Arbitrage Matters.**

11  
12 (a) The District has represented that it shall not take any action, or fail to take any  
13 action if such action or failure to take such action would adversely affect the exclusion from  
14 gross income of the interest payable on the Series B Bonds under Section 103 of the Code.

15  
16 (b) The District has covenanted to restrict the use of the proceeds of the Series B  
17 Bonds in such manner and to such extent, if any, as may be necessary, so that the Series B Bonds  
18 will not constitute "arbitrage bonds" under Section 148 of the Code and the applicable  
19 regulations prescribed under that section or any successor section. Calculations for determining  
20 arbitrage requirements, and payment of any required monies, are the sole responsibility of the  
21 District.

22  
23 (c) The District, in order to maintain the exclusion from gross income for federal  
24 income tax purposes of the interest on the Series B Bonds, has covenanted to comply with each  
25 applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set forth in  
26 the Tax Certificate to be provided to the District by Special Tax Counsel, on the date of initial  
27 delivery of the Series B Bonds, and executed by the District and incorporated herein by this  
28 reference as a source of guidance for compliance with such provisions.

1  
2 (d) The District has covenanted to at all times do and perform all other acts and  
3 things necessary or desirable and within its powers to assure, for the purposes of California  
4 personal and federal income taxation, that the tax-exempt status of the interest paid on the Series  
5 B Bonds to the recipients thereof will be preserved.  
6

7 (e) Notwithstanding any other provision of this Resolution to the contrary, upon the  
8 District's failure to observe, or refusal to comply with, the above covenant, no person other than  
9 the Owners of the Series B Bonds shall be entitled to exercise any right or remedy provided to  
10 such Owners under this Resolution on the basis of the District's failure to observe, or refusal to  
11 comply with, the above covenant.  
12

13 **SECTION 24. County Books and Accounts.** The Treasurer and the County will keep,  
14 or cause to be kept, proper books or record and accounts to record (i) the amount of taxes  
15 collected pursuant to Section 16 hereof, (ii) all deposits, expenditure and investment earnings on  
16 the Debt Service Fund and any and all accounts or subaccounts thereof, and (iii) all transfers of  
17 funds for the payment of Principal, interest, Accreted Value or redemption premiums on the  
18 Series B Bonds. The Treasurer shall provide regular periodic statements of such accounts to the  
19 District. Such books of record and accounts shall at all times during business hours, upon  
20 reasonable notice, be subject to the inspection of the District and the Owners of not less than ten  
21 percent (10%) of the Principal amount of the Series B Bonds then Outstanding, or their  
22 representatives authorized in writing.  
23

24 **SECTION 25. Execution of Documents by Bond Owners.** Any request, consent or  
25 other instrument required by this Resolution to be signed and executed by Bond Owners may be  
26 in any number of concurrent writings of substantially similar tenor and may be signed or  
27 executed by such Bond Owners in person or by their agent or agents duly appointed in writing.  
28 Proof of the execution of any such request consent or other instrument or of a writing appointing

1 any such agent shall be sufficient for any purpose of this Resolution and shall be conclusive in  
2 favor of the County, and the District, if made in the manner provided in this Section 25.

3  
4 The fact and date of the execution by any person of any such request consent or other  
5 instrument or writing may be proved by the affidavit of a witness of such execution or by the  
6 certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof  
7 to take acknowledgements of deeds, certifying that the person signing such request consent or  
8 other instrument or writing acknowledged to him the execution thereof.

9  
10 The ownership of the Series B Bonds shall be proved by the Bond Register. Any request,  
11 consent or vote of the Owner of any Series B Bond shall bind every future Owner of the same  
12 Series B Bond and the Owner of any Series B Bond issued in exchange therefor or in lieu  
13 thereof, in respect of anything done or suffered to be done by the County or the District, in  
14 pursuance of such request, consent or vote.

15  
16 **SECTION 26. Unclaimed Monies.** Notwithstanding any of the foregoing provisions of  
17 this Resolution, and subject to applicable State law, any monies held by the Paying Agent for the  
18 payment of the principal and Accreted Value of, redemption premium, if any, or interest on  
19 Series B Bonds remaining unclaimed for one year after the corresponding maturity or  
20 redemption date for such Series B Bonds shall be returned by the Paying Agent to the Treasurer,  
21 with any and all interest accrued thereon, for deposit into the Debt Service Fund.  
22 Notwithstanding any other provisions of this Resolution, any monies held in any fund created  
23 pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the Principal or  
24 Accreted Value of, redemption premium, if any, or interest on Series B Bonds and remaining  
25 unclaimed for one year after the Principal of all of the Series B Bonds have become due and  
26 payable (whether by maturity or upon prior redemption) shall be, after payment in full of the  
27 Series B Bonds, transferred to the General Fund of the District to be applied in accordance with  
28 law; provided, however, that the Paying Agent, or the District, before making such payment,



1 shall cause notice to be mailed to the Owners of all Bonds that have not been paid, by first-class  
2 mail at the addresses on the Bond Register, postage prepaid, not less than 90 days prior to the  
3 date of such payment.  
4

5       **SECTION 27. Conditions Precedent.** This County Board determines that all acts and  
6 conditions necessary to be performed by the County precedent to and in the issuing of the Series  
7 B Bonds, in order to make them legal, valid and binding general obligations of the District have  
8 been performed and have been met, or will at the time of delivery of the Bonds have been  
9 performed and have been met, in regular and due form as required by law; that this County  
10 Board has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and  
11 the interest thereon without limitation as to rate or amount upon all property within the District  
12 subject to taxation (except for certain classes of personal property); and that no statutory or  
13 Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of  
14 the Series B Bonds.  
15

16       **SECTION 28. Amendments.** The County may from time to time (which may be at the  
17 request of the District, made in writing), and at any time, without notice to or consent of any of  
18 the Owners, by action of the County Board, amend the provisions of this Resolution for any of  
19 the following reasons:  
20

21       (a) to cure any ambiguity, to correct or supplement any provision herein which may  
22 be inconsistent with any other provision herein or therein, or to make any other provision with  
23 respect to matters or questions arising under this Resolution, provided that such action shall not  
24 adversely affect the interests of the Bond Owners;  
25

26       (b) to add to the covenants and agreements of and the limitations and the restrictions  
27 upon the District contained in this Resolution which are not contrary to or inconsistent with this  
28 Resolution as theretofore in effect; and/or

1  
2 (c) to modify, alter, amend or supplement this Resolution in any other respect which  
3 is not materially adverse to the Bond Owners.  
4

5 In the event of any such amendment, the County shall promptly provide the District and  
6 the Paying Agent with copies of such amendment and the action of the County Board approving  
7 such amendment. Notice of any such amendment shall also be provided to the Owners by the  
8 District in the next occurring Annual Report provided by the District under the terms of the  
9 Continuing Disclosure Certificate.  
10

11 No such amendment shall: (i) extend the fixed maturity of any Series B Bond, reduce the  
12 amount of Principal thereof or the rate of interest thereon or extend the time of payment thereof,  
13 without the consent of the Owner of each Series B Bond so affected, or (ii) modify or amend this  
14 Section without the consent of the Owners of all the Series B Bonds then outstanding.  
15

16 Upon the adoption of any amendment pursuant to this Section, this Resolution shall be  
17 deemed to be modified and amended in accordance therewith, and the respective rights, duties  
18 and obligations under this Resolution of the County, the District, the Paying Agent and all  
19 Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects  
20 to such modification and amendment, and all the terms and conditions of any such amendment  
21 shall be deemed to be part of the terms and conditions of this Resolution for any and all  
22 purposes.  
23

24 The provisions of this Section shall not prevent any Owner from accepting any  
25 modification or amendment as to the particular Series B Bonds held by such Owner.  
26

27 **SECTION 29. Benefits Limited to Parties.** Nothing in this Resolution, express or  
28 implied, is intended to give to any person other than the County, the District, the Paying Agent

1 and the Owners of the Series B Bonds, any right, remedy or claim under or by reason of this  
2 Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by  
3 and on behalf of the District or the County, are for the sole and exclusive benefit of the County,  
4 the District, the Paying Agent and the Owners.

5  
6 **SECTION 30. Approval of Actions.** Officers of the County Board and County officials  
7 and staff, including the Treasurer and the County Auditor-Controller, or their designee(s), are  
8 hereby authorized and directed, jointly and severally, to do any and all things and to execute and  
9 deliver any and all documents which they may deem necessary or advisable in order to proceed  
10 with the issuance and sale of the Series B Bonds and otherwise carry out, give effect to and  
11 comply with the terms and intent of this Resolution. Such actions heretofore taken by such  
12 officers, officials and staff are hereby ratified, confirmed and approved.

13  
14 **SECTION 31. Effective Date.** This Resolution shall take effect immediately upon  
15 adoption.

16  
17 **SECTION 32. Clerk's Certificate.** The Clerk of the County Board is hereby directed  
18 to provide certified copies of this Resolution to the Treasurer, the County Auditor-Controller and  
19 Bond Counsel immediately following its adoption.

20  
21 **SECTION 33. Compliance With Law.** All acts, conditions and things required by law  
22 to be done and performed in strict conformity with the laws authorizing the issuance of general  
23 obligation bonds of the District, and the indebtedness of the District, including this proposed  
24 issue of the Series B Bonds, is within all limits prescribed by law.

25  
26 **SECTION 34. Partial Invalidity; Severability.** If any one or more of the covenants or  
27 agreements, or portions thereof, provided in this Resolution to be performed should be contrary  
28 to law, then such covenant or covenants, such agreement or agreements, or such portions thereof,

1 shall be null and void and shall in no way affect the validity of this Resolution or of the Series B  
2 Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under any  
3 applicable provisions of law. The County Board hereby declares that it would have adopted this  
4 Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase  
5 hereof and would have authorized the issuance of the Series B Bonds pursuant hereto  
6 irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences,  
7 clauses or phrases of this Resolution or the application thereof to any person or circumstance  
8 may be held to be unconstitutional, unenforceable or invalid.

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10 [Remainder of the page is blank.]  
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1 The foregoing Resolution was on the \_\_\_ of \_\_\_\_\_, 2010, adopted by the Board  
2 of Supervisors of the County of Riverside.

3  
4 COUNTY OF RIVERSIDE:

5  
6  
7 By: \_\_\_\_\_  
8 Chairman

9  
10 ATTEST:

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

14  
15 By: \_\_\_\_\_  
16 Deputy

**EXHIBIT "A"**

**FORM OF BOND PURCHASE AGREEMENT**

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**ALVORD UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2010

County of Riverside Treasurer-Tax Collector  
4080 Lemon Street, 4th Floor  
Riverside, California 92502

Alvord Unified School District  
10365 Keller Avenue  
Riverside, California 92505

The undersigned, Piper Jaffray & Co. (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the County of Riverside, California (the "County") and the Alvord Unified School District (the "District") which, upon the acceptance hereof, will be binding upon the County, the District and the Underwriter. By execution of this Bond Purchase Agreement, the County and the District acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding on the County and the District, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the County and the District and delivery of such acceptance to us at or prior to 11:59 p.m., California time, on the date hereof.

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the County for reoffering to the public and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of the \$ \_\_\_\_\_ aggregate initial principal amount of the Alvord Unified School District General Obligation Bonds, 2007 Election, Series B (the "Bonds").

The Bonds shall consist of \$ \_\_\_\_\_ aggregate principal amount of current interest bonds (the "Current Interest Bonds"), \$ \_\_\_\_\_ aggregate initial principal amount of capital appreciation bonds (the "Capital Appreciation Bonds") and \$ \_\_\_\_\_ aggregate initial principal amount of convertible capital appreciation bonds (the "Convertible Capital Appreciation Bonds"). The Bonds shall bear or accrete interest at the rates and shall mature on the dates and in the years shown on Exhibit A hereto, which is incorporated herein by this reference. The Current Interest Bonds shall bear interest from the date thereof and such interest shall be payable on each February 1 and August 1, commencing \_\_\_\_\_ 1, 20\_\_\_. The Capital Appreciation Bonds shall accrete interest from their date, compounded semiannually on February 1 and August 1, commencing on \_\_\_\_\_ 1, 20\_\_\_, and shall be paid at maturity as shown in Exhibit A hereto. The Convertible

Capital Appreciation Bonds shall accrete interest from their date, compounded semiannually on February 1 and August 1, commencing on \_\_\_\_\_ 1, 20\_\_\_\_, to the applicable conversion date thereof (the "Conversion Date"). From and after the Conversion Date thereof, each Convertible Capital Appreciation Bond shall bear interest from such Conversion Date and such interest shall be payable on each February 1 and August 1, commencing on the February 1 or August 1 immediately following such Conversion Date. The stated value of each Convertible Capital Appreciation Bond at the Conversion Date thereof shall be paid at maturity as shown in Exhibit A hereto.

The Underwriter shall purchase the Bonds at a price of \$\_\_\_\_\_ (which is equal to the sum of \$\_\_\_\_\_, the initial principal amount of the Bonds plus \$\_\_\_\_\_, the amount of remaining net original issue premium), in immediately available funds by check, draft or wire transfer to or upon the order of the County on behalf of the District. The Underwriter's discount of \$\_\_\_\_\_ on the Bonds does not exceed \_\_\_\_% of the principal amount of the Bonds (excluding costs of issuance to be paid by the Underwriter pursuant to Section 14 hereof with respect to the Bonds). The true interest cost for the Bonds is \_\_\_\_\_%.

2. **The Bonds.** The Current Interest Bonds shall be dated their date of delivery, shall bear interest at the rates and shall mature on August 1 in the years and be subject to redemption all as shown on Exhibit A hereto. The Capital Appreciation Bonds shall be dated their date of delivery, shall accrete interest at the rates and shall mature on August 1 in the years and be subject to redemption all as shown on Exhibit A hereto. The Convertible Capital Appreciation Bonds shall be dated their date of delivery, shall accrete interest to their Conversion Dates at the rates, shall bear interest from and after their Conversion Dates at the rates, shall convert to current interest bonds on the Conversion Dates and shall mature on August 1 in the years and be subject to optional and mandatory redemption all as shown on Exhibit A hereto.

The Bonds shall be issued and secured pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code") and Article XIII A of the California Constitution and pursuant to, and shall otherwise be as described in, resolutions of the Board of Education of the District (the "Board of Education") adopted on \_\_\_\_\_, 2010 (the "District Resolution"), and of the Board of Supervisors of the County (the "Board of Supervisors") adopted \_\_\_\_\_, 20\_\_\_\_ (the "County Resolution" and, collectively with the District Resolution, the "Resolutions"), which provide for the terms of the Bonds and designate U.S. Bank National Association, as initial paying agent therefor (the "Paying Agent"), and this Bond Purchase Agreement. The Bonds were authorized under and pursuant to a bond authorization approved by more than fifty-five percent (55%) of the voters of the District voting at an election held on November 6, 2007 (the "Election") approving an amount not more than \$196,000,000 million of general obligation bonds of the District to be used to finance specific construction, repair and improvement projects as further described in the Preliminary Official Statement (defined below). Capitalized terms used herein and not defined herein shall have the meanings set forth in the County Resolution.

Proceeds from the Bonds will be used (a) to defease and pay a portion of the 2009 General Obligation Bond Anticipation Notes of the Alvord Unified School District in the aggregate principal amount of \$\_\_\_\_\_ (the "Notes"), (b) [to pay capitalized interest on the Bonds], and (c) to pay costs of issuance of the Series B Bonds. In connection with the defeasance of the Notes, the District



and U.S. Bank National Association, as escrow bank (the "Escrow Bank") will enter into the Escrow Agreement, dated as of \_\_\_\_\_ 1, 2010 (the "Escrow Agreement").

The Bonds will be substantially in the form described in the County Resolution and shall be executed and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Resolutions. The Bonds shall be in definitive form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC").

[The payment of principal of and interest and compounded interest (but not any redemption premium) on the Bonds as specified in Exhibit A hereto will be secured by a municipal bond insurance policy (the "Insurance Policy") to be issued simultaneously with the issuance of the Bonds by \_\_\_\_\_ (the "Insurer").]

**3. Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offering and sale of the Bonds, this Bond Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate (defined below), a Preliminary Official Statement (defined below), and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement.

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth in Exhibit A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriter shall not change the interest rates set forth in Exhibit A hereto. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Prior to Closing, as a condition to delivery of the Bonds, the Underwriter shall be required to provide to the District initial offering price information in form and substance as Bond Counsel (defined below) may require for purposes of determining the yield on the Bonds.

**5. Review of Official Statement.** (a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_\_, 20\_\_ (as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"). By the execution of this Bond Purchase Agreement, the County and the District ratify the use by the Underwriter of the Preliminary Official Statement.

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(b) The Underwriter agrees to file the Official Statement with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system.

(c) References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. **Closing.** At 8:00 a.m., California time, on \_\_\_\_\_, 2010, or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto (the "Closing" or "Closing Date"), the District will direct the Paying Agent to deliver to the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed, together with the other documents hereinafter mentioned. Upon fulfillment of all conditions to Closing herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by wire transfer or such other manner of payment as the Underwriter and the Auditor-Controller-Treasurer-Tax Collector of the County, following the direction of the District, shall reasonably agree upon) to the order of the County.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) The District is a school district duly organized and validly existing under the laws of the State of California (the "State"), with the power to issue the Bonds pursuant to the California Constitution and the Government Code;

(b) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, to adopt the District Resolution, to issue and to deliver the Bonds, to perform its obligations under each such document or instrument and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement and the District Resolution; (iii) the execution and delivery or adoption of and the performance by the District of the obligations represented by, the Bonds, the District Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreement and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) each of this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate constitutes a valid and legally binding obligation of the District, enforceable against the District in accordance with its terms; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement;

(c) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; *provided, however,* that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(d) The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds;

(e) As of the time of acceptance hereof and as of the time of the Closing, the District is not and will not be, in any manner which would adversely affect the transactions contemplated hereby and by the Resolutions, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated hereby and by the Resolutions, a default or event of default under any such instrument; and, as of such times, to the best knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, the District Resolution and the Bonds and the compliance with the provisions hereof and of the County Resolution do not conflict with or constitute on the part of the District a violation of, or material default under, any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(f) As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the District) or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Certificate or the Resolutions or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions, this Bond Purchase Agreement, the Escrow Agreement or the Continuing

Disclosure Certificate; (iii) contesting the completeness or accuracy of the Preliminary Official Statement; or (iv) in which a final adverse decision could (a) result in any material adverse impact on the financial condition of the District, (b) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Agreement or the Resolutions, (c) declare this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Certificate to be invalid or unenforceable in whole or in material part, or (d) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation;

(g) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon;

(h) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain, and up to and including the Closing will contain, no material misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in light of the circumstances in which such statements were made, not misleading. At the time of the Closing, there shall not have been any material adverse changes in the financial condition of the District since the date of the Official Statement;

(i) To assist the Underwriter in complying with the Rule, the District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events; 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. A form of this undertaking is set forth as an appendix to the Preliminary Official Statement and will also be set forth as an appendix to the Official Statement;

(j) Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein;

(k) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement;

(l) Preparation and distribution of the Official Statement pertaining to the Bonds have been duly authorized by the District, and the information contained therein (excluding the statements and information in Appendix H – “BOOK-ENTRY ONLY SYSTEM,” [any information relating to the Insurer or the Insurance Policy] and any information provided by the Underwriter for inclusion in the Official Statement) is true and correct in all material

respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation and warranty is made concerning statements and information in Appendix H – “BOOK-ENTRY ONLY SYSTEM,” [any information relating to the Insurer or the Insurance Policy] and any information provided by the Underwriter for inclusion in the final Official Statement; and

(m) The District agrees that if at any time before the Closing Date, any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter.

**8. Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriter that:

(a) The County has the power under the laws of the State to issue the Bonds in the name and on behalf of the District pursuant to the applicable provisions of the California Constitution and the Government Code;

(b) (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter in the name and on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions applicable to the County contemplated by this Bond Purchase Agreement and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations represented by the Bonds, the County Resolution and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing and the County Resolution shall not have been modified, amended, rescinded or revoked and is in full force and effect on the date hereof and on the date of the Closing; (iv) this Bond Purchase Agreement constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement;

(c) To the best knowledge of the County, no authorization, approval, consent or other order of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the County of this Bond Purchase Agreement or the consummation by the County of the other transactions contemplated by such agreement (provided that no representation or warranty

need be given as to any action required of the District or under state securities or blue sky laws in connection with the purchase or distribution of the Bonds by the Underwriter);

(d) To the best knowledge of the County, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any California governmental agency is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, *except* for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; *provided, however*, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(e) To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Bond Purchase Agreement, the County Resolution and the Bonds, and the compliance with the provisions hereof applicable to the County do not conflict with or constitute on the part of the County a material violation of, or material default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution to which the County is bound and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party;

(f) The County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under this Bond Purchase Agreement;

(g) As of the time of acceptance hereof, to the best knowledge of the County, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County or threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or directly contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution or this Bond Purchase Agreement; or (iii) in which a final adverse decision would declare this Bond Purchase Agreement to be invalid or unenforceable in whole or in material part;

(h) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued *in the name and on behalf of the District* any bonds, notes or other obligations for borrowed money; and

(i) Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

**9. Representations and Agreements of the Underwriter.** The Underwriter represents to and agrees with the County and the District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Bond Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it.

(b) The Underwriter is in compliance with Rule G-37 of the MSRB with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Bonds and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship within the meaning of California Government Code Section 53590(c).

(d) The Underwriter has reasonably determined that the District's undertaking pursuant to Section 7(i) hereof to provide continuing disclosure with respect to the Bonds is sufficient to effect compliance with Rule 15c2-12.

**10. Covenants of the County and the District.** The County and the District respectively covenant and agree with the Underwriter that:

(a) The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, *provided, however,* that the District and the County shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Bond Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, being herein called the "Official Statement") in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, shall not be

considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds;  
and

(c) Each party hereto agrees that it will notify the other parties hereto if, within the period from the date of this Bond Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case which might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If, in the written opinion of the District or counsel to the Underwriter, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event which becomes known to the County, the District or the Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District will, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriter in such numbers as the Underwriter may reasonably request. The District and the Underwriter agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term "End of the Underwriting Period" means the later of such time as (i) the County delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period.

**11. Division of Responsibility Between District and County.** It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Bond Purchase Agreement which are to be performed solely by the District.

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

(a) The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and



as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the County and the District shall be in compliance with each of the agreements made by each of them, respectively, in this Bond Purchase Agreement;

(b) At the time of the Closing, (i) the Official Statement, the Continuing Disclosure Certificate, the Escrow Agreement, this Bond Purchase Agreement, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the parties hereto; (ii) all actions under the Government Code and other applicable laws which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their respective obligations required under or specified in the District Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreement and the Official Statement to be performed at or prior to the Closing;

(c) No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, is pending (in which service of process has been completed against the County or the District) or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds or the execution and delivery of this Bond Purchase Agreement, the Continuing Disclosure Certificate or the Escrow Agreement, or (C) in any way contesting the existence or powers of the County or the District, or contesting in any way the completeness or accuracy of the Official Statement;

(d) Between the date hereof and the Closing, the investment quality, the marketability or the market price of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of

interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating or credit outlook of the District's outstanding indebtedness by a national rating agency; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) At or prior to the date of the Closing, the Underwriter shall have received the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bowie, Arneson, Wiles & Giannone ("Bond Counsel"), substantially in the form attached as Appendix C to the Official Statement, dated the Closing Date and addressed to the County and the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter [and the Insurer] may rely upon the approving opinion described in subsection (e)(1) above;

(3) A certificate, signed by an appropriate official of the District, to the effect that (i) such official is authorized to execute this Bond Purchase Agreement, the Continuing Disclosure Certificate and the Escrow Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution, the County Resolution, this Bond Purchase Agreement, the Continuing Disclosure Certificate and the Escrow Agreement to be complied with by the District prior to or concurrently with the Closing, (iv) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, or the execution and delivery of this Bond Purchase Agreement, the Continuing Disclosure Certificate or the Escrow Agreement, or (C) in any way contesting the existence or powers of the District, (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does 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 in which they were made, not misleading, (vi) each of the conditions listed in Section 12 of this Bond Purchase Agreement has been satisfied on the date hereof and the District is not aware of any other condition of this Bond Purchase Agreement that has not been satisfied on the date hereof, (vii) the Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Bond Purchase Agreement, and (viii) no consent of any party is required for inclusion of the District's audited financial statements for fiscal year ended June 30, 2008, in the Official Statement;

(4) The opinion of Orrick, Herrington & Sutcliffe LLP, as disclosure counsel to the District, addressed to the District and the Underwriter, dated the Closing Date, to the effect that, based on such counsel's participation in conferences with representatives of the Underwriter, the District, the County, the Paying Agent, [the Insurer,] their respective counsel, and others, during which conferences the contents of the Official Statement and related matters were discussed (but with no inquiry made of other attorneys in such counsel's firm not working directly on the

issuance of the Bonds who may have information material to the issue), and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that, during the course of its engagement as disclosure counsel no facts came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about feasibility valuation, appraisals, absorption, real estate or environmental matters, or any information about litigation, Appendices B, C, D, E, F, G, H, I and J, or any information about [the Insurer, the Insurance Policy,] book-entry or DTC, included or referred to therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) The Continuing Disclosure Certificate signed by an appropriate official of the District substantially in the form appended to the Official Statement and the Escrow Agreement executed and delivered by the District and the Escrow Bank;

(6) A certificate signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute and to approve this Bond Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Bond Purchase Agreement to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the information contained in the Official Statement in Appendix F – "SUMMARY OF COUNTY OF RIVERSIDE INVESTMENT POLICIES AND PRACTICES AND DESCRIPTION OF INVESTMENT POOL" and in Appendix G – "COUNTY INVESTMENT POLICY" and on such basis certifies that the information contained in the Official Statement in Appendix F – "SUMMARY OF COUNTY OF RIVERSIDE INVESTMENT POLICIES AND PRACTICES AND DESCRIPTION OF INVESTMENT POOL" and in Appendix G – "COUNTY INVESTMENT POLICY" does not contain any untrue statement of a material fact concerning the County required to be stated therein or omit to state a material fact necessary to make the statements concerning the County therein, in the light of the circumstances in which they were made, not misleading; and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Bond Purchase Agreement;

(7) A tax certificate of the District in form satisfactory to Bond Counsel;

(8) Evidence satisfactory to the Underwriter that the Bonds shall have been rated at “\_\_\_” by [Moody’s Investors Service] and “\_\_\_” by [Standard & Poor’s Ratings Services] (or such other equivalent rating as such rating agency may give) and that such rating has not been revoked or downgraded;

(9) The opinion of County Counsel for the County of Riverside, as counsel to the County, addressed to the Underwriter, dated the Closing Date and in a form reasonably satisfactory to the Underwriter;

(10) A certificate, together with a fully executed copy of the District Resolution, of the Clerk of the Board of Education to the effect that:

(i) such copy is a true and correct copy of the District Resolution;  
and

(ii) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(11) An original adopted County Resolution or a certificate, together with fully executed copies of the County Resolution, of the Clerk of the Board of Supervisors to the effect that:

(i) such copy is a true and correct copy of the District Resolution;  
and

(ii) the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(12) Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(13) A report by [Causey, Demgen & Moore Inc., Denver, Colorado], verifying the arithmetical accuracy of the computation of projected receipts for and of payments to retire the Notes; and

(14) [A policy of municipal bond insurance with respect to the Bonds that are insured by the Insurer;]

(15) [A certificate of the Insurer in form and substance satisfactory to Bond Counsel, County Counsel and the Underwriter;]

(16) [An opinion of counsel to the Insurer addressed to the District, the County and the Underwriter in form and substance satisfactory to Bond Counsel, County Counsel and the Underwriter;]

(17) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Underwriter will provide to the District: (i) the receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter and the satisfaction of all conditions and terms of this Bond Purchase Agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Bond Purchase Agreement are true and correct in all material respects; and (ii) the reoffering price certificate of the Underwriter in form satisfactory to Bond Counsel, as described in Section 4 and such other matters as Bond Counsel may request; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence (i) compliance by the County, the District and the Paying Agent with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, and (iii) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

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

**13. Conditions to Obligations of the County and the District.** The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District and other than items to be executed by the Underwriter or their counsel.

**14. Expenses.** At the direction of the District, the Underwriter shall pay costs of issuance of the Bonds up to the amount of \$ \_\_\_\_\_, including but not limited to the following: (i) the costs of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel and District Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for ratings, including all necessary expenses for travel relating to such ratings; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent; (vii) CUSIP Bureau registration fees and security depository fees, [(viii) the premium for the Insurance Policy;] and (ix) all other fees and expenses incident to the issuance and sale of the Bonds. Any such expenses which

exceed such amounts shall be paid by the District and may be paid from the proceeds of the Bonds. All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, expenses for travel, the fees and expenses of counsel to the Underwriter, if any, and other expenses (except as provided above), shall be paid by the Underwriter.

15. **Notices.** Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the County of Riverside, Office of the Treasurer-Tax Collector, 4080 Lemon Street, 4th Floor, Riverside, California 92502, Attention: Treasurer-Tax Collector, if to the District, to the Alvord Unified School District at 10365 Keller Avenue, Riverside Avenue, California 92505, or if to the Underwriter, in care of the Underwriter, 345 California St., Suite 2400, San Francisco, California 94104; Attention: Jeff Baratta.

16. **Severability.** In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. **Parties in Interest; Survival of Representations and Warranties.** This Bond Purchase Agreement when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Bond Purchase Agreement is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

18. **Execution in Counterparts.** This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

19. **Applicable Law.** This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State applicable to contracts made and performed in such State.

Very truly yours,

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

**COUNTY OF RIVERSIDE**

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

**ALVORD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent



**EXHIBIT A**

**ALVORD UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B**

**MATURITY SCHEDULE**

\$ \_\_\_\_\_ **Current Interest Bonds**

\$ \_\_\_\_\_ **Serial Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
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† Yield to par call on August 1, 20\_\_.

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Price or Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ **Capital Appreciation Bonds**

<u>Maturity (August 1)</u>	<u>Initial Principal (Denominational) Amount</u>	<u>Accretion Rate</u>	<u>Maturity Value</u>	<u>Reoffering Yield</u>
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**\$ \_\_\_\_\_ Convertible Capital Appreciation Bonds**

<u>Maturity</u> <u>(August 1)</u>	<u>Initial Principal</u> <u>(Denominational)</u> <u>Amount</u>	<u>Accretion Rate</u> to (but excluding) <u>Conversion</u> <u>Date</u>	<u>Conversion</u> <u>Date</u>	<u>Interest Rate</u> from and after <u>Conversion</u> <u>Date</u>	<u>Stated Value</u> at <u>Conversion</u> <u>Date</u>	<u>Reoffering</u> <u>Yield</u>
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**TERMS OF REDEMPTION**

The Bonds are subject to redemption prior to their stated maturity dates as follows:

*Optional Redemption.* [The Current Interest Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.]

[The Capital Appreciation Bonds maturing or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Capital Appreciation Bonds called for redemption plus accreted interest thereon to the date of redemption, without premium.]

[The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Convertible Capital Appreciation Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the stated accreted value at the Conversion Date of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon from the last interest payment date for which interest has been paid to the date of redemption, without premium.]

*Mandatory Sinking Fund Redemption.* The \$\_\_\_\_\_ Term Current Interest Bonds maturing on August 1, 20\_\_\_, are also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
---	------------------------------------

†

† Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Current Interest Bond optionally redeemed prior to the mandatory sinking fund redemption date.

[The Capital Appreciation Bonds shall not be subject to mandatory sinking fund redemption prior to their stated maturity dates.]

[The \$\_\_\_\_\_ Convertible Capital Appreciation Bonds maturing on August 1, 20\_\_\_, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective stated accreted value amounts at the Conversion Date thereof as set forth in the following schedule, at a redemption price equal to 100% of the stated accreted value amount to be redeemed (without premium), together with interest accrued thereon from the last interest payment date for which interest has been paid to the date fixed for redemption:]

Mandatory Sinking Fund Redemption Date (August 1)	Stated Accreted Value Amounts to be Redeemed
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†

† Maturity.

The stated accreted value amounts at the Conversion Date thereof to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of such Convertible Capital Appreciation Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

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**EXHIBIT "B"**

**FORM OF CURRENT INTEREST BOND**

**STATE OF CALIFORNIA**

**COUNTY OF RIVERSIDE**

**REGISTERED**

**REGISTERED**

**NO.**

**\$**

**ALVORD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2007**

**ELECTION, SERIES B**

**(Riverside County, California)**

**INTEREST RATE:**

**MATURITY DATE:**

**DATED AS OF:**

**CUSIP®:**

\_\_\_\_\_ %

August 1, 20\_\_

\_\_\_\_\_, 20\_\_

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT:**

Alvord Unified School District ("District") in Riverside County, California ("County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 ("Bond Payment Dates"), commencing \_\_\_\_\_ 1, 20\_\_\_. This Bond will bear interest

1 from the Bond Payment Date next preceding the date of authentication hereof unless it is  
2 authenticated as of a day during the period from the 16th day of the month next preceding any  
3 Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest  
4 from such Bond Payment Date, or unless it is authenticated on or before \_\_\_\_\_ 15, 20\_\_,  
5 in which event it shall bear interest from \_\_\_\_\_, 20\_\_. Principal and interest are payable  
6 in lawful money of the United States of America, without deduction for the paying agent  
7 services, to the person in whose name this Bond (or, if applicable, on one or more predecessor  
8 Bonds) is registered ("Registered Owner") on the Bond Register maintained by the Paying  
9 Agent, initially the Riverside County Treasurer's Office. Interest shall be calculated on the basis  
10 of a 360-day year comprised of twelve 30-day months. Principal is payable upon presentation  
11 and surrender of this Bond at the principal office of the Paying Agent in Los Angeles, California.  
12 Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to  
13 the Registered Owner of this Bond (or one or more predecessor bonds) as shown and at the  
14 address appearing on the Bond 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 Registered Owner be paid interest by wire transfer to the bank within the continental United  
18 States and account number on file with the Paying Agent as of the Record Date.

19  
20 This Bond is one of an aggregate amount of \$\_\_\_\_\_ of Bonds issued to be used for  
21 the acquisition and construction of school facilities to serve the Alvord Unified School District  
22 ("District") under authority of and pursuant to the laws of the State of California, and the  
23 requisite fifty-five percent (55%) favorable vote of the electors of the District obtained at an  
24 election held on November 6, 2007, upon the question of issuing Bonds in the amount of  
25 \$196,000,000, the resolution of the Board of Education of the District, adopted on \_\_\_\_\_, 2010  
26 ("District Resolution"), and the resolution of the Riverside County Board of Supervisors,  
27 adopted on \_\_\_\_\_, 2010 ("County Resolution"). This Bond and the issue of which this  
28 Bond is one are payable as to both principal and interest from the proceeds of the levy of *ad*

1 *valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to  
2 rate or amount. The Bonds of this issue are general obligations of the District and do not  
3 constitute an obligation of the County. No part of any fund of the County is pledged or obligated  
4 to the payment of the Bonds of this issue.

5  
6 The Bonds of this issue comprise (i) \$\_\_\_\_\_ principal amount of Current Interest  
7 Bonds, of which this bond is a part (each, a "Current Interest Bond"), (ii) Capital Appreciation  
8 Bonds of which \$\_\_\_\_\_ represents the principal amount and \$\_\_\_\_\_ represents the Maturity  
9 Value, and (iii) Convertible Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the  
10 principal amount and \$\_\_\_\_\_ represents the Conversion Value.

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

24  
25 [The Current Interest Bonds maturing on or before \_\_\_\_\_ 1, 20\_\_\_, are not subject to  
26 redemption prior to maturity. The Current Interest Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_\_,  
27 are subject to redemption at the option of the District, as a whole or in part by inverse order of  
28 maturity and by lot within each maturity, from any source of available funds, on \_\_\_\_\_ 1,

1 20\_\_, or on any Bond Payment Date thereafter at the following prices, expressed as a percentage  
2 of the principal amount to be redeemed, plus accrued interest represented thereby to the  
3 redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____ 1, 20__ and _____ 1, 20__	_____ %
_____ 1, 20__ and thereafter	100.0%]

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

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

<u>Redemption Year</u>	<u>Principal Amount</u>
_____	_____
_____	_____
_____	_____ ]

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

1 Bond as representing that number of Bonds which is obtained by dividing the principal amount  
2 of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the  
3 particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which  
4 the District in its discretion shall determine.

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

15  
16 Notice of redemption shall be by registered or otherwise secured mail or delivery service,  
17 postage prepaid, to the registered Owner of the Bonds, or if the original purchaser is a syndicate,  
18 to the managing member of such syndicate, to a municipal registered securities depository and to  
19 a national information service that disseminates securities redemption notices and, by first-class  
20 mail, postage prepaid, to the District, the County and the respective Owners of any registered  
21 Bonds designated for redemption at their addresses appearing on the Bond registration books, in  
22 every case at least thirty (30) or thirty-two (32) days, as applicable, but not more than sixty (60)  
23 days, prior to the redemption date; provided that neither failure to receive such notice nor any  
24 defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption  
25 of such Bonds, nor entitle the Owner thereof to interest beyond the date given for redemption.

26  
27 Neither the District, the County nor the Paying Agent will be required (a) to issue or  
28 transfer any Bond during a period beginning with the opening of business on the 15th business



1 day of the month next preceding either any Bond Payment Date or any date of selection of Bonds  
2 to be redeemed and ending with the close of business on the Bond Payment Date or day on  
3 which the applicable notice of redemption is given, or (b) to transfer any Bond which has been  
4 selected or called for redemption in whole or in part.

5  
6 The rights and obligations of the District and of the Registered Owners of the Bonds may  
7 be amended at any time, and in certain cases without the consent of the Registered Owners to the  
8 extent and upon the terms and conditions provided in the County Resolution.

9  
10 The County Resolution contains provisions permitting the District to make provision for  
11 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that  
12 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

13  
14 Reference is made to the County Resolution for a more complete description of the  
15 provisions, among others, with respect to the nature and extent of the security for the bonds of  
16 this series, the rights, duties and obligations of the District, the County, the Paying Agent and the  
17 Registered Owners, and the terms and conditions upon which the bonds are issued and secured.  
18 The Registered Owner of this Bond assents, by acceptance hereof, to all of the provisions of the  
19 County Resolution.

20  
21 **IT IS CERTIFIED AND RECITED** that all acts and conditions required by the  
22 Constitution and laws of the State of California to exist, to occur and to be performed or to have  
23 been met precedent to and in the issuing of the Bonds in order to make them legal, valid and  
24 binding general obligations of the District, have been performed and have been met in regular  
25 and due form as required by law; that payment in full for the Bonds has been received; that no  
26 statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the  
27 Bonds; and that due provision has been made for levying and collecting *ad valorem* property  
28

1 taxes on all of the taxable property within the District in an amount sufficient to pay principal  
2 and interest when due.

3  
4 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any  
5 security or benefit under the County Resolution until the Certificate of Authentication below has  
6 been signed.

7  
8 **IN WITNESS WHEREOF**, the County of Riverside, California, has caused this bond to  
9 be executed on behalf of the District and in their official capacities by the manual or facsimile  
10 signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax  
11 Collector of the County, and to be countersigned by the manual or facsimile signature of the  
12 Clerk to the Board of Supervisors of the County, and has caused the seal of the County to be  
13 affixed hereto, all as of the date stated above.

14  
15 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

16  
17 **-EXHIBIT-**

18 By: \_\_\_\_\_

19 Chairperson, Board of Supervisors

20  
21 **-EXHIBIT-**

22 By: *Van Kent*

23 Treasurer and Tax Collector

24 COUNTERSIGNED:

25  
26 **-EXHIBIT-**

27 By: \_\_\_\_\_

28 Clerk to the Board of Supervisors

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**CERTIFICATE OF AUTHENTICATION**

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

Date of Registration and Authentication: \_\_\_\_\_

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

***-EXHIBIT-***

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

Authorized Signatory

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**FORM OF ASSIGNMENT**

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

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(print/type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Date: \_\_\_\_\_

**-EXHIBIT-**

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

**-EXHIBIT-**

Signature must be guaranteed by an eligible guarantor institution.

Unless this Bond is presented by an authorized representative of The Depository Trust 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 OPINIONS]**

[Text of Opinions]

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**EXHIBIT "C"**

**FORM OF CAPITAL APPRECIATION BOND**

**STATE OF CALIFORNIA**

**COUNTY OF RIVERSIDE**

**REGISTERED**

**REGISTERED**

**NO.**

**\$**

**(MATURITY VALUE)**

**ALVORD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS,  
2007 ELECTION, SERIES B  
(Riverside County, California)**

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

\_\_\_\_\_ %            August 1, 20\_\_            \_\_\_\_\_, 20\_\_            \_\_\_\_\_

**REGISTERED OWNER: CEDE & CO.**

**DENOMINATIONAL AMOUNT:**

**MATURITY VALUE:**

Alvord Unified School District ("District") in Riverside County, California ("County"),  
for value received, promises to pay to the Registered Owner named above, or registered assigns,

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

12  
13 This Bond is one of a series of \$\_\_\_\_\_ of Bonds issued for the acquisition and  
14 construction of school facilities to serve the Alvord Unified School District ("District") under  
15 authority of and pursuant to the laws of the State of California, and the requisite fifty-five  
16 percent (55%) favorable vote of the electors of the District obtained at an election held on  
17 November 6, 2007, upon the question of issuing bonds in the amount of \$196,000,000, the  
18 resolution of the Board of Education of the District adopted on \_\_\_\_\_, 2010 ("District  
19 Resolution"), and the resolution of the Riverside County Board of Supervisors adopted on  
20 \_\_\_\_\_, 2010 ("County Resolution"). This Bond and the issue of which this Bond is one  
21 are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on  
22 all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.  
23 The Bonds of this issue are general obligations of the District and do not constitute an obligation  
24 of the County. No part of any fund of the County is pledged or obligated to the payment of the  
25 Bonds of this issue.

26  
27 The Bonds of this issue comprise (i) \$\_\_\_\_\_ principal amount of Current Interest  
28 Bonds, (ii) Capital Appreciation Bonds, of which this Bond is a part, and of which \$\_\_\_\_\_  
represents the principal amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible



1 Capital Appreciation Bonds, of which \$ \_\_\_\_\_ represents the principal amount and  
2 \$ \_\_\_\_\_ represents the Conversion Value.  
3

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

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

24 [The Capital Appreciation Bonds are not subject to optional redemption prior to  
25 maturity.]  
26

27 [Capital Appreciation Term Bonds maturing on \_\_\_\_\_ 1, 20\_\_\_, are subject to mandatory  
28 redemption from monies in the Debt Service Fund prior to their stated maturity date, by lot, at

1 the Accreted Value thereof without premium on each \_\_\_\_\_ 1, in the years and in an amount  
2 equal to the aggregate Accreted Values set forth below:

3  
4 (MANDATORY REDEMPTION TABLE )]  
5

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

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

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

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

1 taxes on all of the taxable property within the District in an amount sufficient to pay principal  
2 and interest when due.

3  
4 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any  
5 security or benefit under the County Resolution until the Certificate of Authentication below has  
6 been signed.

7  
8 **IN WITNESS WHEREOF**, the County of Riverside, California, has caused this bond to  
9 be executed on behalf of the District and in their official capacities by the manual or facsimile  
10 signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax  
11 Collector of the County, and to be countersigned by the manual or facsimile signature of the  
12 Clerk to the Board of Supervisors of the County, and has caused the seal of the County to be  
13 affixed hereto, all as of the date stated above.

14  
15 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

16  
17 ~~-EXHIBIT-~~

18 By: \_\_\_\_\_

19 Chairperson, Board of Supervisors

20  
21 ~~-EXHIBIT-~~

22 By:  \_\_\_\_\_

23 Treasurer and Tax Collector

24 COUNTERSIGNED:

25  
26 ~~-EXHIBIT-~~

27 By: \_\_\_\_\_

28 Clerk to the Board of Supervisors

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**CERTIFICATE OF AUTHENTICATION**

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

Date of Registration and Authentication: \_\_\_\_\_

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

***-EXHIBIT-***

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

Authorized Signatory

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**FORM OF ASSIGNMENT**

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

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(print/type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Date: \_\_\_\_\_

***-EXHIBIT-***

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

***-EXHIBIT-***

Signature must be guaranteed by an eligible guarantor institution.

Unless this Bond is presented by an authorized representative of The Depository Trust 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 OPINIONS]**

[Text of Opinions]

1 EXHIBIT "D"

2  
3 FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND

4  
5 STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

6 REGISTERED

REGISTERED

7 NO.

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8 (CONVERSION VALUE)

9  
10  
11 ALVORD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS,  
12 2007 ELECTION, SERIES B  
13 (Riverside County, California)

14  
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17 ACCRETION RATE INTEREST RATE  
18 TO CONVERSION AFTER THE MATURITY DATED  
CONVERSION DATE DATE CONVERSION DATE DATE AS OF CUSIP®  
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20 \_\_\_\_\_% \_\_\_\_\_, 20\_\_\_\_ \_\_\_\_\_% \_\_\_\_\_ 1, 20\_\_\_\_ \_\_\_\_\_, 2010 \_\_\_\_\_

21 REGISTERED OWNER: CEDE & CO.

22  
23 PRINCIPAL AMOUNT:

24  
25 CONVERSION VALUE:

26  
27 Alvord Unified School District ("District") in Riverside County, California (the  
28 "County"), for value received, promises to pay to the Registered Owner named above, or



1 registered assigns, the Conversion Value on the Maturity Date, each as stated above, such  
2 Conversion Value comprising the principal amount and interest accreted thereon to the  
3 Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will  
4 accrete interest, compounded on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1, commencing \_\_\_\_\_ 1,  
5 \_\_\_\_\_, at the Accretion Rate specified above to the Conversion Date, assuming that in any  
6 such semiannual period the sum of such compounded accreted interest and the principal amount  
7 (such sum being herein called the "Accreted Value") increases in equal daily amounts on the  
8 basis of a 360-day year consisting of twelve 30-day months. After the Conversion Date, the  
9 District promises to pay to the Registered Owner named above, interest on the Conversion Value  
10 from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate  
11 stated above, on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year ("Bond Payment Dates"), commencing  
12 \_\_\_\_\_ 1, 20\_\_\_. This bond will bear such interest from the Bond Payment Date next preceding  
13 the date of authentication hereof unless it is authenticated as of a day during the period from the  
14 15<sup>th</sup> day of the month next preceding any Bond Payment Date to the Bond Payment date,  
15 inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is  
16 authenticated on or before \_\_\_\_\_ 15, 20\_\_\_, in which event it will bear interest from the  
17 Conversion Date. Conversion Value and interest are payable in lawful money of the United  
18 States of America, without deduction for the paying agent services, to the person in whose name  
19 this bond (or, if applicable, one or more predecessor bonds) is registered ("Registered Owner")  
20 on the register maintained by the Paying Agent, initially the Riverside County Treasurer's  
21 Office. Accreted Value and redemption premium, if any, are payable upon presentation and  
22 surrender of this bond at the principal office of the Paying Agent.

23  
24 This Bond is one of an aggregate amount of \$ \_\_\_\_\_ of Bonds issued to be used for  
25 the acquisition and construction of school facilities to serve the Alvord Unified School District  
26 ("District") under authority of and pursuant to the laws of the State of California, and the  
27 requisite fifty-five percent (55%) favorable vote of the electors of the District obtained at an  
28 election held on November 6, 2007, upon the question of issuing Bonds in the amount of

1 \$196,000,000, the resolution of the Board of Education of the District, adopted on \_\_\_\_\_, 2010  
2 (“District Resolution”), and the resolution of the Riverside County Board of Supervisors adopted  
3 on \_\_\_\_\_, 2010 (“County Resolution”). This Bond and the issue of which this Bond is one  
4 are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on  
5 all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.  
6 The Bonds of this issue are general obligations of the District and do not constitute an obligation  
7 of the County. No part of any fund of the County is pledged or obligated to the payment of the  
8 Bonds of this issue.

9  
10 The Bonds of this issue comprise (i) \$\_\_\_\_\_ principal amount of Current Interest  
11 Bonds, (ii) Capital Appreciation Bonds of which \$\_\_\_\_\_ represents the principal amount  
12 and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation  
13 Bonds, of which this bond is a part, and of which \$\_\_\_\_\_ represents the principal amount and  
14 \$\_\_\_\_\_ represents the Conversion Value.

15  
16 This Bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer  
17 Amount (as defined in the County Resolution) and in other authorized denominations at the  
18 principal corporate trust office of the Paying Agent, by the Registered Owner or by a person  
19 legally empowered to do so, upon presentation and surrender hereof to the Paying Agent,  
20 together with a request for exchange or an assignment signed by the Registered Owner or by a  
21 person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the  
22 terms, limitations and conditions provided in the County Resolution. Any tax or governmental  
23 charges shall be paid by the transferor. The District, the County and the Paying Agent may deem  
24 and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving  
25 payment of or on account of principal or interest and for all other purposes, and neither the  
26 District, the County nor the Paying Agent shall be affected by any notice to the contrary.

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 day of the  
3 month next preceding either any Bond Payment Date or any date of selection of Bonds to be  
4 redeemed and ending with the close of business on the Bond Payment Date or day on which the  
5 applicable notice of redemption is given, [or (b) to transfer any Bond which has been selected or  
6 called for redemption in whole or in part.]  
7

8 The Convertible Capital Appreciation Bonds are subject to redemption prior to maturity.  
9 *[redemption provisions provided in final Purchase Agreement]*  
10

11 The rights and obligations of the District and of the Registered Owners of the Bonds may  
12 be amended at any time, and in certain cases without the consent of the Registered Owners to the  
13 extent and upon the terms and conditions provided in the County Resolution.  
14

15 The County Resolution contains provisions permitting the District to make provision for  
16 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that  
17 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.  
18

19 Reference is made to the County Resolution for a more complete description of the  
20 provisions, among others, with respect to the nature and extent of the security for the Bonds of  
21 this series, the rights, duties and obligations of the District, the County, the Paying Agent and the  
22 Registered Owners, and the terms and conditions upon which the Bonds are issued and secured.  
23 The Registered Owner of this Bond assents, by acceptance hereof, to all of the provisions of the  
24 County Resolution.  
25

26 **IT IS CERTIFIED AND RECITED** that all acts and conditions required by the  
27 Constitution and laws of the State of California to exist, to occur and to be performed or to have  
28 been met precedent to and in the issuing of the Bonds by the County in order to make them legal,

1 valid and binding general obligations of the District, have been performed and have been met in  
2 regular and due form as required by law; that payment in full for the Bonds has been received;  
3 and that due provision has been made for levying and collecting *ad valorem* property taxes on all  
4 of the taxable property within the District in an amount sufficient to pay principal and interest  
5 when due.

6  
7 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any  
8 security or benefit under the County Resolution until the Certificate of Authentication below has  
9 been signed.

10  
11 **IN WITNESS WHEREOF**, the County of Riverside, California, has caused this bond to  
12 be executed on behalf of the District and in their official capacities by the manual or facsimile  
13 signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax  
14 Collector of the County, and to be countersigned by the manual or facsimile signature of the  
15 Clerk to the Board of Supervisors of the County, and has caused the seal of the County to be  
16 affixed hereto, all as of the date stated above.

17  
18 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

19  
20 **-EXHIBIT-**

21 By: \_\_\_\_\_  
22 Chairperson, Board of Supervisors

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25 **-EXHIBIT-**  
26 By:  \_\_\_\_\_  
27 Treasurer and Tax Collector  
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COUNTERSIGNED:

*-EXHIBIT-*

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

Clerk to the Board of Supervisors

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**CERTIFICATE OF AUTHENTICATION**

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

Date of Registration and Authentication: \_\_\_\_\_

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

***-EXHIBIT-***

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

Authorized Signatory

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**FORM OF ASSIGNMENT**

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

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(print/type name, address, zip code, tax identification or Social Security number of assignee) the  
within Bond and do(es) irrevocably constitute and appoint \_\_\_\_\_  
attorney, to transfer the same on the registration books of the Paying Agent, with full power of  
substitution in the premises.

Date: \_\_\_\_\_

**-EXHIBIT-**

Notice: The assignor's signature to this assignment must correspond with the name as it appears  
upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

**-EXHIBIT-**

Signature must be guaranteed by an eligible guarantor institution.

Unless this Bond is presented by an authorized representative of The Depository Trust  
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 OPINIONS]**

[Text of Opinions]

## RESOLUTION NO. 17

### **RESOLUTION OF THE BOARD OF EDUCATION OF THE ALVORD UNIFIED SCHOOL DISTRICT PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$40,000,000 PRINCIPAL AMOUNT OF ALVORD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B; THE TERMS OF THE BONDS AND THEIR SALE; AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT FOR THE BONDS; AUTHORIZING EXECUTION OF CERTAIN DOCUMENTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; MAKING CERTAIN FINDINGS AND DETERMINATIONS AND AUTHORIZING RELATED ACTIONS**

**WHEREAS**, the Alvord Unified School District (“District” or “School District”) is a public unified 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 Education Code; and

**WHEREAS**, the issuance of not to exceed \$196,000,000 aggregate principal amount of general obligation bonds (“Authorization”) of the District was authorized (“Bond Authorization”) at an election duly called and regularly conducted within the District on November 6, 2007 (further identified as “Measure H”) (“Bond Election”), 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 Election were certified by this Board of Education of the District (“District Board”) by adoption of Resolution No. 22, adopted on January 17, 2008, pursuant to State law, which Resolution No. 22 was filed as required by State law; and

**WHEREAS**, the proceeds of general obligation bonds issued pursuant to the Bond Authorization are to be used to finance identified capital projects (as set out in District Resolution No. 6 which is incorporated herein by this reference) as approved by the voters in the Bond Election; and

**WHEREAS**, pursuant to the provisions of Proposition 39, the California Constitution and the Bond Authorization, the District may, pursuant to the provisions and requirements of California Government Code (“Government Code”) Section 53506 *et seq.*, and, as applicable, the provisions of Article 1 of Chapter 1.5 of Part 10 of Division 1 of Title 1 of the Education Code, proceed to borrow funds, which authorizes the District Board to issue general obligation bonds by way of a resolution and compliance with certain statutory requirements; and

**WHEREAS**, pursuant to the Bond Authorization and the provisions of the California Education Code, the School District, pursuant to the provisions of District Resolution No. 34 and County Resolution No. 2008-190, have previously authorized and issued the Alvord Unified School District General Obligation Bonds, 2007 Election, Series A in the initial par amount of \$60,000,000, which bonds were issued as of May 1, 2008 (“Series A Bonds”), leaving \$136,000,000 of bonds of the Bond Authorization authorized and unissued; and

**WHEREAS**, pursuant to the Bond Authorization, the provisions of Education Code Section 15150 and related State law, the District previously issued the 2009 General Obligation Bond Anticipation Notes of the Alvord Unified School District (“2009 Notes”) in the initial principal amount of \$60,000,000 for the purpose of providing funds to finance the acquisition and construction of public educational facilities and projects as described in the Bond Authorization; and

**WHEREAS**, the provisions of documents and agreements providing for the issuance of the 2009 Notes require that such 2009 Notes be paid or defeased before the District may issue additional general obligation bonds under the Bond Authorization to fund additional public educational facilities and projects authorized under the Bond Authorization; and

**WHEREAS**, pursuant to the provisions of State law, the proceeds of the Series B Bonds will be used to redeem and defease a portion of the outstanding 2009 Notes (but excluding costs of issuance included as a portion of the 2009 Notes); and

**WHEREAS**, the applicable provisions of the Government Code and the Education Code 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 in the total principal amount of not-to-exceed Forty Million Dollars (\$40,000,000) (“Bonds” or “Series B Bonds”) for the purposes described herein 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, accreted value and interest on the Series B Bonds, as applicable, pursuant to State law; and

**WHEREAS**, the District Board has previously retained Bowie, Arneson, Wiles & Giannone as Bond Counsel to the District (“Bond Counsel”), the Law Offices of Samuel Norber

as Special Tax Counsel to the District ("Special Tax Counsel"), Orrick Herrington & Sutcliffe LLP, as Disclosure Counsel to the District ("Disclosure Counsel"), Dolinka Group, LLC as Financial Consultant to the District ("Financial Consultant") and Piper Jaffray & Co., as Underwriter ("Underwriter") in connection with the issuance and sale of the Series B Bonds; and

**WHEREAS**, the District Board desires that the Series B Bonds be sold by negotiated sale, through the County, pursuant to the provisions of the Government Code, specifically Section 53506 et seq., and, as applicable, the provisions of the Education Code, specifically Education Code Sections 15100 et seq., and 15266, and that the sale thereof may involve the purchase of a municipal bond insurance policy; and

**WHEREAS**, forms of the Preliminary Official Statement, Bond Purchase Agreement, Continuing Disclosure Certificate and Escrow Agreement (each as defined and/or discussed herein) relating to the Series B Bonds have been prepared and are being concurrently presented to this District Board; and

**WHEREAS**, the District Board requests that the Auditor-Controller of the County levy on its 2011-2012 tax roll, and all subsequent tax rolls, as applicable, 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, providing for the issuance and sale of the Series B Bonds.

**NOW, THEREFORE, THE BOARD OF EDUCATION OF THE ALVORD 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 County Board 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 A Bonds of the District in the aggregate principal amount of not-to-exceed \$40,000,000 shall be offered for sale, the proceeds of which are to be used for the purpose of repaying a portion of the 2009 Notes subject to State law.

**Section 4. Authority for Issuance of Bonds.** That the Series B Bonds shall be issued and offered for sale by the County pursuant to and in accordance with the California Constitution, the provisions of Proposition 39, this Resolution, the Resolution of the County Board, Government Code Section 53506 et seq., and to the extent applicable, Education Code Sections 15100 et seq. and 15266.

**Section 5. Request for Issuance of Bonds; Designation.** The County Board is hereby authorized and directed to issue and sell an aggregate principal amount of not to exceed \$40,000,000 of Series B Bonds authorized at the aforementioned Bond Election to be designated as “**Alvord Unified School District General Obligation Bonds, 2007 Election, Series B**” or another designation as the Superintendent of the School District (“Superintendent”) or the Superintendent’s designee (as described herein) 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 proceeds of the Series B Bonds shall be expended for the purposes set forth in the ballot submitted to the voters (Measure H) and approved in the Bond Election and as set forth herein and for authorized issuance costs as permitted by State law. The Series B Bonds shall otherwise conform to the requirements set forth herein and in the County Resolution.

**Section 6. Negotiated Sale.** The County Board is hereby requested to issue the Series B Bonds to be sold at a negotiated sale in accordance with the terms and conditions, including provisions for the optional redemption of the Series B Bonds, in substantially the form set forth in the Bond Purchase Agreement (“Purchase Agreement”) by and among the County, District and the purchaser of the Series B Bonds (the Underwriter, as defined below), the form of which is attached hereto as Exhibit “A” and incorporated herein by this reference.

**Section 7. Form of Purchase Agreement; Sale of Bonds; Delegation of Authority.**

(a) The form of the Purchase Agreement is hereby approved. The Superintendent and such other officers of the District as may be authorized and designated by the District Board or Superintendent (each a “Designated Officer”) are, and each of them acting alone hereby is, authorized to execute and deliver, with the County Treasurer, to the Underwriter the Purchase Agreement on behalf of the District, with such changes therein as the Designated Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District and subject to the terms and conditions set forth in the County Resolution. Such approval shall be conclusively evidenced by such Designated Officer's execution and delivery thereof. The Designated Officer, in consultation with the Underwriter, Bond Counsel, and the County Treasurer (“Treasurer”), is authorized and directed to establish or modify the terms of redemption of the Series B Bonds and establish the final principal amount of

the Series B Bonds, provided, however, that such principal amount shall not exceed \$40,000,000. The Designated Officer is also authorized and directed to negotiate, in cooperation with the Treasurer, with the Underwriter the interest rates on the Series B Bonds, not-to-exceed a true interest cost of ten percent (10.00%), and the Underwriter's discount shall not exceed one percent (1.00%) of the principal amount of the Series B Bonds plus any out-of-pocket expenses of the Underwriter to be reimbursed under the terms of the Underwriter's agreement with the District (exclusive of any original issue discount on the Series B Bonds, if any, which shall not exceed 5.00%). True interest cost for purposes of this Section means that nominal interest rate that, when compounded semiannually and used to discount the debt service payments on the Series B Bonds to the dated date(s) of the Series B Bonds, results in an amount equal to the purchase price of the Series B Bonds, excluding interest accrued to the date of delivery. For purposes of this calculation, the premium paid for the policy of municipal bond insurance, if any, shall be treated as interest paid on the Series B Bonds on the date of delivery. The term of the Series B Bonds shall be for not more than 40 years from the date of issuance.

(b) The Designated Officer is also authorized, in consultation with the County, the Underwriter and Bond Counsel, to elect to purchase a policy of bond insurance for the Series B Bonds to the extent such action is determined to be in the best interests of the District.

(c) The Series B Bonds may be issued and sold in full or in part as Current Interest Bonds, Capital Appreciation Bonds, and/or Convertible Capital Appreciation Bonds (each as further described in the County Resolution).

**Section 8. 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 lodgment. The Underwriter is requested to assist the District and the County in qualifying the Series B Bonds for deposit with DTC.

**Section 9. 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 10. 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 2011-2012 tax year, and subsequent tax years, as applicable, 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 11. Tax Covenants.**

(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 requirements of Section 103 and Sections 141 through 150 of the Code, as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the 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 represents that it shall not take any action, or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series B Bonds under Section 103 of the Code.

(d) 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 12. Expenditure of Bond Proceeds.** The District hereby covenants to expend all Series B Bond proceeds in accordance with applicable law, 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) and including Section 15150, as amended, and Article XIII A of the California Constitution.

**Section 13. Preliminary Official Statement; Official Statement.** Pursuant to 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 Officer is authorized to approve and deliver copies of the Preliminary Official Statement and the final Official Statement, with such changes therein as such officer shall approve, in his or her discretion as being in the best interests of the School District. Upon approval of such changes by such 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 ("Rule"). The District Board hereby authorizes and directs the Designated Officer to deliver to the Underwriter a certificate to the effect that the School 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 the Rule (except for the omission of certain final pricing, rating and related information as permitted under such Rule). The District Board hereby also authorizes and directs the Designated Officer to execute and deliver the final form of the Official Statement to the Underwriter upon its final date. In so doing, the Designated Officer may rely upon the advice of Disclosure Counsel.

**Section 14. 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 "B" and incorporated by reference herein. The Designated Officer(s) are hereby authorized to approve, execute and deliver the final form of the Continuing Disclosure Certificate with such changes, insertions and deletions as may be approved by the Designated Officer, Disclosure Counsel and Bond Counsel, which approval shall be conclusively evidenced by execution and delivery thereof.

**Section 15. 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 10 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 16. 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 used to refinance the outstanding 2009 Notes (exclusive of costs of issuance and delivery of the 2009 Notes) ("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. 6 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. 6.

(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 proceeds of the 2009 Notes as refinanced with 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 proceeds of the 2009 Notes as refinanced with the Series B Bond Proceeds have been expended for the school facilities projects identified in the School Facilities Project List.

(e) Measure H 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 H election results have been certified by the District Board pursuant to Resolution No. 6, 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 ("Committee") has appointed 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 A Bonds and 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 17. 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 to pay and redeem the 2009 Notes, the proceeds of which were used 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, Business Services, Controller, or their designees, 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 2009 Notes proceeds and 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 and 2009 Notes proceeds.

The report(s) required by this Section 17(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 17(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 18. Additional Findings and Directives.** Pursuant to Education Code Section 15146(b) and (c), the District Board hereby finds, determines and directs as follows:

(a) The Series B Bonds, if issued and sold, shall be sold by negotiated sale to the Underwriter as set forth in Sections 5, 6 and 7 of this Resolution and elsewhere herein.

(b) The Series B Bonds shall be sold by negotiated sale inasmuch as: (i) such a sale to the Underwriter will allow the District to integrate the sale of the Series B Bonds with other public financings undertaken, or to be undertaken, by the District in order to finance and fund public school facilities, including, but not limited to, the 2009 Notes; (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; (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; and (iv) such a sale will allow the District to control the timing of the sale of the Series B Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for favorable sale of the Series B Bonds to such market.

(c) The District is represented by Piper Jaffray & Co., as its Underwriter, Bowie, Arneson, Wiles & Giannone as Bond Counsel to the District, The Law Offices of Samuel Norber

as Special Tax Counsel, Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel and Dolinka Group, LLC, as Financial Consultant.

(d) The District Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Agreement, are set forth in Exhibit "C," 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, Special Tax Counsel, Disclosure Counsel and Underwriter's Counsel fees and expenses, consultant fees and costs, financial consultant fees, rating agency fees, County costs, printing costs and related costs and expenses. Such figure is an estimate 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, in part, to cover such costs of issuance such that the net amount available to pay and redeem the 2009 Notes shall be substantially equal to, or greater than, 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 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 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 19. Satisfaction of 2009 Notes.** A portion of the proceeds of the Series B Bonds will be used to pay, redeem and defease a portion of the 2009 Notes, including interest due thereon (but excluding included costs of issuance thereof), pursuant to their terms. The District Board hereby approves and authorizes the following actions in such regard:

(a) The Designated Officer is hereby authorized to retain and utilize the services of such consultants and professional services as are necessary or desirable to complete the payments, redemption and defeasance of the 2009 Notes including, but not limited to, Escrow

Agent services and verification agent, as may be applicable, services. The costs of such services shall constitute costs of issuance of the Series B Bonds.

(b) The form of an Escrow Agreement for the defeasance of the 2009 Notes has been presented to this District Board and is hereby approved as to form. The Designated Officer(s) is hereby authorized to execute and deliver such Escrow Agreement in connection with the payment of the 2009 Notes.

(c) The District's staff, consultants and Designated Officer(s) are hereby authorized to take all actions necessary or desirable to complete the payment, redemption and defeasance of a portion of the 2009 Notes, including execution and delivery of necessary agreements, documents and certifications in connection therewith.

**Section 20. 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 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 21. Services for Issuance of the Series B Bonds.** The Superintendent of the District is authorized and directed to contract for such other and further services, including legal, paying agent, financial and related professional services, as specified below, or as otherwise necessary so the District may proceed with, and complete, the proposed issuance and sale of the Series B Bonds as set forth herein.

**Section 22. County Costs.** 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.

**Section 23. Other Actions.** The President and Clerk of the District Board, and the Designated Officers of the District, are authorized and directed to execute and deliver all documents and to take all actions necessary or desirable to cause or facilitate the issuance and delivery of the Series B Bonds.

**Section 24. Governing Law.** This Resolution shall be construed and governed in accordance with the laws of the State of California.

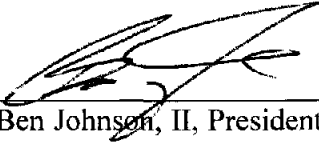
**Section 25. Effective Date.** This Resolution shall take effect immediately upon adoption.

**Section 26. 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.

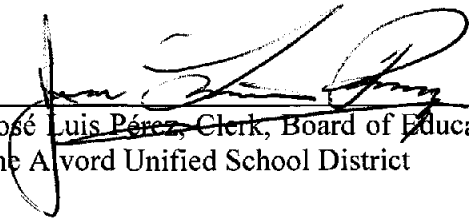
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**ADOPTED, SIGNED AND APPROVED** this 18th day of November, 2010, by the Board of Education of the Alvord Unified School District.

**BOARD OF EDUCATION OF THE ALVORD  
UNIFIED SCHOOL DISTRICT**

By   
Ben Johnson, II, President, Board of Education  
of the Alvord Unified School District

ATTEST:

By   
José Luis Pérez, Clerk, Board of Education for  
the Alvord Unified School District

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF RIVERSIDE        )

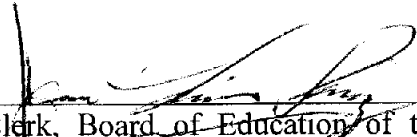
I, José Luis Pérez, Clerk of the Board of Education of the Alvord Unified School District, do hereby certify that the foregoing Resolution was duly adopted by the Board of Education of the Alvord Unified School District at a meeting thereof held on the 18th day of November, 2010, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such Resolution was so adopted by the following vote:

AYES: 5

NOES: 0

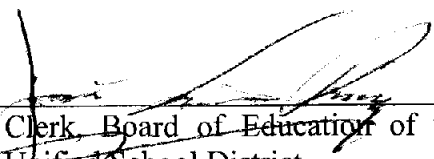
ABSTAIN: 0

ABSENT: 0

By   
Clerk, Board of Education of the Alvord  
Unified School District

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF RIVERSIDE        )

I, José Luis Pérez, Clerk of the Board of Education of the Alvord Unified School District, do hereby certify that the foregoing is a true and correct copy of Resolution No. 17, which was duly adopted by the Board of Education of the Alvord Unified School District at a meeting thereof held on the 18<sup>th</sup> day of November, 2010.

By  \_\_\_\_\_  
Clerk, Board of Education of the Alvord  
Unified School District



**EXHIBIT "A"**

**FORM OF BOND PURCHASE AGREEMENT**

**ALVORD UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2010

County of Riverside Treasurer-Tax Collector  
4080 Lemon Street, 4th Floor  
Riverside, California 92502

Alvord Unified School District  
10365 Keller Avenue  
Riverside, California 92505

The undersigned, Piper Jaffray & Co. (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the County of Riverside, California (the "County") and the Alvord Unified School District (the "District") which, upon the acceptance hereof, will be binding upon the County, the District and the Underwriter. By execution of this Bond Purchase Agreement, the County and the District acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding on the County and the District, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the County and the District and delivery of such acceptance to us at or prior to 11:59 p.m., California time, on the date hereof.

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the County for reoffering to the public and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of the \$ \_\_\_\_\_ aggregate initial principal amount of the Alvord Unified School District General Obligation Bonds, 2007 Election, Series B (the "Bonds").

The Bonds shall consist of \$ \_\_\_\_\_ aggregate principal amount of current interest bonds (the "Current Interest Bonds"), \$ \_\_\_\_\_ aggregate initial principal amount of capital appreciation bonds (the "Capital Appreciation Bonds") and \$ \_\_\_\_\_ aggregate initial principal amount of convertible capital appreciation bonds (the "Convertible Capital Appreciation Bonds"). The Bonds shall bear or accrete interest at the rates and shall mature on the dates and in the years shown on Exhibit A hereto, which is incorporated herein by this reference. The Current Interest Bonds shall bear interest from the date thereof and such interest shall be payable on each February 1 and August 1, commencing \_\_\_\_\_ 1, 20\_\_\_. The Capital Appreciation Bonds shall accrete interest from their date, compounded semiannually on February 1 and August 1, commencing on \_\_\_\_\_ 1, 20\_\_\_, and shall be paid at maturity as shown in Exhibit A hereto. The Convertible

Capital Appreciation Bonds shall accrete interest from their date, compounded semiannually on February 1 and August 1, commencing on \_\_\_\_\_ 1, 20\_\_, to the applicable conversion date thereof (the "Conversion Date"). From and after the Conversion Date thereof, each Convertible Capital Appreciation Bond shall bear interest from such Conversion Date and such interest shall be payable on each February 1 and August 1, commencing on the February 1 or August 1 immediately following such Conversion Date. The stated value of each Convertible Capital Appreciation Bond at the Conversion Date thereof shall be paid at maturity as shown in Exhibit A hereto.

The Underwriter shall purchase the Bonds at a price of \$\_\_\_\_\_ (which is equal to the sum of \$\_\_\_\_\_, the initial principal amount of the Bonds plus \$\_\_\_\_\_, the amount of remaining net original issue premium), in immediately available funds by check, draft or wire transfer to or upon the order of the County on behalf of the District. The Underwriter's discount of \$\_\_\_\_\_ on the Bonds does not exceed \_\_\_% of the principal amount of the Bonds (excluding costs of issuance to be paid by the Underwriter pursuant to Section 14 hereof with respect to the Bonds). The true interest cost for the Bonds is \_\_\_\_\_%.

**2. The Bonds.** The Current Interest Bonds shall be dated their date of delivery, shall bear interest at the rates and shall mature on August 1 in the years and be subject to redemption all as shown on Exhibit A hereto. The Capital Appreciation Bonds shall be dated their date of delivery, shall accrete interest at the rates and shall mature on August 1 in the years and be subject to redemption all as shown on Exhibit A hereto. The Convertible Capital Appreciation Bonds shall be dated their date of delivery, shall accrete interest to their Conversion Dates at the rates, shall bear interest from and after their Conversion Dates at the rates, shall convert to current interest bonds on the Conversion Dates and shall mature on August 1 in the years and be subject to optional and mandatory redemption all as shown on Exhibit A hereto.

The Bonds shall be issued and secured pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code") and Article XIII A of the California Constitution and pursuant to, and shall otherwise be as described in, resolutions of the Board of Education of the District (the "Board of Education") adopted on \_\_\_\_\_, 2010 (the "District Resolution"), and of the Board of Supervisors of the County (the "Board of Supervisors") adopted \_\_\_\_\_, 20\_\_ (the "County Resolution" and, collectively with the District Resolution, the "Resolutions"), which provide for the terms of the Bonds and designate U.S. Bank National Association, as initial paying agent therefor (the "Paying Agent"), and this Bond Purchase Agreement. The Bonds were authorized under and pursuant to a bond authorization approved by more than fifty-five percent (55%) of the voters of the District voting at an election held on November 6, 2007 (the "Election") approving an amount not more than \$196,000,000 million of general obligation bonds of the District to be used to finance specific construction, repair and improvement projects as further described in the Preliminary Official Statement (defined below). Capitalized terms used herein and not defined herein shall have the meanings set forth in the County Resolution.

Proceeds from the Bonds will be used (a) to defease and pay a portion of the 2009 General Obligation Bond Anticipation Notes of the Alvord Unified School District in the aggregate principal amount of \$\_\_\_\_\_ (the "Notes"), (b) [to pay capitalized interest on the Bonds], and (c) to pay costs of issuance of the Series B Bonds. In connection with the defeasance of the Notes, the District

and U.S. Bank National Association, as escrow bank (the "Escrow Bank") will enter into the Escrow Agreement, dated as of \_\_\_\_\_ 1, 2010 (the "Escrow Agreement").

The Bonds will be substantially in the form described in the County Resolution and shall be executed and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Resolutions. The Bonds shall be in definitive form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC").

[The payment of principal of and interest and compounded interest (but not any redemption premium) on the Bonds as specified in Exhibit A hereto will be secured by a municipal bond insurance policy (the "Insurance Policy") to be issued simultaneously with the issuance of the Bonds by \_\_\_\_\_ (the "Insurer").]

**3. Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offering and sale of the Bonds, this Bond Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate (defined below), a Preliminary Official Statement (defined below), and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement.

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth in Exhibit A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriter shall not change the interest rates set forth in Exhibit A hereto. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

Prior to Closing, as a condition to delivery of the Bonds, the Underwriter shall be required to provide to the District initial offering price information in form and substance as Bond Counsel (defined below) may require for purposes of determining the yield on the Bonds.

**5. Review of Official Statement.** (a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_\_, 20\_\_ (as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"). By the execution of this Bond Purchase Agreement, the County and the District ratify the use by the Underwriter of the Preliminary Official Statement.

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(b) The Underwriter agrees to file the Official Statement with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system.

(c) References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. **Closing.** At 8:00 a.m., California time, on \_\_\_\_\_, 2010, or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto (the "Closing" or "Closing Date"), the District will direct the Paying Agent to deliver to the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed, together with the other documents hereinafter mentioned. Upon fulfillment of all conditions to Closing herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by wire transfer or such other manner of payment as the Underwriter and the Auditor-Controller-Treasurer-Tax Collector of the County, following the direction of the District, shall reasonably agree upon) to the order of the County.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) The District is a school district duly organized and validly existing under the laws of the State of California (the "State"), with the power to issue the Bonds pursuant to the California Constitution and the Government Code;

(b) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, to adopt the District Resolution, to issue and to deliver the Bonds, to perform its obligations under each such document or instrument and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement and the District Resolution; (iii) the execution and delivery or adoption of and the performance by the District of the obligations represented by, the Bonds, the District Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreement and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) each of this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate constitutes a valid and legally binding obligation of the District, enforceable against the District in accordance with its terms; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement;

(c) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; *provided, however*, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(d) The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds;

(e) As of the time of acceptance hereof and as of the time of the Closing, the District is not and will not be, in any manner which would adversely affect the transactions contemplated hereby and by the Resolutions, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated hereby and by the Resolutions, a default or event of default under any such instrument; and, as of such times, to the best knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Certificate, the District Resolution and the Bonds and the compliance with the provisions hereof and of the County Resolution do not conflict with or constitute on the part of the District a violation of, or material default under, any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(f) As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the District) or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Certificate or the Resolutions or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions, this Bond Purchase Agreement, the Escrow Agreement or the Continuing

Disclosure Certificate; (iii) contesting the completeness or accuracy of the Preliminary Official Statement; or (iv) in which a final adverse decision could (a) result in any material adverse impact on the financial condition of the District, (b) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Agreement or the Resolutions, (c) declare this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Certificate to be invalid or unenforceable in whole or in material part, or (d) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation;

(g) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon;

(h) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain, and up to and including the Closing will contain, no material misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in light of the circumstances in which such statements were made, not misleading. At the time of the Closing, there shall not have been any material adverse changes in the financial condition of the District since the date of the Official Statement;

(i) To assist the Underwriter in complying with the Rule, the District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events; 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. A form of this undertaking is set forth as an appendix to the Preliminary Official Statement and will also be set forth as an appendix to the Official Statement;

(j) Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein;

(k) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement;

(l) Preparation and distribution of the Official Statement pertaining to the Bonds have been duly authorized by the District, and the information contained therein (excluding the statements and information in Appendix H – “BOOK-ENTRY ONLY SYSTEM,” [any information relating to the Insurer or the Insurance Policy] and any information provided by the Underwriter for inclusion in the Official Statement) is true and correct in all material

respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation and warranty is made concerning statements and information in Appendix H – “BOOK-ENTRY ONLY SYSTEM,” [any information relating to the Insurer or the Insurance Policy] and any information provided by the Underwriter for inclusion in the final Official Statement; and

(m) The District agrees that if at any time before the Closing Date, any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter.

**8. Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriter that:

(a) The County has the power under the laws of the State to issue the Bonds in the name and on behalf of the District pursuant to the applicable provisions of the California Constitution and the Government Code;

(b) (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter in the name and on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions applicable to the County contemplated by this Bond Purchase Agreement and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations represented by the Bonds, the County Resolution and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing and the County Resolution shall not have been modified, amended, rescinded or revoked and is in full force and effect on the date hereof and on the date of the Closing; (iv) this Bond Purchase Agreement constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement;

(c) To the best knowledge of the County, no authorization, approval, consent or other order of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the County of this Bond Purchase Agreement or the consummation by the County of the other transactions contemplated by such agreement (provided that no representation or warranty



need be given as to any action required of the District or under state securities or blue sky laws in connection with the purchase or distribution of the Bonds by the Underwriter);

(d) To the best knowledge of the County, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any California governmental agency is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, *except* for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; *provided, however*, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(e) To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Bond Purchase Agreement, the County Resolution and the Bonds, and the compliance with the provisions hereof applicable to the County do not conflict with or constitute on the part of the County a material violation of, or material default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution to which the County is bound and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party;

(f) The County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under this Bond Purchase Agreement;

(g) As of the time of acceptance hereof, to the best knowledge of the County, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County or threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or directly contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution or this Bond Purchase Agreement; or (iii) in which a final adverse decision would declare this Bond Purchase Agreement to be invalid or unenforceable in whole or in material part;

(h) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money; and

(i) Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

9. **Representations and Agreements of the Underwriter.** The Underwriter represents to and agrees with the County and the District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Bond Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it.

(b) The Underwriter is in compliance with Rule G-37 of the MSRB with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Bonds and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship within the meaning of California Government Code Section 53590(c).

(d) The Underwriter has reasonably determined that the District's undertaking pursuant to Section 7(i) hereof to provide continuing disclosure with respect to the Bonds is sufficient to effect compliance with Rule 15c2-12.

10. **Covenants of the County and the District.** The County and the District respectively covenant and agree with the Underwriter that:

(a) The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, *provided, however,* that the District and the County shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Bond Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, being herein called the "Official Statement") in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, shall not be

considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds;  
and

(c) Each party hereto agrees that it will notify the other parties hereto if, within the period from the date of this Bond Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case which might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If, in the written opinion of the District or counsel to the Underwriter, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event which becomes known to the County, the District or the Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District will, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriter in such numbers as the Underwriter may reasonably request. The District and the Underwriter agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term "End of the Underwriting Period" means the later of such time as (i) the County delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period.

**11. Division of Responsibility Between District and County.** It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Bond Purchase Agreement which are to be performed solely by the District.

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

(a) The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and

as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the County and the District shall be in compliance with each of the agreements made by each of them, respectively, in this Bond Purchase Agreement;

(b) At the time of the Closing, (i) the Official Statement, the Continuing Disclosure Certificate, the Escrow Agreement, this Bond Purchase Agreement, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the parties hereto; (ii) all actions under the Government Code and other applicable laws which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their respective obligations required under or specified in the District Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreement and the Official Statement to be performed at or prior to the Closing;

(c) No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, is pending (in which service of process has been completed against the County or the District) or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds or the execution and delivery of this Bond Purchase Agreement, the Continuing Disclosure Certificate or the Escrow Agreement, or (C) in any way contesting the existence or powers of the County or the District, or contesting in any way the completeness or accuracy of the Official Statement;

(d) Between the date hereof and the Closing, the investment quality, the marketability or the market price of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of

interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating or credit outlook of the District's outstanding indebtedness by a national rating agency; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(e) At or prior to the date of the Closing, the Underwriter shall have received the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bowie, Arneson, Wiles & Giannone ("Bond Counsel"), substantially in the form attached as Appendix C to the Official Statement, dated the Closing Date and addressed to the County and the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter [and the Insurer] may rely upon the approving opinion described in subsection (e)(1) above;

(3) A certificate, signed by an appropriate official of the District, to the effect that (i) such official is authorized to execute this Bond Purchase Agreement, the Continuing Disclosure Certificate and the Escrow Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution, the County Resolution, this Bond Purchase Agreement, the Continuing Disclosure Certificate and the Escrow Agreement to be complied with by the District prior to or concurrently with the Closing, (iv) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, or the execution and delivery of this Bond Purchase Agreement, the Continuing Disclosure Certificate or the Escrow Agreement, or (C) in any way contesting the existence or powers of the District, (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does 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 in which they were made, not misleading, (vi) each of the conditions listed in Section 12 of this Bond Purchase Agreement has been satisfied on the date hereof and the District is not aware of any other condition of this Bond Purchase Agreement that has not been satisfied on the date hereof, (vii) the Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Bond Purchase Agreement, and (viii) no consent of any party is required for inclusion of the District's audited financial statements for fiscal year ended June 30, 2008, in the Official Statement;

(4) The opinion of Orrick, Herrington & Sutcliffe LLP, as disclosure counsel to the District, addressed to the District and the Underwriter, dated the Closing Date, to the effect that, based on such counsel's participation in conferences with representatives of the Underwriter, the District, the County, the Paying Agent, [the Insurer,] their respective counsel, and others, during which conferences the contents of the Official Statement and related matters were discussed (but with no inquiry made of other attorneys in such counsel's firm not working directly on the

issuance of the Bonds who may have information material to the issue), and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that, during the course of its engagement as disclosure counsel no facts came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about feasibility valuation, appraisals, absorption, real estate or environmental matters, or any information about litigation, Appendices B, C, D, E, F, G, H, I and J, or any information about [the Insurer, the Insurance Policy,] book-entry or DTC, included or referred to therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) The Continuing Disclosure Certificate signed by an appropriate official of the District substantially in the form appended to the Official Statement and the Escrow Agreement executed and delivered by the District and the Escrow Bank;

(6) A certificate signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute and to approve this Bond Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Bond Purchase Agreement to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the information contained in the Official Statement in Appendix F – "SUMMARY OF COUNTY OF RIVERSIDE INVESTMENT POLICIES AND PRACTICES AND DESCRIPTION OF INVESTMENT POOL" and in Appendix G – "COUNTY INVESTMENT POLICY" and on such basis certifies that the information contained in the Official Statement in Appendix F – "SUMMARY OF COUNTY OF RIVERSIDE INVESTMENT POLICIES AND PRACTICES AND DESCRIPTION OF INVESTMENT POOL" and in Appendix G – "COUNTY INVESTMENT POLICY" does not contain any untrue statement of a material fact concerning the County required to be stated therein or omit to state a material fact necessary to make the statements concerning the County therein, in the light of the circumstances in which they were made, not misleading; and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Bond Purchase Agreement;

(7) A tax certificate of the District in form satisfactory to Bond Counsel;

(8) Evidence satisfactory to the Underwriter that the Bonds shall have been rated at “\_\_\_\_” by [Moody’s Investors Service] and “\_\_\_” by [Standard & Poor’s Ratings Services] (or such other equivalent rating as such rating agency may give) and that such rating has not been revoked or downgraded;

(9) The opinion of County Counsel for the County of Riverside, as counsel to the County, addressed to the Underwriter, dated the Closing Date and in a form reasonably satisfactory to the Underwriter;

(10) A certificate, together with a fully executed copy of the District Resolution, of the Clerk of the Board of Education to the effect that:

(i) such copy is a true and correct copy of the District Resolution;  
and

(ii) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(11) An original adopted County Resolution or a certificate, together with fully executed copies of the County Resolution, of the Clerk of the Board of Supervisors to the effect that:

(i) such copy is a true and correct copy of the District Resolution;  
and

(ii) the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(12) Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(13) A report by [Causey, Demgen & Moore Inc., Denver, Colorado], verifying the arithmetical accuracy of the computation of projected receipts for and of payments to retire the Notes; and

(14) [A policy of municipal bond insurance with respect to the Bonds that are insured by the Insurer;]

(15) [A certificate of the Insurer in form and substance satisfactory to Bond Counsel, County Counsel and the Underwriter;]

(16) [An opinion of counsel to the Insurer addressed to the District, the County and the Underwriter in form and substance satisfactory to Bond Counsel, County Counsel and the Underwriter;]



(17) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Underwriter will provide to the District: (i) the receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter and the satisfaction of all conditions and terms of this Bond Purchase Agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Bond Purchase Agreement are true and correct in all material respects; and (ii) the reoffering price certificate of the Underwriter in form satisfactory to Bond Counsel, as described in Section 4 and such other matters as Bond Counsel may request; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence (i) compliance by the County, the District and the Paying Agent with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, and (iii) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

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

**13. Conditions to Obligations of the County and the District.** The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District and other than items to be executed by the Underwriter or their counsel.

**14. Expenses.** At the direction of the District, the Underwriter shall pay costs of issuance of the Bonds up to the amount of \$ \_\_\_\_\_, including but not limited to the following: (i) the costs of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel and District Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for ratings, including all necessary expenses for travel relating to such ratings; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent; (vii) CUSIP Bureau registration fees and security depository fees, [(viii) the premium for the Insurance Policy;] and (ix) all other fees and expenses incident to the issuance and sale of the Bonds. Any such expenses which

exceed such amounts shall be paid by the District and may be paid from the proceeds of the Bonds. All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, expenses for travel, the fees and expenses of counsel to the Underwriter, if any, and other expenses (except as provided above), shall be paid by the Underwriter.

**15. Notices.** Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the County of Riverside, Office of the Treasurer-Tax Collector, 4080 Lemon Street, 4th Floor, Riverside, California 92502, Attention: Treasurer-Tax Collector, if to the District, to the Alford Unified School District at 10365 Keller Avenue, Riverside Avenue, California 92505, or if to the Underwriter, in care of the Underwriter, 345 California St., Suite 2400, San Francisco, California 94104; Attention: Jeff Baratta.

**16. Severability.** In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**17. Parties in Interest; Survival of Representations and Warranties.** This Bond Purchase Agreement when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Bond Purchase Agreement is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

**18. Execution in Counterparts.** This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

19. **Applicable Law.** This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State applicable to contracts made and performed in such State.

Very truly yours,

**PIPER JAFFRAY & CO.**

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

**COUNTY OF RIVERSIDE**

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

**ALVORD UNIFIED SCHOOL DISTRICT**

By: Wendel W. Ambler  
Superintendent

**EXHIBIT A**

**ALVORD UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B**

**MATURITY SCHEDULE**

\$ \_\_\_\_\_ **Current Interest Bonds**

<u>Maturity</u> <u>(August 1)</u>	\$ _____ <u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
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\$ \_\_\_\_\_ **Serial Bonds**

† Yield to par call on August 1, 20\_\_.

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Price or Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ **Capital Appreciation Bonds**

<u>Maturity</u> <u>(August 1)</u>	<u>Initial Principal</u> <u>(Denominational)</u> <u>Amount</u>	<u>Accretion</u> <u>Rate</u>	<u>Maturity</u> <u>Value</u>	<u>Reoffering</u> <u>Yield</u>
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**\$ \_\_\_\_\_ Convertible Capital Appreciation Bonds**

<u>Maturity</u> (August 1)	Initial Principal (Denominational) <u>Amount</u>	Accretion Rate to (but excluding) Conversion <u>Date</u>	Conversion <u>Date</u>	Interest Rate from and after Conversion <u>Date</u>	Stated Value at Conversion <u>Date</u>	Reoffering <u>Yield</u>
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**TERMS OF REDEMPTION**

The Bonds are subject to redemption prior to their stated maturity dates as follows:

*Optional Redemption.* [The Current Interest Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.]

[The Capital Appreciation Bonds maturing or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Capital Appreciation Bonds called for redemption plus accreted interest thereon to the date of redemption, without premium.]

[The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Convertible Capital Appreciation Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the stated accreted value at the Conversion Date of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon from the last interest payment date for which interest has been paid to the date of redemption, without premium.]

*Mandatory Sinking Fund Redemption.* The \$ \_\_\_\_\_ Term Current Interest Bonds maturing on August 1, 20\_\_\_, are also subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
---	------------------------------------

†

† Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Current Interest Bond optionally redeemed prior to the mandatory sinking fund redemption date.

[The Capital Appreciation Bonds shall not be subject to mandatory sinking fund redemption prior to their stated maturity dates.]

[The \$ \_\_\_\_\_ Convertible Capital Appreciation Bonds maturing on August 1, 20\_\_\_, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective stated accreted value amounts at the Conversion Date thereof as set forth in the following schedule, at a redemption price equal to 100% of the stated accreted value amount to be redeemed (without premium), together with interest accrued thereon from the last interest payment date for which interest has been paid to the date fixed for redemption:]

Mandatory Sinking Fund Redemption Date (August 1)	Stated Accreted Value Amounts to be Redeemed
---	--

†

† Maturity.

The stated accreted value amounts at the Conversion Date thereof to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of such Convertible Capital Appreciation Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

**EXHIBIT "B"**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (this “Disclosure Certificate”) is executed and delivered by the Alvord Unified School District (the “District”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Alvord Unified School District General Obligation Bonds, 2007 Election, Series B (the “Bonds”). The Bonds are being issued pursuant to a resolution (the “County Resolution”) adopted by the Board of Supervisors of the County of Riverside (the “County”) on \_\_\_\_\_, 2010, at the request of the Board of Education of the District by its resolution adopted on \_\_\_\_\_, 2010. 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 Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“**Annual Report**” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“**Beneficial Owner**” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“**Dissemination Agent**” means Dolinka Group, LLC, acting in the capacity as Dissemination Agent hereunder, 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) or (b) hereof.

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“**Official Statement**” means the Official Statement, dated \_\_\_\_\_, 2010, relating to the Bonds.

“**Owner**” means the person in whose name any Bond shall be registered.

“**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, not later than eight months after the end of the District’s fiscal year (which due date shall be April 1 of each year, so long as the fiscal year ends on June 30), commencing with the report for the 2009-2010 Fiscal Year (which is due not later than April 1, 2011), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are 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(e) hereof. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; 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 to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

**Section 4. Content of Annual Reports.** The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) Adopted budget of the District for the current fiscal year or a summary thereof, including any interim budget reports adopted as of the date of the Annual Report;

(ii) The District's average daily attendance and base revenue limit for the previous fiscal year;

(iii) Outstanding borrowings and long-term obligations of the District, including:

(1) general obligation bonds, certificates of participation, capital leases and operating leases (including amounts outstanding and debt service schedules) as of the end of the previous fiscal year;

(2) a description of any obligations of the type referred to in (1) above that have been issued, entered into or incurred since the beginning of the District's current fiscal year; and

(3) a description of any obligations of the type referred to in (1) above that the District reasonably expects to issue, enter into or incur within the 60 day period following the date of filing of the Annual Report.

(iv) Assessed value of taxable property within the District for the current fiscal year, if and to the extent provided to the District by the County; and

(v) Information regarding total secured tax charges and delinquencies on taxable properties within the District for the previous fiscal year, if and to the extent provided to the District by the County.

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

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

**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 not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of the credit or liquidity providers or their failure to perform;
- (v) issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes; or
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) 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, not later than ten business days after the occurrence of the event:

- (i) unless described in paragraph 5(a)(v) hereof, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) modifications to rights of Bond Owners;
- (iii) optional, unscheduled or contingent Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) appointment of a successor or additional trustee or the change of name of a trustee.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the County Resolution.

**Section 6. 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(e) hereof.

**Section 7. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Dolinka Group, LLC. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, 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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, 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 the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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 the Owners in the same manner as provided in the County Resolution for amendments to the County Resolution with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent 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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Default.** In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Owner 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; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Riverside or in U.S. District Court in or nearest to the County of Riverside. A default under this Disclosure Certificate shall not be deemed an event of default under the County 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 (if the Dissemination Agent is other than the District), 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 Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: 11-18, 2010

**ALVORD UNIFIED SCHOOL  
DISTRICT**

By: Wendell W. Anderson

**ACCEPTED AND AGREED TO:**

**DOLINKA GROUP, LLC, AS  
DISSEMINATION AGENT**

By: \_\_\_\_\_  
Authorized Signatory]

**EXHIBIT A**

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: ALVORD UNIFIED SCHOOL DISTRICT  
Name of Issue: Alvord Unified School District General Obligation Bonds, 2007  
Election, Series B  
Date of Issuance: \_\_\_\_\_, 2010

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated \_\_\_\_\_, 2010. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

Dolinka Group, LLC, as Dissemination  
Agent, on behalf of the Alvord Unified  
School District

cc: Alvord Unified School District

**EXHIBIT "C"**

**ALVORD UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, 2007 ELECTION, SERIES B**

**ESTIMATED COSTS OF ISSUANCE\***

Underwriter's Discount (not-to-exceed)	1.00% of par amount*
Bond Insurance (if purchased)	0.75% of par amount**
Other costs of issuance*, including:	
• Bond/District Counsel and expenses	\$ 48,500
• Disclosure Counsel and expenses	50,000
• Special Tax Counsel and expenses	15,000
• Underwriter's Counsel	7,500
• Financial Consultant and expenses (DG)	200,000
• Program Manager fees and expenses (CFS)	227,500
• Rating Agency presentation costs and costs of rating(s):	
Moody's Investors Service	21,000
Standard & Poor's Rating Services	20,000
• Printing costs	8,500
• Demographic Data	3,500
• Paying Agent costs and expenses	1,500
• Escrow costs/Escrow Agent Costs	1,500
• Costs of Issuance Custodian Fees	250
• Misc. expenses/Contingency	20,250

\* 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. 17.

+ Due to recent changes concerning municipal bond insurance ratings, it is uncertain if bond insurance will be purchased. This figure is provided as an estimate based on current conditions.



NEW ISSUE—BOOK-ENTRY ONLY

Ratings: (See "MISCELLANEOUS — Ratings" herein.)

*In the opinion of the Law Offices of Samuel Norber, Special Tax Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Series B Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Special Tax Counsel, interest on the Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and such interest is not includable in adjusted current earnings in calculating corporate alternative minimum taxable income. Special Tax Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds. See "TAX MATTERS" herein.*

S \_\_\_\_\_ \*

**ALVORD UNIFIED SCHOOL DISTRICT**  
(Riverside County, California)  
**General Obligation Bonds, 2007 Election, Series B**

**Dated:** Date of Delivery**Due:** August 1, as shown herein

*This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Alvord Unified School District (Riverside County, California) General Obligation Bonds, 2007 Election, Series B (the "Series B Bonds") are issued by the County of Riverside (the "County") on behalf of the Alvord Unified School District (the "District") (i) to defease and pay a portion of the District's outstanding 2009 General Obligation Bond Anticipation Notes of the Alvord Unified School District, (ii) [to pay capitalized interest on the Series B Bonds], and (iii) to pay costs of issuance of the Series B Bonds. The Series B Bonds are being issued under the laws of the State of California (the "State") and pursuant to resolutions of the Board of Education of the District and the Board of Supervisors of the County.

The Series B Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other state law. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal, accreted value, maturity value of and interest on the Series B Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES B BONDS" herein.

The Series B Bonds are being issued as current interest bonds (the "Current Interest Bonds"), capital appreciation bonds (the "Capital Appreciation Bonds") and convertible capital appreciation bonds (the "Convertible Capital Appreciation Bonds"). The Current Interest Bonds will be issued in principal amounts of \$5,000 or integral multiples thereof as shown on the inside front cover hereof. Interest on the Current Interest Bonds is payable on \_\_\_\_\_ 1, 2011, and thereafter on each February 1 and August 1 to maturity. Principal of the Current Interest Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. The Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their maturity value payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside cover hereof. Interest on the Capital Appreciation Bonds will be compounded on each February and August 1 to maturity, commencing \_\_\_\_\_ 1, 2011.

The Series B Bonds issued as Convertible Capital Appreciation Bonds will initially constitute capital appreciation bonds and will convert to current interest bonds on their respective conversion dates as set forth on the inside front cover hereof (each a "Conversion Date"). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their stated accreted value at the Conversion Date thereof payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. Prior to the Conversion Date of a Convertible Capital Appreciation Bond, interest on such Convertible Capital Appreciation Bond will be compounded on each February 1 and August 1, commencing \_\_\_\_\_ 1, 2011. From and after the Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will bear current interest on the accreted value thereof at the rates set forth on the inside front cover page of this Official Statement, payable on each February 1 and August 1 to maturity, commencing on the February 1 or August 1 immediately following such Conversion Date. The Convertible Capital Appreciation Bonds will be issued in denominations of \$5,000 accreted value at the Conversion Date thereof, or any integral multiple thereof.

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 The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series B Bonds. Individual purchases of the Series B Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series B Bonds purchased by them. See "THE SERIES B BONDS – Form and Registration" herein. Payments of principal and maturity value of and interest on the Series B Bonds will be made by the Paying Agent, initially U.S. Bank National Association, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Series B Bonds. See "THE SERIES B BONDS – Payment of Principal and Interest" herein.

**The Series B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE SERIES B BONDS — Redemption" herein.**

\* Preliminary; subject to change.  
OHS West:261022899.2

As more fully described herein, a financial guaranty insurance policy from Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) may be obtained pursuant to a commitment that has been issued by it. The policy, if obtained, would guarantee the scheduled payment of principal, maturity value or accreted value of and interest on the Series B Bonds covered thereby (see "MUNICIPAL BOND INSURANCE" herein). The decision whether or not to obtain such a policy will be made at or about the time of the pricing of the Series B Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether such a policy will be obtained, and, if so, whether such policy will cover all or less than all of the Series B Bonds.

*The Series B Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to receiving the final legal opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, and the final tax opinion of the Law Offices of Samuel Norber, Beverly Hills, California, Special Tax Counsel. Certain legal matters will be passed upon for the District by Rutan & Tucker, LLP, Costa Mesa, California. Orrick, Herrington & Sutcliffe LLP is acting as Disclosure Counsel to the District in connection with the Series B Bonds. It is anticipated that the Series B Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2010.*

**Piper Jaffray**

The date of this Official Statement is \_\_\_\_\_, 2010.

**MATURITY SCHEDULE\***

BASE CUSIP<sup>1</sup>: 022555

\$ \_\_\_\_\_ **Current Interest Bonds**

\$ \_\_\_\_\_ **Serial Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number<sup>1</sup></u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number<sup>1</sup></u>
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_% CUSIP Number<sup>1</sup> - \_\_\_\_\_  
 \$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_% CUSIP Number<sup>1</sup> - \_\_\_\_\_

\$ \_\_\_\_\_ **Capital Appreciation Bonds**

<u>Maturity</u>	<u>Principal (Denominational) Amount</u>	<u>Accretion Rate</u>	<u>Reoffering Yield</u>	<u>Maturity Value</u>	<u>CUSIP Number<sup>1</sup></u>
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\$ \_\_\_\_\_ **Convertible Capital Appreciation Bonds**

<u>Maturity (August 1)</u>	<u>Initial Principal Amount</u>	<u>Accretion Rate</u>	<u>Stated Accreted Value at Conversion Date</u>	<u>Conversion Date (August 1)</u>	<u>Coupon Upon Conversion</u>	<u>Reoffering Yield</u>	<u>CUSIP Number<sup>1</sup></u>
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\* Preliminary; subject to change.

<sup>1</sup> Copyright 2010, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the District nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

This Official Statement does not constitute an offering of any security other than the original offering of the Series B Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series B Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. 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.

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

[Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") makes no representation regarding the Series B Bonds or the advisability of investing in the Series B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and in APPENDIX J - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES B BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

**ALVORD UNIFIED SCHOOL DISTRICT  
(RIVERSIDE COUNTY, CALIFORNIA)**

**BOARD OF EDUCATION**

Ben Johnson II, *President*  
Carolyn M. Wilson, *Vice President*  
José Luis Pérez, *Clerk*  
Art Kaspereen, *Member*  
Greg Kraft, *Member*

**DISTRICT ADMINISTRATORS**

Wendel W. Tucker, Ph.D., *Superintendent*  
Diana M. Asseier, *Assistant Superintendent, Instructional Support Services*  
Craig R. Wells, *Assistant Superintendent, Personnel*  
Paul F. Gill, *Assistant Superintendent, Business Services*

**PROFESSIONAL SERVICES**

**Bond Counsel**

Bowie, Arneson, Wiles & Giannone  
*Newport Beach, California*

**Special Tax Counsel**

Law Offices of Samuel Norber  
*Beverly Hills, California*

**District Counsel**

Best, Best & Krieger, LLP  
*San Diego, California*

**Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*Los Angeles, California*

**Financial Consultant**

Dolinka Group, LLC  
*Irvine, California*

**Program Manager**

*California Financial Services*  
*Mission Viejo, California*

**Paying Agent**

U.S. Bank National Association  
*Los Angeles, California*

**TABLE OF CONTENTS**

	<b>Page</b>
INTRODUCTION.....	1
General .....	1
The District.....	1
Possible Municipal Bond Insurance .....	2
THE SERIES B BONDS.....	2
Authority for Issuance; Purpose .....	2
Form and Registration.....	2
Payment of Principal and Interest.....	3
Redemption .....	5
Defeasance of Series B Bonds.....	7
Unclaimed Monies .....	8
Application and Investment of Series B Bond Proceeds; Plan of Finance.....	8
Estimated Sources and Uses of Funds.....	9
Debt Service .....	10
Outstanding Debt.....	11
Aggregate Debt Service.....	12
SECURITY AND SOURCE OF PAYMENT FOR THE SERIES B BONDS.....	12
General .....	12
Property Taxation System .....	12
Assessed Valuation of Property Within the District.....	13
Tax Rates.....	18
Tax Charges and Delinquencies .....	19
Direct and Overlapping Debt.....	21
MUNICIPAL BOND INSURANCE.....	23
TAX MATTERS .....	25
OTHER LEGAL MATTERS .....	26
Legal Opinion.....	26
Legality for Investment in California.....	26
Continuing Disclosure.....	26
No Litigation .....	26
MISCELLANEOUS.....	27
Ratings .....	27
Professionals Involved in the Offering.....	27

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Underwriting .....	28
APPENDIX A – INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET .....	A-1
APPENDIX B – FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.....	B-1
APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL .....	C-1
APPENDIX D – PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL .....	D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE .....	E-1
APPENDIX F – SUMMARY OF COUNTY OF RIVERSIDE INVESTMENT POLICIES AND PRACTICES AND DESCRIPTION OF INVESTMENT POOL .....	F-1
APPENDIX G – COUNTY INVESTMENT POLICY .....	G-1
APPENDIX H – BOOK-ENTRY ONLY SYSTEM .....	H-1
APPENDIX I – CAPITAL APPRECIATION BONDS TABLE OF ACCRETED VALUES .....	I-1
APPENDIX J – CONVERTIBLE CAPITAL APPRECIATION BONDS TABLE OF ACCRETED VALUES .....	J-1
APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY .....	K-1

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**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**General Obligation Bonds, 2007 Election, Series B**

**INTRODUCTION**

**General**

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$ \_\_\_\_\_\* aggregate principal amount of Alvord Unified School District (Riverside County, California) General Obligation Bonds, 2007 Election, Series B (the "Series B Bonds"), consisting of current interest bonds (the "Current Interest Bonds"), capital appreciation bonds (the "Capital Appreciation Bonds") and convertible capital appreciation bonds (the "Capital Appreciation Bonds"), to be offered by the Alvord Unified School District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The purpose of this Official Statement is to supply information to prospective buyers of the Series B Bonds. Quotations from and summaries and explanations of the Series B Bonds, the resolutions of the Board of Education of the District and the Board of Supervisors of the County of Riverside (the "County") providing for the issuance of the Series B Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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.

Copies of documents referred to herein and information concerning the Series B Bonds are available from the District by contacting: Superintendent of the District, at 10365 Keller Avenue, Riverside, California 92505, Attention: Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

**The District**

The District was formally established in 1960 as a unified successor district tracing its original formation history to 1896. The District currently encompasses an area of approximately 26 square miles, is located in the County, and includes territory located both within and around the cities of Riverside and Corona. The District provides public education services for grades K-12 and continuing education and adult education services programs and estimates that total current enrollment is approximately \_\_\_\_\_ students. For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

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\* Preliminary; subject to change.



## **Possible Municipal Bond Insurance**

As more fully described herein, the District may obtain a financial guaranty insurance policy from Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM" or the "Insurer") pursuant to a commitment that has been issued by it to the District. The policy, if obtained, would guarantee the scheduled payment of principal and Maturity Value of and interest on the Series B Bonds covered thereby (see "MUNICIPAL BOND INSURANCE" herein). The District's decision whether or not to obtain such a policy will be made at or about the time of the pricing of the Series B Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the District will obtain such a policy, and, if so, whether such policy will cover all or less than all of the Series B Bonds.

## **THE SERIES B BONDS**

### **Authority for Issuance; Purpose**

The Series B Bonds are issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board of Education of the District on November \_\_, 2010 (the "District Resolution"). Capitalized undefined terms used herein have the meanings ascribed thereto in the County Resolution.

At an election held on November 6, 2007, the District received authorization under a ballot measure to issue bonds of the District in an aggregate principal amount not to exceed \$196,000,000 to finance specific school facility construction, repair and improvement projects (the "2007 Authorization"). The measure required approval by at least 55% of the votes cast by eligible voters within the District, and received a favorable vote of approximately 62%. On May 1, 2008, the County, on behalf of the District, issued the first series of the authorized bonds under the 2007 Authorization in the aggregate principal amount of \$60,000,000 (the "Series A Bonds"), leaving \$136,000,000 aggregate principal amount of general obligation bonds authorized but unissued. The Series B Bonds represents the second series of the authorized bonds to be issued under the 2007 Authorization. On \_\_\_\_\_, 2009, the District issued \$60,000,000 aggregate principal amount of 2009 General Obligation Bond Anticipation Notes of the Alvord Unified School District (the "Series 2009 Notes") in anticipation of the sale of additional general obligation bonds of the District under the 2007 Authorization. On \_\_\_\_\_, 2010, the District issued \$51,999,393.95 aggregate initial principal amount of 2010 General Obligation Bond Anticipation Notes of the Alvord Unified School District (the "Series 2010 Notes").

Proceeds from the Series B Bonds will be used (i) to defease and pay a portion of the Series 2009 Notes in the aggregate principal amount of \$\_\_\_\_\_, (ii) [to pay capitalized interest on the Series B Bonds], and (iii) to pay costs of issuance of the Series B Bonds.

### **Form and Registration**

The Series B Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount, maturity value or accreted value at their conversion date, or any integral multiple thereof. The Series B Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as security depository of the Series B Bonds. Purchases of Series B Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series B Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is

discontinued for the Series B Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX H – “BOOK-ENTRY ONLY SYSTEM.”

### **Payment of Principal and Interest**

The Series B Bonds will be issued as Current Interest Bonds, Capital Appreciation Bonds and/or Convertible Capital Appreciation Bonds as set forth on the inside front cover hereof.

***Interest; Current Interest Bonds.*** The Current Interest Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an “Interest Date”), commencing on \_\_\_\_\_ 1, 2011, computed using a year of 360 days, comprising twelve 30-day months. Each Current Interest Bond shall bear interest from the Interest Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Date (the “Record Date”) and on or prior to the succeeding Interest Date, in which event it shall bear interest from such Interest Date, or unless it is authenticated on or before the Record Date preceding the first Interest Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Current Interest Bond, interest is in default on any outstanding Current Interest Bonds, such Current Interest Bond shall bear interest from the Interest Date to which interest has previously been paid or made available for payment on the outstanding Current Interest Bonds.

***Interest; Capital Appreciation Bonds.*** The Capital Appreciation Bonds will be dated as of their date of delivery. The Capital Appreciation Bonds will not bear interest on a current, periodic basis; instead, each Capital Appreciation Bond will accrete in value daily over the term to its maturity (on the basis of a 360-day year of 12 30-day months), from its initial principal amount on the date of issuance thereof to its stated maturity value at maturity thereof (“Maturity Value”), as stated on the inside front cover page of this Official Statement, on the basis of a constant interest rate compounded semiannually on each Interest Date (with straight-line interpolations between Interest Dates), commencing \_\_\_\_\_ 1, 2011

***Interest; Convertible Capital Appreciation Bonds.*** The Convertible Capital Appreciation Bonds will be dated as of their date of delivery. The Convertible Capital Appreciation Bonds will initially constitute capital appreciation bonds and will convert to current interest bonds on their respective conversion dates as set forth on the inside front cover hereof (each a “Conversion Date”). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not bear interest on a periodic basis; instead, each Convertible Capital Appreciation Bond will accrete in value daily from its initial principal amount on the date of issuance thereof (as stated on the inside front cover page of this Official Statement) to its stated accreted value at the Conversion Date thereof (on the basis of a 360-day year consisting of twelve 30-day months), as stated on the inside front cover page of this Official Statement, on the basis of a constant interest rate compounded semiannually on each Interest Date (with straight-line interpolations between Interest Dates), commencing on \_\_\_\_\_ 1, 2011.

From and after the Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will bear current interest on the accreted value thereof at the rate applicable thereto set forth on the inside front cover page of this Official Statement, payable on each Interest Date, commencing on the February 1 or August 1 immediately following such Conversion Date, computed using a year of 360 days, comprising twelve 30-day months. Following the Conversion Date thereof, each Convertible Capital Appreciation Bond will bear interest from the Interest Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on a Record Date and on or prior to the succeeding Interest Date, in which event it shall bear interest from

such Interest Date, or unless it is authenticated on or before the Record Date preceding the first Interest Date following its Conversion Date, in which event it will bear interest from its Conversion Date]; provided, however, that if, at the time of authentication of any Convertible Capital Appreciation Bond, interest is in default on any outstanding Convertible Capital Appreciation Bonds, such Convertible Capital Appreciation Bond shall bear interest from the Interest Date to which interest has previously been paid or made available for payment on the outstanding Convertible Capital Appreciation Bonds].

**Accreted Values.** The rate of interest at which a Capital Appreciation Bond's Maturity Value or Convertible Capital Appreciation Bond's stated accreted value at the Conversion Date thereof is discounted to its initial principal amount is known as the "Accretion Rate," and is stated on the inside front cover hereof. For any Capital Appreciation Bond, the value of principal plus accrued interest on any given Interest Date prior to maturity may be calculated by discounting the Maturity Value of the Capital Appreciation Bond from its maturity date to that Interest Date at a discount rate equal to the Accretion Rate, assuming a year of 360 days comprising twelve 30-day months. The imputed value on any other date may be calculated on the basis of a straight-line interpolation between the values calculated for the Interest Dates immediately preceding and following the date in question.

For any Convertible Capital Appreciation Bond, the value of principal plus accrued interest on any given Interest Date prior to the Conversion Date thereof may be calculated by discounting the stated accreted value at the Conversion Date of the Convertible Capital Appreciation Bond from its Conversion Date to that Interest Date at a discount rate equal to the Accretion Rate, assuming a year of 360 days comprising twelve 30-day months. The imputed value on any other date may be calculated on the basis of a straight-line interpolation between the values calculated for the Interest Dates immediately preceding and following the date in question.

The Underwriter has prepared the Tables of Accreted Values shown in Appendices I and J hereto, in order to provide the value per \$5,000 of Maturity Value for each Capital Appreciation Bond on each Interest Date prior to maturity and the value per \$5,000 of accreted value at the Conversion Date for each Convertible Capital Appreciation Bond on each Interest Date prior to the Conversion Date thereof.

The principal and accreted value of the Series B Bonds is payable upon the surrender thereof at the principal corporate trust office of U.S. Bank National Association, the paying agent, bond registrar, authentication agent and transfer agent with respect to the Series B Bonds (the "Paying Agent"), at the maturity thereof or upon redemption prior to maturity. Payment of interest on any Current Interest Bond or Convertible Capital Appreciation Bond after its Conversion Date on each Interest Date (or on the following business day, if the Interest Date does not fall on a business day) shall be made to the person appearing on the registration books of the Paying Agent, as the registered owner thereof (the "Owner") as of the preceding Record Date, such interest to be paid by check mailed by first class mail to the Owner at the Owner's address as it appears on the registration books. The Owner of an aggregate principal amount or accreted value of \$1,000,000 or more of Current Interest Bonds or Convertible Capital Appreciation Bonds may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank within the continental United States and account number on file with the Paying Agent as of the applicable Record Date.

The principal and accreted value of and interest and premiums, if any, on the Series B Bonds shall be payable in lawful money of the United States of America from monies on deposit in the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund"), consisting of *ad valorem* taxes collected and held by the Treasurer-Tax Collector of the County (the "County Treasurer"), together with any premium and accrued interest received upon issuance of the Series B Bonds. So long as all outstanding Series B Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal and accreted value of, premium, if any,

and interest on the Series B Bonds and all notices with respect to such Series B Bonds shall be made and given to such securities depository or its nominee and not to beneficial owners. So long as the Series B Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX H – “BOOK-ENTRY ONLY SYSTEM.”

**Redemption**

**Optional Redemption.** The Current Interest Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

The Capital Appreciation Bonds are subject to optional redemption prior to maturity.

The Convertible Capital Appreciation Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

**Mandatory Sinking Fund Redemption.** The \$\_\_\_\_\_ Term Current Interest Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
†	\$
† Maturity.	

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Current Interest Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The \$\_\_\_\_\_ Term Convertible Capital Appreciation Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective accreted value amounts as set forth in the following schedule, at a redemption price equal to 100% of the accreted value thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Accreted Value Amounts to be Redeemed
	\$

<sup>†</sup> Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Convertible Capital Appreciation Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The Capital Appreciation Bonds shall not be subject to mandatory sinking fund redemption prior to maturity.

**Selection of Series B Bonds for Redemption.** [If less than all of the Series B Bonds are called for redemption, such Series B Bonds shall be redeemed as directed by the District, and if not so directed in inverse order of maturity. Whenever less than all of the outstanding Series B Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series B Bonds of such maturity to be redeemed by lot in any manner the Paying Agent shall determine. For purposes of such selection, the Series B Bonds to be redeemed in part shall be in denominations of \$5,000 principal or Maturity Value or any integral multiple thereof.]

**Notice of Redemption.** [Notice of redemption of any Series B Bond will be given at least 30 days, but not more than 60 days, prior to the redemption date (i) by first class mail, postage prepaid, to the District and the County and the respective Owners thereof at the addresses appearing on the bond registration books, (ii) by mail, first class postage, to the securities depository for the Series B Bonds (initially, DTC), (iii) by mail, first class postage, to one information service of national recognition which disseminates redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The County Resolution provides that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Series B Bonds nor entitle the Owner thereof to interest beyond the date given for redemption.]

[Each notice of redemption will contain the following information: (i) that the Series B Bonds or a designated portion thereof are to be redeemed; (ii) if less than all of the then outstanding Series B Bonds are to be called for redemption, the numbers and CUSIP® numbers, if any, of the Series B Bonds to be redeemed; (iii) the date of notice and the date of redemption; (iv) the place or places where the redemption will be made; and (v) descriptive information regarding the Series B Bonds and the specific Series B Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. The County Resolution provides that such redemption notice shall further state that on the specified date there shall become due and payable upon each Series B Bond to be redeemed, the portion of the principal amount of such Series B Bond to be redeemed, together with interest accrued or accreted, as applicable, to the date of redemption, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue or accrete, as applicable.]

**Effect of Notice of Redemption.** [When notice of redemption has been given substantially as described above, and the monies for the redemption (including the interest to the applicable date of redemption) have been set aside in the Interest and Sinking Fund, the Series B Bonds to be redeemed

shall become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Series B Bonds to be redeemed as provided in the County Resolution, together with interest to such redemption date, shall be available therefor on such redemption date, and if notice of redemption thereof shall have been given as provided in the County Resolution, then from and after such redemption date, interest with respect to the Series B Bonds to be redeemed shall cease to accrue or accrete, as applicable. All money held for the redemption of Series B Bonds shall be held in trust for the account of the Owners of the Series B Bonds so to be redeemed.]

***Contingent Redemption; Rescission of Redemption.*** [The County Resolution provides that any redemption notice may specify that redemption of the Series B Bonds designated for redemption on the specified date will be subject to the receipt by the District of monies sufficient to cause such redemption (and will specify the proposed source of such monies), and provides that neither the District or the County will have any liability to the Owners of any Series B Bonds, or any other party, as a result of the District's failure to redeem the Series B Bonds designated for redemption as a result of insufficient monies therefor. Additionally, the County Resolution provides that the District may rescind any optional redemption of the Series B Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Series B Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The County Resolution provides that the actual receipt by the Owner of any Series B Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. The County Resolution provides that neither the District nor the County will have any liability to the Owners of any Series B Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Series B Bonds pursuant to the provisions of the County Resolution.]

#### **Defeasance of Series B Bonds**

The District may pay and discharge any or all of the Series B Bonds in the following ways: (i) by irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Interest and Sinking Fund, is sufficient to pay all (or the designated outstanding maturities) of the Series B Bonds, including all principal and interest and premium, if any; or (ii) by irrevocably depositing with a bank or trust company, in escrow, noncallable Defeasance Securities, as permitted under Section 149(d) of the Internal Revenue Code, together with cash, if required, in such an amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon, be fully sufficient to pay and discharge all (or the designated outstanding maturities) of the Series B Bonds, including all principal and interest and premium, if any, at or before their maturity date. The County Resolution provides that "Defeasance Securities" means direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Defeasance Securities, (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Defeasance Securities, and (iii) the underlying Defeasance Securities are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claims of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; and provided further that such obligations are rated or assessed "AAA" by Standard & Poor's if the Series B Bonds are then rated by Standard & Poor's, and "Aaa" by Moody's Investors Service if the Series B Bonds are then rated by Moody's Investors Service.

## Unclaimed Monies

The County Resolution provides that any monies held by the Paying Agent for the payment of the principal or Maturity Value of, redemption premium, if any, or interest on Series B Bonds remaining unclaimed for one year after the corresponding maturity or redemption date for such Series B Bonds shall be returned by the Paying Agent to the County Treasurer, with any and all interest accrued thereon, for deposit into the Interest and Sinking Fund of the District. The County Resolution also provides that any monies held in any fund created pursuant to the County Resolution, or by the Paying Agent in trust, for the payment of the principal or Maturity Value of, redemption premium, if any, or interest on Series B Bonds and remaining unclaimed for one year after the principal or Maturity Value of all of the Series B Bonds have become due and payable (whether by maturity or upon prior redemption) shall be, after written direction of the District, transferred to the general fund of the District to be applied in accordance with law; provided, however, that the Paying Agent or the District, before making such transfer, shall cause notice to be mailed to the Owners of all Series B Bonds that have not been paid, by first-class mail at the addresses on the bond register, postage prepaid, not less than 90 days prior to the date of such transfer.

## Application and Investment of Series B Bond Proceeds; Plan of Finance

The District and U.S. Bank National Association, as escrow bank (the "Escrow Bank") will enter into the Escrow Agreement, dated as of \_\_\_\_\_ 1, 2010 (the "Escrow Agreement"), with respect to the Series 2009 Notes being defeased, pursuant to which the District will cause to be deposited a portion of the proceeds from the sale of the Series B Bonds into a special fund to be held by the Escrow Bank. The amount deposited with the Escrow Bank will be used to purchase certain [United States governmental obligations], the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank to pay the principal of and interest due on the \$ \_\_\_\_\_ aggregate principal amount of Series 2009 Notes being defeased to the maturity date of the Series 2009 Notes (\_\_\_\_\_ 1, 2011) in accordance with the schedule set forth in the Escrow Agreement.

[The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of projected receipts of principal and interest on the government obligations, and the projected payments of principal and interest to retire the Notes to be defeased will be verified by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_. Such computations will be based solely on assumptions and information supplied by the District and the Underwriter. \_\_\_\_\_ will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.]

Any premium or accrued interest received by the District will be deposited in the Interest and Sinking Fund of the District in the County treasury. Interest and earnings on each fund will accrue to that fund.

**Estimated Sources and Uses of Funds**

The proceeds of the Series B Bonds are expected to be applied as follows:

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
General Obligation Bonds, 2007 Election, Series B**

Estimated Sources and Uses of Funds

Sources of Funds:

Par Amount of Series B Bonds	\$
Plus Net Original Issue Premium	
Total Sources of Funds	<u>\$</u>

Uses of Funds:

Series 2009 Note Defeasance	\$
Costs of Issuance <sup>(1)</sup>	
Deposit to Interest and Sinking Fund <sup>(2)</sup>	
Total Uses of Funds	<u>\$</u>

<sup>(1)</sup> Includes underwriter's discount, Bond Counsel, Disclosure Counsel, District Counsel, Financial Consultant and other consultant fees, rating agency fees, initial Paying Agent fees, printing fees, [bond insurance premium, if any,] and other miscellaneous fees and expenses.

<sup>(2)</sup> [Consists of premium received by the District and constituting capitalized interest on the Series B Bonds.]



**Debt Service**

Debt service on the Series B Bonds, assuming no early redemptions, is as shown in the following table.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
General Obligation Bonds, 2007 Election, Series B  
Debt Service**

Period Ending August 1	Current Interest Bonds		Capital Appreciation Bonds		Convertible Capital Appreciation Bonds		Annual Debt Service
	Principal	Interest	Principal	Interest Paid at Maturity	Principal	Interest, Including Interest Paid at Maturity	
2011	\$	\$	\$	\$	\$	\$	\$
2012							
2013							
2014							
2015							
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
Total:	\$	\$	\$	\$	\$	\$	\$

## **Outstanding Debt**

On November 1, 2002, the District, through the County, issued a series of general obligation bonds (the "Series 2002 Bonds") in the amount of \$52,810,000. The Series 2002 Bonds were issued in order to refinance bonds issued pursuant to a 1997 election.

Pursuant to the 2007 Authorization, on May 1, 2008, the District, through the County, issued \$60,000,000 aggregate principal amount of the Series A Bonds.

On \_\_\_\_\_, 2009, the District issued \$60,000,000 aggregate principal amount of the Series 2009 Notes. The Series 2009 Notes mature on December 1, 2011. The 2009 Notes are payable from the proceeds of the sale of general obligation bonds of the District issued pursuant to the Authorization or from other funds of the District lawfully available for the purpose of repaying the Series 2010 Notes, including, but not limited to, grant funds from the State of California available for such purpose. A portion of the proceeds of the Series B Bonds will be applied to the defeasance and payment of the Series 2009 Notes.

On \_\_\_\_\_, 2009, the District issued \$51,999,393.95 aggregate initial principal amount of the Series 2010 Notes. The Series 2010 Notes mature on May 1, 2015. The 2010 Notes are payable from the proceeds of the sale of general obligation bonds of the District issued pursuant to the Authorization or from other funds of the District lawfully available for the purpose of repaying the Series 2010 Notes, including, but not limited to, grant funds from the State of California available for such purpose.

**Aggregate Debt Service**

Debt service on the District's outstanding general obligation bonds, assuming no early redemptions, is as shown in the following table.

Period Ending August 1	Series 2002 Bonds	Series A Bonds	Series B Bonds	Aggregate Total Debt Service
2011	\$	\$	\$	\$
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
Total	\$	\$	\$	\$

**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES B BONDS**

**General**

In order to provide sufficient funds for repayment of principal, accreted value and interest when due on the Series B Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

**Property Taxation System**

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal of and interest on such bonds when due.

### **Assessed Valuation of Property Within the District**

Taxable property located in the District has a 2010-11 assessed value of \$\_\_\_\_\_. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed.

**State-Assessed Property.** Under the Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's

methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed 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 property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

Under California law, a city or county can create a redevelopment agency in territory within one or more school districts. Upon formation of a “project area” of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as “tax increment”) belong to the redevelopment agency, causing a loss of tax revenues to other local taxing agencies, including school districts, from that time forward. However, taxes collected for payment of debt service on school bonds are not affected or diverted by the operation of a redevelopment agency project area. Moreover, some school districts have negotiated “pass-through agreements” with their local redevelopment agencies, entitling the district to receive a portion of the tax increment revenue that would otherwise belong to the redevelopment agency (provided such revenue is not pledged and needed to pay debt service on redevelopment agency tax-increment bonds). In some cases the pass-through is mandated by statute.

Shown in the following table is the assessed valuation of the various classes of property in the District in recent years.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
Assessed Valuations  
Fiscal Years 2000-01 through 2010-11**

[Table to be updated.]

Fiscal Year	Local Secured	Utility	Unsecured	Total Before Redevelopment Increment	Total After Redevelopment Increment
2000-01	\$ 3,102,120,387	\$ 1,748,638	\$ 105,221,463	\$ 3,209,090,488	\$ 3,126,660,573
2001-02	3,347,727,500	1,772,286	146,531,828	3,496,031,614	3,382,178,083
2002-03	3,564,406,686	1,655,084	161,506,273	3,727,568,043	3,619,080,307
2003-04	3,876,632,992	1,070,185	148,912,887	4,026,616,064	3,914,993,728
2004-05	4,337,079,402	1,027,374	159,581,509	4,497,688,285	4,383,194,208
2005-06	4,957,889,187	1,044,022	201,826,936	5,160,760,145	4,474,110,608
2006-07	5,758,106,781	993,568	191,655,254	5,950,755,603	4,704,090,341
2007-08	6,730,106,629	153,200	212,126,746	6,942,386,575	5,115,255,042
2008-09	6,813,474,664	153,200	203,830,900	7,017,458,764	5,290,923,216
2009-10	6,030,484,672	153,200	208,053,610	6,238,691,482	4,882,863,077
2010-11					

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified

educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

***Appeals of Assessed Valuation; Blanket Reductions of Assessed Values.*** There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In the County, a property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the Riverside County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the County Assessor's Office (the "Assessor"), the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than two percent) following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the Assessor, the County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

***Bonding Capacity.*** As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately \$ \_\_\_\_\_

million. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

**Assessed Valuation by Land Use.** The following table sets forth a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
2010-11 Assessed Valuation and Parcels by Land Use**

[Table to be updated.]

	2009-10 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b>Non-Residential:</b>				
Agricultural/Rural/Undeveloped	\$ 78,096,387	1.30%	720	2.76%
Commercial	999,195,566	16.57	2,369	9.08
Vacant Commercial	82,323,009	1.37	265	1.02
Industrial	<u>202,156,536</u>	<u>3.35</u>	<u>90</u>	<u>0.35</u>
Subtotal Non-Residential	\$1,361,771,498	22.58%	3,444	13.20%
<b>Residential:</b>				
Single Family Residence	\$3,692,714,183	61.23%	19,221	73.69%
Condominium/Townhouse	273,022,152	4.53	1,185	4.54
Mobile Home	35,380,902	0.59	825	3.16
2-4 Residential Units	101,375,809	1.68	320	1.23
5+ Residential Units/Apartments	524,106,464	8.69	80	0.31
Vacant Residential	<u>41,913,664</u>	<u>0.70</u>	<u>1,010</u>	<u>86.80%</u>
Subtotal Residential	\$4,668,713,174	77.42%	22,641	86.80%
<b>TOTAL</b>	<b>\$6,030,484,672</b>	<b>100.00%</b>	<b>26,085</b>	<b>100.00%</b>

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.  
Source: California Municipal Statistics, Inc.

*Assessed Valuation of Single-Family Residential Properties.* The following table shows the assessed valuation of single-family residential properties in the District for fiscal year 2010-11.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
Per Parcel 2010-11 Assessed Valuation of Single Family Homes**

[Table to be updated.]

	2009-10 Assessed Valuation		Average Assessed Valuation		Median Assessed Valuation	
Single Family Residential	No. of Parcels					
	19,221	\$3,692,714,183	\$192,119	\$174,000		
2009-10 Assessed Valuation	No. of Parcels <sup>(1)</sup>	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	51	0.265%	0.265%	\$ 947,913	0.026%	0.026%
\$25,000 - \$49,999	637	3.314	3.579	25,706,279	0.696	0.722
\$50,000 - \$74,999	872	4.537	8.116	53,197,754	1.441	2.162
\$75,000 - \$99,999	877	4.563	12.679	78,198,797	2.118	4.280
\$100,000 - \$124,999	1,830	9.521	22.200	207,961,952	5.632	9.912
\$125,000 - \$149,999	2,03	13.542	35.742	358,123,091	9.698	19.610
\$150,000 - \$174,999	2,826	14.703	50.445	459,272,893	12.437	32.047
\$175,000 - \$199,999	2,293	11.930	62.374	427,816,641	11.585	43.633
\$200,000 - \$224,999	1,833	9.536	71.911	387,291,421	10.488	54.121
\$225,000 - \$249,999	1,229	6.394	78.305	290,508,830	7.867	61.988
\$250,000 - \$274,999	1,001	5.208	83.513	261,849,234	7.091	69.079
\$275,000 - \$299,999	761	3.959	87.472	217,864,655	5.900	74.978
\$300,000 - \$324,999	670	3.486	90.958	208,458,096	5.645	80.624
\$325,000 - \$349,999	385	2.003	92.961	129,428,456	3.505	84.129
\$350,000 - \$374,999	278	1.446	94.407	100,412,991	2.719	86.848
\$375,000 - \$399,999	287	1.493	95.900	110,941,229	3.004	89.852
\$400,000 - \$424,999	224	1.165	97.066	91,988,939	2.491	92.343
\$425,000 - \$449,999	210	1.093	98.158	91,299,124	2.472	94.816
\$450,000 - \$474,999	100	0.520	98.679	45,961,161	1.245	96.060
\$475,000 - \$499,999	78	0.406	99.084	37,896,362	1.026	97.086
\$500,000 and greater	176	0.916	100.000	107,588,365	2.914	100.000
Total	19,221	100.000%		\$3,692,714,183	100.00%	

<sup>(1)</sup> Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.  
Source: California Municipal Statistics, Inc.



**Largest Taxpayers in District.** The twenty taxpayers with the greatest combined ownership of taxable property in the District on the 2010-11 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
Largest Local Secured Taxpayers 2010-11**

[Table to be updated.]

Property Owner	Primary Land Use	2008-09 Assessed Value	Percent of Total <sup>(1)</sup>
1. BRE Properties	Apartments	\$ 81,359,990	1.35%
2. Rohr Inc.	Industrial	77,616,870	1.29
3. Turner Cottonwood	Commercial	56,150,000	0.93
4. Corona Summit	Commercial	49,365,151	0.82
5. Turner Riverwalk	Commercial	47,759,810	0.79
6. Wal Mart Real Estate Business Trust	Commercial	34,782,522	0.58
7. Stremicks Heritage Foods LC	Industrial	32,857,655	0.54
8. Corona Hills Marketplace	Commercial	32,640,000	0.54
9. EQR Fankey 2004 Ltd.	Apartments	31,181,139	0.52
10. SDCO Hills of Corona Inc.	Apartments	31,111,709	0.52
11. EQR S&T	Apartments	27,951,245	0.46
12. Deutsche Bank National Trust Co.	Residential Properties	27,117,753	0.45
13. Grae La Sierra	Commercial	25,352,831	0.42
14. Polk Schaefer	Apartments	24,775,507	0.41
15. PPC Glenbrook	Apartments	23,610,536	0.39
16. Peppertree Place Apartments	Apartments	16,734,948	0.28
17. Lowes HIW Inc.	Commercial	15,664,701	0.26
18. Country Side Center Corona	Commercial	15,624,202	0.26
19. Realty Income Corp.	Commercial	14,989,000	0.25
20. Biltmore Riverside	Commercial	13,745,145	0.23
		<u>\$680,390,714</u>	<u>11.28%</u>

<sup>(1)</sup> 2009-10 Local Secured Assessed Valuation: \$6,030,484,672  
Source: California Municipal Statistics, Inc.

**Tax Rates**

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school district general obligation bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series B Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series B Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series B Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

**Typical Tax Rate Area.** The following table shows *ad valorem* property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 9-176) over the five year period from 2006-07 through 2010-11. This Tax Rate Area comprises approximately \_\_\_\_% of the total assessed value of the District.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 9-176)  
Fiscal Years 2006-2007 Through 2010-11**

[Table to be updated.]

	2006-07	2007-08	2008-09	2009-10	2010-11
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$
City of Riverside	.00821	.00627	.00747	.00577	
Alvord Unified School District	.05804	.05258	.10641 <sup>(1)</sup>	.12545	
Riverside City Community College District	.01800	.01259	.01254	.01242	
Metropolitan Water District	.00470	.00450	.00430	.00430	
Total	\$1.08895	\$1.07594	\$1.13072	\$1.14794	\$

<sup>(1)</sup> The District's tax rate includes the rate necessary to pay the District's first series of *General Obligation Bonds* issued on May 1, 2008, as well as a series of the District's general obligation bonds issued in 2002 pursuant to a previous voter authorization.

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Series B Bonds to be approved by a 55% popular vote, bonds approved by the District's voters at the November 6, 2007 Election may not be issued unless the District projects that repayment of all outstanding bonds approved at the election will require a tax rate no greater than \$30.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series B Bonds, the District projects that the maximum tax rate required to repay the Series B Bonds and all other outstanding bonds approved at the November 6, 2007 Election will be within that legal limit. The tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series B Bonds in each year.

**Tax Charges and Delinquencies**

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series B Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$23 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the

unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. There are also fees charged for delinquent unsecured property tax bills. To collect unpaid taxes, the county treasurer may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table shows real property tax charges and delinquencies in the District for the fiscal years 2005-06 through 2009-10.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
Secured Tax Charges and Delinquencies  
Fiscal Years 2005-06 through 2009-10**

[Table to be updated.]

Fiscal Year	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent as of June 30	Percent Delinquent June 30
2005-06	\$3,580,630.35	\$160,051.95	4.47%
2006-07	3,375,768.42	277,653.25	8.22
2007-08	3,494,665.85	383,874.69	10.98
2008-09	7,145,979.18	519,866.29	7.27
2009-10			

<sup>(1)</sup> Debt service only.

Source: California Municipal Statistics, Inc.

**Teeter Plan.** In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing Section 4701) of the California Revenue and Taxation Code (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies, 95% of the then-accumulated, secured roll property tax delinquencies and to place the remain 5% in a tax losses reserve fund. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the County Treasury, the District is included in the Teeter Plan.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating agencies in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken

not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. The County has never discontinued the Teeter Plan with respect to any levying agency.

### **Direct and Overlapping Debt**

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. and effective \_\_\_\_\_, 2010 for debt issued as of [November] 1, 2010. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Statement Of Direct And Overlapping Bonded Debt**  
**As of \_\_\_\_\_, 2010**

[Table to be updated.]

2009-10 Assessed Valuation: \$6,238,691,482  
 Redevelopment Incremental Valuation: 1,355,828,405  
 Adjusted Assessed Valuation: \$4,882,863,077

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 1/1/10</u>
Metropolitan Water District	0.269%	\$ 804,122
Riverside City Community College District	8.298	11,177,083
Alvord Unified School District	100.	162,125,000 <sup>(1)</sup>
City of Corona	6.102	51,257
City of Riverside	17.933	3,105,099
City of Corona Community Facilities District No. 2004-1	100.	3,615,000
City of Norco Community Facilities District No. 2001-1	0.131	48,457
Alvord Unified School District Community Facilities District No. 2001-1	100.	3,290,000
Alvord Unified School District Community Facilities District No. 2006-1	100.	8,690,000
Riverside County Community Facilities District No. 04-2	100.	23,945,000
City of Riverside Riverwalk Assessment District	100.	8,440,000
City of Riverside Riverwalk Business Assessment District	100.	3,335,000
Western Municipal Water District 1915 Act Bonds	100.	<u>725,000</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$229,351,018</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	3.216%	\$ 24,205,432
Riverside County Pension Obligations	3.216	12,288,014
Riverside County Board of Education Certificates of Participation	3.216	232,838
Alvord Unified School District Certificates of Participation (Qualified Zone Academy Bonds)	100.	2,027,061
City of Corona General Fund Obligations	6.102	4,337,912
City of Riverside General Fund Obligations	17.933	35,090,398
City of Riverside Pension Obligations	17.933	<u>25,000,395</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$103,182,050</b>
Less: Riverside County self-supporting obligations		506,558
Less: City of Corona Certificates of Participation supported y wastewater revenues		<u>194,439</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$102,481,143</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$332,533,068<sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$331,832,161</b>

(1) Excludes the Series B Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at Maturity.

Ratios to 2009-10 Assessed Valuation:

Direct Debt (\$162,125,000) ..... 2.60%  
 Total Direct and Overlapping Tax and Assessment Debt ..... 3.68%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$164,152,061) ..... 3.36%  
 Gross Combined Total Debt ..... 6.81%  
 Net Combined Total Debt ..... 6.80%

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

Source: California Municipal Statistics, Inc.

## MUNICIPAL BOND INSURANCE

[In connection with the issuance of the Series B Bonds, the District has obtained from Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM" or the "Insurer") a commitment to issue a financial guaranty insurance policy (the "Insurance Policy") to guarantee the scheduled payment of principal of and interest on all or a portion of the Series B Bonds as such payments shall become due, as more fully described below.

No assurance can be given as to (a) whether the District will decide to obtain the Insurance Policy from the Insurer in connection with the issuance of the Series B Bonds or (b) whether the District will insure all or less than all of the Series B Bonds. The decision as to whether or not the Insurance Policy will be obtained from the Insurer with respect to all or a portion of the Series B Bonds will be made at or about the time of the pricing of the Series B Bonds and will be based upon, among other things, market conditions existing at such time. If the District does decide to obtain the Insurance Policy from the Insurer, it will be a condition to the issuance of the Series B Bonds that such policy be issued concurrently with the issuance of the Series B Bonds. Any such Series B Bonds that are so insured are hereinafter referred to as the "Insured Bonds."

There follows under this caption certain information concerning the terms of the Insurance Policy and the Insurer that has been supplied by the Insurer for inclusion in this Preliminary Official Statement. No representation is made by the District as to the accuracy, completeness or adequacy of such information, nor as to the absence of material adverse changes in such information subsequent to the date of this Preliminary Official Statement. The District has not made any independent investigation of the Insurer or the Insurance Policy, and reference is made to the information set forth below and in Appendix J hereto for a description thereof.

The following information and the specimen of the Insurance Policy attached as Appendix J hereto have been furnished by the Insurer for use in this Preliminary Official Statement.

### **The Insurance Policy**

Concurrently with the issuance of the Series B Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal and Maturity Value of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix J to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Assured Guaranty Municipal Corp. (Formerly Known as Financial Security Assurance Inc.)**

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and

structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AA+" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

***Current Financial Strength Ratings.*** On October 25, 2010, S&P published a Research Update in which it downgraded AGM's counterparty credit and financial strength rating from "AAA" (negative outlook) to "AA+" (stable outlook). Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at [www.fitchratings.com](http://www.fitchratings.com), for the complete text of Fitch's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at [www.moody.com](http://www.moody.com), for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2010, AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, which was filed by AGL with the SEC on August 9, 2010.

***Capitalization of AGM.*** At June 30, 2010, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$2,264,680,337 and its total net

unearned premium reserve was approximately \$2,259,557,420, in each case, in accordance with statutory accounting principles.

***Incorporation of Certain Documents by Reference.*** Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- the Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010);
- the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010); and
- the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010 (which was filed by AGL with the SEC on August 9, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Series B Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Series B Bonds or the advisability of investing in the Series B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE".]

#### **TAX MATTERS**

[To be provided by Special Tax Counsel.]



## OTHER LEGAL MATTERS

### Legal Opinion

The validity of the Series B Bonds and certain other legal matters are subject to receiving the approving opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, substantially in the form set forth in Appendix C hereto, and the final tax opinion of the Law Offices of Samuel Norber, Beverly Hills, California, Special Tax Counsel, substantially in the form set forth in Appendix D hereto. Bond Counsel and Special Tax Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

### Legality for Investment in California

Under provisions of the California Financial Code, the Series B Bonds are legal investments for commercial banks in California to the extent that the Series B Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, are eligible securities for deposit of public monies in the State.

### Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Series B Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than eight months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2010-11 fiscal year (which is due no later than April 1, 2012) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board through its Municipal Market Access System, or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System"). The notices of material events will be filed by the Dissemination Agent on behalf of the District with the Municipal Securities Rulemaking Board through the EMMA System. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). [The District has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.]

### No Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series B Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Series B Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series B Bonds or District or County officials who will sign certifications relating to the Series B Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Series B Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

## MISCELLANEOUS

### Ratings

Fitch Ratings ("Fitch") and Standard & Poor's Rating Services ("S&P") have assigned their respective underlying ratings of "\_\_\_" and "\_\_\_" to the Series B Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The ratings reflect only the view of the rating agency furnishing the same, and any explanation of the significance of such ratings should be obtained only from the rating agency providing the same. Such ratings are not a recommendation to buy, sell or hold the Series B Bonds. There is no assurance that any ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series B Bonds.

[In connection with the issuance of the Series B Bonds, the District has obtained from the Insurer a commitment to issue the Insurance Policy to guarantee the scheduled payment of principal of and interest on all or a portion of the Insured Bonds as such payments shall become due, as more fully described herein. See "MUNICIPAL BOND INSURANCE." No assurance can be given as to (a) whether the District will decide to obtain the Insurance Policy from the Insurer in connection with the issuance of the Series B Bonds or (b) whether the District will insure all or less than all of the Series B Bonds. The decision as to whether or not the Insurance Policy will be obtained from the Insurer with respect to all or a portion of the Series B Bonds will be made at or about the time of the pricing of the Series B Bonds and will be based upon, among other things, market conditions existing at such time. If the District does decide to obtain the Insurance Policy from the Insurer, the Insured Bonds are expected to be rated "AA" (negative outlook) by Fitch and "AA+" (stable outlook) by S&P. Such ratings are expected to be assigned solely as a result of the issuance of the Insurance Policy and would reflect only the rating agencies' views of the claims-paying ability and financial strength of the Insurer. Neither the District nor the Underwriter have made any independent investigation of the claims-paying ability of the Insurer and no representation is made that any insured rating of the Insured Bonds based upon the purchase of the Insurance Policy will remain the same as or higher than, as applicable, the same rating agency's underlying rating of the Series B Bonds described above, which did not take bond insurance into account. The existence of the Insurance Policy will not, of itself, negatively affect such underlying ratings. Without regard to any bond insurance, the Series B Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and constitutional requirements, and required to be levied by the Counties on property within the District in an amount sufficient for the timely payment of principal and Maturity Value of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES B BONDS." However any downward revision or withdrawal of any rating of the Insurer may have an adverse effect on the market price or marketability of the Insured Bonds.]

### Professionals Involved in the Offering

Bowie, Arneson, Wiles & Giannone, Newport Beach, California, is acting as Bond Counsel to the District and the Law Offices of Samuel Norber, Beverly Hills, California, is acting as Special Tax Counsel to the District with respect to the Series B Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series B Bonds. Certain legal matters will be passed on for the District by Bowie, Arneson, Wiles & Giannone, Newport Beach, California. Orrick, Herrington & Sutcliffe LLP is acting as Disclosure Counsel to the District in connection with the issuance of the Series B Bonds. Dolinka Group, LLC, Irvine, California, serves as the District's Financial Consultant. Payment of the fees and expenses of District Counsel, Disclosure Counsel and the Financial Consultant are also contingent upon the issuance and delivery of the Series B Bonds. From time to time, Disclosure Counsel represents the Underwriter on matters unrelated to the Series B Bonds.

**Underwriting**

The Series B Bonds are being purchased for reoffering to the public by Piper Jaffray & Co. LLC (the "Underwriter") pursuant to the terms of a bond purchase agreement executed on \_\_\_\_\_, 2011, by and between the Underwriter and the District (the "Purchase Agreement"). The Underwriter has agreed to purchase the Series B Bonds at a price of \$ \_\_\_\_\_ (consisting of the aggregate principal amount thereof, \$ \_\_\_\_\_, plus net original issue premium of \$ \_\_\_\_\_, less Underwriter's discount of \$ \_\_\_\_\_, and less costs of issuance the Underwriter has agreed to pay on behalf of the District in the amount of \$ \_\_\_\_\_). The Purchase Agreement provides that the Underwriter will purchase all of the Series B Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Series B Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings, including the Series B Bonds, allocated to the Underwriter at the original offering prices. Under the Distribution Agreement, the Underwriter will share with AAM a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

The District has duly authorized the delivery of this Official Statement.

**ALVORD UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Assistant Superintendent, Business Services

## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this appendix concerning the operations of the Alvord Unified School District (the "District"), the District's finances, and State of California (the "State") funding of education, 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 Series B Bonds is payable from the General Fund of the District or from State revenues. The Series B Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Series B Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES B BONDS" in the front portion of this Official Statement.*

### THE DISTRICT

#### Introduction

The District was formally established in 1960 as a unified successor district tracing its original formation history to 1896. The District currently encompasses an area of approximately 26 square miles, is located in the County of Riverside, California (the "County"), and includes territory located both within and around the cities of Riverside and Corona. The County is located in Southern California and is bordered on the north by the County of San Bernardino, on the south by the County of San Diego and the County of Imperial, on the west by the County of Orange and on the east by the Colorado River, which forms the boundary between the states of California and Arizona.

The District provides public education services for grades K-12 and continuing education and adult education services programs. The District, with a current average enrollment of \_\_\_\_\_, operates 14 elementary schools, four middle schools, two high schools, one continuation high school and one Alternative Education Center. The District currently employs \_\_\_\_\_ certificated employees (representing \_\_\_\_\_ teachers and \_\_\_\_\_ administrators) and \_\_\_\_\_ classified employees (including \_\_\_\_\_ classified managers and supervisors). The District operates under the jurisdiction of the Riverside County Superintendent of Schools.

#### Board of Education

The governing board of the District is the Board of Education of the Alvord Unified School District (the "Board"). The Board consists of five members who are elected at large to overlapping four-year terms at elections held every two years. If a vacancy arises during any term, the vacancy is filled by an appointment by the majority vote of the remaining board members and if there is no majority by a special election. Each December, the Board elects a President, a Vice President and a Clerk to serve one-year terms. The name, office and the month and year of the expiration of the current term of each member of the Board is described below.

**ALVORD UNIFIED SCHOOL DISTRICT  
(Riverside County, California)**

**Board of Education**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ben Johnson II	President	December 2011
Carolyn M. Wilson	Vice President	December 2011
José Luis Pérez	Clerk	December 2013
Art Kaspereen, Jr.	Member	December 2013
Greg Kraft	Member	December 2013

**Superintendent and Administrative Personnel**

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and certain other key administrative personnel is set forth below.

***Wendel W. Tucker, Ph.D., Superintendent.*** Dr. Tucker was appointed Superintendent of the District effective July 1, 2008. Dr. Tucker has served in the District since 1992 as the principal of Arizona Intermediate School, the principal of Villegas Middle School and, most recently as Assistant Superintendent for Operational Support Services. Prior to coming to the District, Dr. Tucker served as an administrator in the Adventist School system. Dr. Tucker has also taught at the college level and is involved in a variety of community activities. Dr. Tucker earned a Bachelors degree in History from Pacific Union College, a Masters in History from Pacific Union College and a Doctorate in Educational Leadership from Miami University.

***Diana M. Asseier, Assistant Superintendent, Instructional Support Services.*** Ms. Asseier came to the District after serving as the Assistant Superintendent for Educational Services in Victor Valley Unified High School District. Prior to that, Ms. Asseier was the Principal of Mira Loma Middle School and Ina Arbuckle Elementary School and Assistant Principal of Mission Middle School in Jurupa Unified School District. Ms. Asseier began her career in education as a teacher in 1979. She received her Bachelors degree in English and Masters in Reading from the California State University Long Beach and received her Administrative Credential Tier I from the University of La Verne and Tier II from the University of California, Riverside.

***Craig R. Wells, Assistant Superintendent, Personnel.*** Mr. Wells came to the District from Temecula Valley Unified School District where he served as Director, Classified Services and for Certificated Services for four years. He has also been a site assistant principal and principal in Simi Valley Unified School District and a high school teacher in Rialto Unified School District. Mr. Wells did his student teaching at one of our alternative education sites, the Motivation Center (now defunct) back in the 1980's and he also owned a small business in Riverside at one time. Mr. Wells earned a Bachelors degree in religious studies from California Baptist University and a Masters in Computer Education from United States International University. Mr. Wells earned his teaching credential in English and Social Science from University of California, Riverside.

***Paul F. Gill, Assistant Superintendent, Business Services.*** Mr. Gill came to the District after serving as Pittsburgh Public Schools Chief of Operations. Prior to his public education career, Mr. Gill was Senior Vice President, West Coast Operations for American Dental Partners. Before working in the

private sector, Mr. Gill was Community Development Director for Moreno Valley, California. Mr. Gill also served almost 24 years on active duty with the United States Air Force, with his last assignment as Wing Commander of March AFB, California. Mr. Gill earned a Bachelors degree in Education from Duquesne University, a Masters in Television/Radio from Syracuse University and a Masters in International Relations/History from Creighton University.

## DISTRICT FINANCIAL MATTERS

### State Funding of Education; State Budget Process

**General.** As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution. In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District receives approximately \_\_\_\_\_% of its general fund revenues from State funds, budgeted at approximately \$\_\_\_\_\_ million in fiscal year 2010-11. As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a *minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs.* Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

**State Budget Process.** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely breached. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the 2010-11 Budget Act on October 8, 2010, the latest budget approval in State history.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary

funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

**Aggregate State Education Funding.** The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005 and 2009 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts. The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next, by permanently deferring the year-end apportionment from June 30 to July 2; by suspending Proposition 98, as the State did in fiscal year 2004-05 and fiscal year 2010-11; and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances. See also "--Fiscal Year 2010-11 Deferrals" below.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series B Bonds, and the District takes no responsibility for informing owners of the Series B Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current

and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

**Proposition 1A.** Beginning in 1992-93, the State has satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election.

Proposition 1A is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 1A allows the State to divert up to 8% of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (i) the Governor declares such action to be necessary due to a State fiscal emergency; (ii) two-thirds of both houses of the Legislature approve the action; (iii) the amount diverted is required by statute to be repaid within three years; (iv) the State does not owe any repayment to local agencies for past property tax or Vehicle License Fee diversions to local agencies; and (v) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, school and college districts that receive Proposition 98 funding from the State will be more directly dependent upon the State's general fund.

The amended 2009-10 State budget includes a Proposition 1A diversion of \$1.935 billion in local property tax revenues from cities, counties and special districts to the State to offset State general fund spending for education and other programs. Such diverted revenues must be repaid, with interest, no later than June 30, 2013. The amended 2009-10 State budget diverts another \$1.7 billion in local property tax revenues from local redevelopment agencies (with another \$350 million to be diverted in 2010-11), but this is not covered by Proposition 1A. The California Redevelopment Association and two redevelopment agencies filed a lawsuit in October 2009 challenging the constitutionality of this diversion. On May 4, 2010, a Sacramento County Superior Court ruled that the diversion was permitted and ordered redevelopment agencies to make the required transfers. Although the California Redevelopment Association has filed an appeal, the court denied the California Redevelopment Association's request for a stay from the order pending appeal.

**2009-10 State Budget.** On September 24, 2008, the Governor signed the State budget for fiscal year 2008-09. It is widely acknowledged that even by the time of its passage, the budget's revenue estimates were already too optimistic, in light of continuing weak performance in the California economy and unprecedented adverse developments in the global and national financial markets, particularly after September 15, 2008. The Governor declared a fiscal emergency in December 2008, and called three concurrent special legislative sessions in order to address the budget deficit, then estimated to be \$42 billion. In the face of growing negative estimates of State tax receipts during fiscal year 2008-09, the Governor signed the State's Fiscal Year 2009-10 Budget Act on February 20, 2009 (the earliest date on record), essentially as a revised two year budget settlement for fiscal years 2008-09 and 2009-10. However, after the failure in May 2009 of six revenue and spending propositions on the statewide ballot deemed essential to the success of the budget bill, work began again on a fiscal year 2009-10 budget plan. On July 24, 2009, the Legislature approved a new budget package, which the Governor signed on July 28,



2009. For an accurate view of Proposition 98 funding, one must treat these three budgets as a whole, and consider also the significant adjustments that have been left to future budget years.

The amended 2009-10 State budget consisted of some 30 separate bills. The following information relating to the funding of elementary and secondary education is adapted from the budget summaries prepared by Legislative Analyst's Office, the Governor's office and other sources.

The amended 2009-10 State budget achieved balance through spending cuts, additional revenue generation, borrowing from local governments and others, revenue shifts from redevelopment agencies, and other accounting changes; all of these techniques were also present in the adopted Proposition 98 funding plan. Fiscal year 2008-09 Proposition 98 funding for K-12 schools was reduced to \$43.1 billion (\$9 billion less than the level assumed in the adopted 2008-09 State budget, and \$1.6 billion less than the February 2009 amended amount). Fiscal year 2009-10 funding was established at \$44.6 billion (\$3.7 billion less than the February 2009 adopted amount). Over \$10.1 billion in mandated Proposition 98 funding was deferred to future years: the so-called "maintenance factor." Of budgeted Proposition 98 funding, \$1.7 billion was shifted to school districts from property taxes and other moneys belonging to redevelopment agencies. Funding was also delayed in several ways: \$2 billion was deferred from the first months of fiscal year 2009-10 to December 2009 and January 2010, while \$1.8 billion was not paid until August of fiscal year 2010-11. Mandated settle-up payments of \$450 million for prior years under the Quality Education Investment Act were also deferred, effectively to fiscal year 2014-15. Cost-of-living adjustments of over 18% were deferred, creating a future obligation of well over \$6.5 billion. Categorical funding of \$1.6 billion intended for fiscal year 2008-09 that had not been funded by June 30, 2009, was treated as fiscal year 2009-10 categorical funding, but an equal amount of minimum guarantee funding was eliminated. For those districts that would otherwise not have received Proposition 98 minimum guarantee funding from the State, categorical funding was reduced by \$80 million. In addition, the Governor vetoed \$3.9 million of approved spending for special education transportation costs.

State savings were also achieved by lifting various mandates and restrictions on local school districts: full flexibility was allowed to spend funding for 42 categorical programs as districts wish through fiscal year 2012-13; class-size reduction in grades K-3 was largely suspended, and the minimum days of instruction were reduced from 180 to 175, through reduced or suspended financial penalties on districts that do not meet existing requirements; districts were excused from buying new approved instructional materials; proceeds of surplus land sales otherwise restricted to capital improvements were permitted to be used for general fund expenditures through fiscal year 2010-11; the general fund reserve requirement was reduced to one-third of the otherwise applicable percentage (3% of expenditures for a district with average daily attendance of up to 30,000), provided this is restored by fiscal year 2011-12; the routine maintenance reserve requirement of 1% of general fund expenditures was suspended; and school districts that project they will not meet financial guidelines due to loss of federal stimulus funding in fiscal years 2011-12 and 2012-13 will not have their budgets negatively rated as a result.

***Fiscal Year 2010-11 Deferrals.*** On March 1, 2010, the Governor signed a bill (and on March 4, 2010, subsequently signed a clean-up bill to clarify certain provisions of such bill) to provide additional cash management flexibility to State fiscal officials (the "Cash Management Bill"). The Cash Management Bill authorizes deferral of certain payments during the 2010-11 fiscal year for school districts (not to exceed \$2.5 billion in the aggregate at any one time, and a maximum of three deferrals during the fiscal year). Deferrals of payments to K-12 schools may be made in July 2010, October 2010 and March 2011, for not to exceed 60, 90 and 30 days, respectively, but depending on actual cash flow conditions at the time, the Controller, Treasurer and Director of Finance may either accelerate or delay the deferrals up to 30 days, or reduce the amounts deferred. On March 31, 2010, in accordance with the Cash Management Bill, the State Controller, State Treasurer and Director of Finance of the State jointly notified the Legislature and State Department of Education of the expected amounts and timing of

payment deferrals for the 2010-2011 fiscal year. The declaration indicated that the apportionments for July 2010, October 2010 and March 2011 would be deferred by up to 60 days, 90 days and 30 days, respectively. The State has the authority to move a planned deferral to the prior month or to a subsequent month upon 30 days written notice by the State Department of Finance to the Legislative Budget Committee. Accordingly, the deferral planned for July 2010 could occur in August 2010, the deferral planned for October 2010 could occur in September 2010 or November 2010, and the deferral planned for March 2011 could occur in February 2011 or April 2011 (except that the Cash Management Bill provides that the deferral planned for March 2011 must be paid prior to April 30). Certain school districts that can demonstrate hardship in procedures specified in the Cash Management Bill, will not be subject to these deferrals. In total, the Department of Finance estimates all deferrals authorized under the Cash Management Bill (which includes deferrals to community colleges, social services and other entities receiving State funds in addition to the deferrals to school districts) will improve the State's cash position by up to \$5.3 billion in certain months, thereby reducing the need for external cash management borrowing or other measures.

**2010-11 State Budget.** The Governor signed the 2010-11 Budget Act on October 8, 2010, the latest budget approval in State history. The 2010-11 State budget consisted of some 21 separate bills. The following information relating to the 2010-11 State budget is adapted from the budget summaries prepared by Legislative Analyst's Office, the Governor's office and other sources.

The \$86.6 billion 2010-11 State budget closes an estimated budget gap of \$19.3 billion by a combination of expenditure reductions, federal funds and other measures, including (a) \$7.8 billion of expenditure-related measures (including ongoing and temporary cost and service reductions), (b) \$5.4 billion of new federal funding (most of which has yet to be approved by Congress), (c) \$3.3 billion of revenue actions (including \$1.4 billion in higher assumed baseline state revenues consistent of the Legislative Analyst's Office's May 2010 state revenue forecasts), and (d) \$2.7 billion of largely one-time loans, transfers and funding shifts. If the State meets the assumptions contained in the budget, the General Fund would be left with a reserve of \$1.3 billion at the end of the year. However, because well over two-thirds of the budget measures are one-time or temporary, the State will most likely continue to face sizable budget problems in fiscal year 2011-12 and beyond. Moreover, many have indicated that the State revenue projections and assumptions with respect to the additional federal funding may be overly optimistic. Days after the Governor signed the 2010-11 State budget, the Senate leader announced that he would try to revise the 2010-11 State budget when a new governor is sworn into office in 2011.

When signing the 2010-11 State budget, the Governor vetoed \$963 million in General Fund spending that had been approved by the Legislature. In doing so, the anticipated year-end reserve increased from \$364 million to \$1.3 billion.

With respect to K through 12 education, the Legislature suspended the Proposition 98 minimum funding requirement for fiscal year 2010-11; absent the suspension, the minimum Proposition 98 guarantee would have required \$53.8 billion of funding, or \$4.1 billion higher than the amount appropriated for fiscal year 2010-11. Despite the suspension, the 2010-11 State budget provides approximately \$200 million more in Proposition 98 funding than the amended 2009-10 State budget provided. In addition to Proposition 98 funds, the 2010-11 State budget provides \$300 million as a payment toward meeting the State's outstanding Proposition 98 settle-up obligation from fiscal year 2009-10. Also, related budget bills provide K through 12 education with \$1.5 billion in special one-time federal funding.

Though the state is providing slightly more ongoing funding in fiscal year 2010-11 than fiscal year 2009-10, the Legislative Analyst's Office reports that the large reliance on one-time solutions last year resulted in the need for fiscal year 2010-11 reductions. Under the fiscal year 2010-11 State budget

plan, however, the reductions largely are treated as deferrals of payments rather than cuts. Specifically, the package defers \$1.9 billion in additional K-14 payments (\$1.7 billion for K-12 education and \$189 million for community colleges). Rather than being paid in the spring of 2011, these payments will be made in July 2011 (that is, the next fiscal year). Virtually all other K through 12 reductions are technical adjustments designed to align appropriations with anticipated program costs, such as for the class size reduction program. The fiscal year 2010-11 State budget package also makes some reductions in child care funding. Most notably, the package achieves child care savings by drawing down some provider reserves, reducing the reimbursement rate for license-exempt providers (from 90% to 80% of the licensed-provider rate), and reducing the administrative allowance for certain providers (from 19% to 17.5% of total contract amounts). As part of his veto package, the Governor also vetoed \$256 million in funding for child care.

***Future Budgets and Budgetary Actions.*** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2010-11 and in future fiscal years. Continued State budget shortfalls in fiscal year 2010-11 and future fiscal years could have a material adverse financial impact on the District.

***Allocation of State Funding to School Districts.*** Under Education Code Section 42238 and following, each school district is determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance ("A.D.A."). The base revenue limit is calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district is the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

Enrollment can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

The following table sets forth (i) the District's actual A.D.A., enrollment and base revenue limit per unit of A.D.A. for fiscal years 2006-07 through 2008-09, (ii) the District's estimated A.D.A., enrollment and base revenue limit per unit of A.D.A. for fiscal year 2009-10, and (iii) the District's projected A.D.A., enrollment and base revenue limited per unit of A.D.A. for fiscal year 2010-11, for kindergarten through grade 12 ("K-12") including special education.

**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Average Daily Attendance, Enrollment And Base Revenue Limit**  
**Fiscal Years 2006-07 Through 2010-11**

Fiscal Year	Average Daily Attendance	Enrollment	Base Revenue Limit Per Unit of Average Daily Attendance
2006-07	18,665	19,847	\$5,522
2007-08	18,751	19,987	5,774
2008-09	18,978	20,057	5,625
2009-10	18,976	19,951	5,196
2010-11 <sup>(1)</sup>			

<sup>(1)</sup> Average daily attendance data for the second period of attendance, typically in mid-April of each school year.

<sup>(2)</sup> Projected.

Source: The District.

In its fiscal year 2010-11 budget, the District projects that it will receive approximately \$ \_\_\_\_\_ million in aggregate revenue limit income in fiscal year 2010-11, or approximately \_\_\_\_\_% of its general fund revenues. This amount represents a decrease of approximately \_\_\_\_\_% from the \$ \_\_\_\_\_ million the District estimates that it received in fiscal year 2009-10. State funds for special programs are currently budgeted to be \$ \_\_\_\_\_ million for fiscal year 2010-11. The District also expects to receive a small portion of its budget from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is currently budgeted at \$ \_\_\_\_\_ million for fiscal year 2010-11.

**Local Sources of Education Funding**

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local one-percent property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State aid, and receives only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts are known as "basic aid districts." Districts that receive some State aid are commonly referred to as "revenue limit districts."

The District is not a "basic aid district." Local property tax revenues account for approximately \_\_\_\_\_% of the District's aggregate revenue limit income, and are budgeted to be \$ \_\_\_\_\_, or \_\_\_\_\_% of total general fund revenue in fiscal year 2010-11. For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" below.

**Developer Fees**

The District collects statutory developer fees on new residential and commercial/industrial development to finance essential school facilities within the District. The following table of developer fee revenues reflects the collection of fees from fiscal years 2006-07 through fiscal year 2010-11.

**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Developer Fees**  
**Fiscal Years 2006-07 through 2010-11**

Year	Total Revenues
2006-07	\$988,361
2007-08	721,580
2008-09	121,226
2009-10	80,000
2010-11 <sup>(1)</sup>	

<sup>(1)</sup> Projected.

Source: The District.

**Significant Accounting Policies and Audited Financial Reports**

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K through 12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2009, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's previous independent auditors Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California for fiscal year 2004-05, and by the District's current independent auditors Nigro Nigro & White, PC, a Professional Accountancy Corporation, Temecula, California, for fiscal years 2005-06 through 2008-09.

The change in auditors resulted in the District presenting certain financial information differently in its audited financial statements. Thus, the information presented in the tables set forth below for fiscal year 2004-05 and fiscal years 2005-06 through 2008-09 are categorized differently. Although historical total revenue and expenditure figures are comparably consistent, the categorical breakdown of revenues and expenditures is different for the revised accounting formats and are not directly comparable.

Vavrinek, Trine, Day & Co., LLP and Nigro Nigro & White, PC, a Professional Accountancy Corporation, have not been requested to consent to the use or to the inclusion of their respective reports in this Official Statement, and they have neither audited nor reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

**ALVORD UNIFIED SCHOOL DISTRICT  
(RIVERSIDE COUNTY, CALIFORNIA)  
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance  
Fiscal Year 2004-05**

	2004-05 Actuals
<b>REVENUES</b>	
Revenue limit sources:	\$ 93,698,217
Federal sources	13,225,894
Other State sources	24,805,444
Other local sources	6,863,921
<b>Total Revenues</b>	<b>138,593,476</b>
<b>EXPENDITURES</b>	
Current	
Instruction	92,744,864
Instruction-related activities:	
Supervision of instruction	4,340,207
Instructional library, media and technology	1,403,274
School site administration	9,323,140
Pupil Services:	
Home-to-school transportation	3,046,517
Food services	-
All other pupil services	5,413,222
General administration:	
Data processing	990,748
All other general administration	5,551,170
Plant services	11,860,372
Facility acquisition and construction	551,350
Ancillary services	4,962
Debt service	
Principal	112,535
Interest and other	1,915
<b>Total Expenditures</b>	<b>135,344,276</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,249,200</b>
<b>Other Financing Sources (Uses):</b>	
Transfer in	-
Transfers out	(1,303,236)
Other uses	-
<b>Net Financing Sources (Uses)</b>	<b>(1,303,236)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,945,964</b>
<b>Fund Balance, July 1</b>	<b>14,070,503</b>
<b>Fund Balance, June 30</b>	<b>\$ 16,016,467</b>

Source: District Audited Financial Report for fiscal year 2004-05.

**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Statement of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**Fiscal Years 2005-2006 through 2008-09**

	2005-06 Actuals	2006-07 Actuals	2007-08 Actuals	2008-09 Actuals
<b>REVENUES</b>				
General Revenues:				
Property taxes	\$ 22,709,534	\$ 19,456,691	\$ 20,922,720	\$ 21,356,531
Federal and state aid not restricted to specific purpose	84,903,867	97,532,758	99,001,364	103,645,051
Interest and investment earnings	905,222	1,180,133	984,744	432,187
Interagency revenues	-	-	-	114,400
Miscellaneous	1,172,106	1,598,407	1,103,975	108,039
Program Revenues:				
Charges for services	-	14,403	275,663	-
Operating grants and contributions	29,581,088	35,905,882	35,092,057	34,663,257
Capital grants and contributions	-	-	-	-
Total revenues	<u>139,271,817</u>	<u>155,688,274</u>	<u>157,380,523</u>	<u>160,319,465</u>
<b>EXPENDITURES</b>				
Instruction	90,666,403	103,133,623	105,379,675	109,307,541
Instruction-related services				
Supervision of instruction	3,692,345	4,352,646	4,374,122	4,023,479
Instructional library, media and technology	1,416,812	1,574,846	1,799,789	1,686,067
School site administration	9,767,615	10,436,941	11,176,760	10,604,602
Pupil Services:				
Home-to-school transportation	3,168,867	3,269,424	4,144,110	3,595,140
Food services	150	170	-	-
All other pupil services	5,651,814	7,076,574	7,299,128	7,349,531
General Administration:				
Data processing	1,176,923	1,452,594	1,425,324	1,392,788
All other general administration	5,665,602	6,412,427	5,890,334	5,565,907
Plant services	12,758,570	13,725,384	14,962,263	16,325,612
Facility acquisition and construction	623,403	754,273	1,708,283	382,949
Ancillary services	4,461	4,310	5,824	268,594
Community services	-	-	-	61,505
Other outgo:	6,308	5,659	-	-
Transfers between agencies	-	-	-	11,210
Debt Service – issuance costs	-	-	-	-
Debt service – principal	-	-	165,862	52,086
Debt service – interest	-	-	-	161,054
Total expenditures	<u>134,599,273</u>	<u>152,198,871</u>	<u>158,331,574</u>	<u>160,788,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,672,544</u>	<u>3,489,403</u>	<u>(951,051)</u>	<u>(468,600)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfers out	(759,000)	(863,265)	(911,178)	-
Interfund transfers in	-	104,636	-	1,813,704
Total Other Financing Sources and Uses	<u>(759,000)</u>	<u>(758,629)</u>	<u>(911,178)</u>	<u>1,813,704</u>
Net Change in Fund Balances	3,913,544	2,730,774	(1,862,229)	1,345,104
Fund Balances, July 1	<u>16,016,467</u>	<u>19,930,011</u>	<u>22,660,785</u>	<u>20,798,556</u>
Fund Balances, June 30	<u>\$ 19,930,011</u>	<u>\$ 22,660,785</u>	<u>\$ 20,798,556</u>	<u>\$ 22,143,660</u>

Source: District Audited Financial Reports for Fiscal Years 2005-06 through 2008-09.

The following table shows the general fund balance sheets of the District for the fiscal year 2005.

**ALVORD UNIFIED SCHOOL DISTRICT  
(RIVERSIDE COUNTY, CALIFORNIA)  
Summary of General Fund Balance Sheet  
Fiscal Year 2004-05**

	Fiscal Year 2004-05
<b>ASSETS</b>	
Deposits and investments	\$ 11,247,167
Receivables	12,406,482
Due from other funds	407,706
Stores inventories	294,803
<b>Total Assets</b>	<b>\$ 24,356,158</b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	4,264,622
Due to other funds	1,240,168
Deferred revenue	2,834,901
<b>Total Liabilities</b>	<b>8,339,691</b>
<b>FUND BALANCES</b>	
Reserved	4,083,885
Unreserved:	
Designated	11,244,280
Undesignated, reported in:	
General Fund	688,302
Special revenue bonds	-
Debt service funds	-
Capital project funds	-
<b>Total Fund Balance</b>	<b>16,016,467</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,356,158</b>

Source: District Audited Financial Report for fiscal year 2004-05.



The following table shows the general fund balance sheets of the District for the fiscal years 2005-06 through 2008-09.

**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Summary of General Fund Balance Sheet**  
**Fiscal Years 2005-06 Through 2008-09**

	Fiscal Year 2005-06	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
<b>ASSETS</b>				
Cash	\$ 14,899,814	\$ 13,109,558	\$ 13,518,587	\$ 7,328,078
Investments	-	-	-	-
Accounts receivable	10,352,700	13,816,233	13,012,188	22,853,067
Due from other funds	-	423,909	372,895	1,209,025
Stores inventory	271,510	319,466	274,869	205,049
<b>Total Assets</b>	<b>\$25,524,024</b>	<b>\$27,669,166</b>	<b>\$27,178,539</b>	<b>\$ 31,595,219</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 2,573,313	\$ 3,287,065	\$ 3,494,875	\$ 5,093,176
Due to other funds	1,058,768	1,128,232	1,245,149	1,515,463
Deferred revenues	1,961,932	593,084	1,639,959	2,842,920
<b>Total Liabilities</b>	<b>\$ 5,594,013</b>	<b>\$ 5,008,381</b>	<b>\$ 6,379,983</b>	<b>\$ 9,451,559</b>
<b>FUND BALANCES</b>				
Reserved for:				
Stores inventories	271,510	319,466	274,869	205,049
Revolving cash	15,000	15,000	15,000	15,000
Legally restricted balances	6,174,118	11,863,151	10,841,276	10,991,017
Debt service	-	-	-	-
Unreserved, reported in:				
General Fund	13,469,083	10,463,168	9,667,411	10,932,594
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>Total Fund Balances</b>	<b>19,930,011</b>	<b>22,660,785</b>	<b>20,798,556</b>	<b>22,143,660</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,524,024</b>	<b>\$ 27,669,166</b>	<b>\$ 27,178,539</b>	<b>\$ 31,595,219</b>

Source: District Audited Financial Reports for fiscal years 2005-06 through 2008-09.

**District Budget Process and County Review**

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Riverside County Superintendent of Schools.

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to 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 with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget, and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available

various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations, or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's governing board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the County Superintendent. The District received a qualified certification for its second interim report for fiscal year 2007-08, but has maintained a positive certification since such report. The District has never received a negative certification.

On March 18, 2010, the Board of Education approved the District's second interim financial report for the period ended January 31, 2010, with a positive certification. However, the County Superintendent changed the certification from positive to qualified.

The following table summarizes the District's adopted General Fund Budgets for fiscal years 2008-09 through 2010-11 and unaudited actuals for fiscal years 2008-09.

**ALVORD UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**General Fund Budgets for Fiscal Years 2008-09 through 2010-11**  
**and Unaudited Actuals for Fiscal Years 2008-09 and 2009-10**

	2008-09 Original Adopted Budget	2008-09 Unaudited Actuals	2009-10 Original Adopted Budget	2009-10 Unaudited Actuals	2010-11 Original Adopted Budget
<b>REVENUES</b>					
Revenue Limit Sources	\$ 110,665,637.00	\$ 106,695,788.70	\$ 105,544,235.00		\$ 93,887,394.00
Federal Revenue	5,941,750.00	17,163,707.37	14,570,687.00		9,096,164.00
Other State Revenue	19,502,663.00	28,760,008.60	23,886,855.00		22,884,931.00
Other Local Revenue	7,788,640.00	7,699,960.47	6,674,760.00		5,319,945.00
<b>TOTAL REVENUES</b>	<b>143,898,690.00</b>	<b>160,319,465.14</b>	<b>150,676,537.00</b>		<b>131,188,435.00</b>
<b>EXPENDITURES</b>					
Certificated Salaries	79,274,013.00	106,695,788.70	78,923,567.00		68,800,920.00
Classified Salaries	17,993,725.00	17,163,707.37	20,348,002.00		17,025,828.00
Employee Benefits	25,596,835.00	28,760,008.60	28,866,870.00		27,600,282.00
Books and Supplies	6,311,464.00	7,699,960.47	11,030,317.00		6,029,726.00
Services, Other Operating Expenditures	14,363,950.00	160,319,465.14	16,705,507.00		16,549,783.00
Capital Outlay	549,444.00	413,174.79	253,805.00		354,903.00
Other Outgo (excluding Transfers of Indirect/Direct Supporting Costs)	167,000.00	165,861.66	204,000.00		204,000.00
Transfers of Indirect/Direct Support Costs	-	(177,431.56)	-		(289,151.00)
<b>TOTAL EXPENDITURES</b>	<b>144,529,431.00</b>	<b>160,788,064.88</b>	<b>156,332,069.00</b>		<b>136,276,291.00</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES</b>					
	(630,741.00)	(468,599.74)	(5,655,532.00)		(5,087,856.00)
<b>OTHER FINANCING SOURCES/USES</b>					
Interfund Transfers					
Transfer In	-	1,813,704.00	600,000.00		1,100,000.00
Transfers Out	33,000.00	-	-		796,495.00
Other Sources/Uses					
Sources	-	-	-		-
Uses	-	-	-		-
Contributions	-	-	-		-
<b>TOTAL, OTHER SOURCES (USES)</b>	<b>(33,000.00)</b>	<b>1,813,704.00</b>	<b>600,000.00</b>		<b>303,505.00</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(663,741.00)</b>	<b>1,345,104.26</b>	<b>(5,055,532.00)</b>		<b>(4,784,351.00)</b>
<b>BEGINNING FUND BALANCE, July 1</b>	<b>17,675,443.00</b>	<b>20,798,556.16</b>	<b>17,720,814.00</b>		<b>8,434,566.00</b>
<b>ENDING BALANCE, June 30</b>	<b>\$ 17,011,702.00</b>	<b>\$ 22,143,660.42</b>	<b>\$ 12,665,282.00</b>		<b>\$ 3,650,217.00</b>

Source: District Adopted General Fund Budgets for fiscal years 2008-09 through 2010-11; and unaudited actuals for fiscal years 2008-09 and 2009-10.

## District Debt Structure

**Long-Term Debt Summary.** A schedule of changes in the District's long-term obligations for the year ended June 30, 2010, consisted of the following : [District to update info as of June 30, 2010]

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Amount Due Within One Year
<b>General Obligation Bonds:</b>					
Series 2002 Bonds	\$ 46,160,000	\$ -	\$ 1,305,000	\$ 43,855,000	\$ 1,360,000
Series 2008 Bonds	60,000,000	-	-	60,000,000	1,600,000
2009 Bond Anticipation Notes	-	60,000,000	-	60,000,000	-
Unamortized Premium, net	2,572,414	-	103,761	2,468,653	103,761
<b>Total General Obligation Bonds</b>	<b>107,732,414</b>	<b>60,000,000</b>	<b>1,408,761</b>	<b>166,323,653</b>	<b>3,063,761</b>
<b>CFD Bonds</b>					
Series 2002 CFD Bonds	1,760,000	-	30,000	1,730,000	35,000
Series 2004 CFD Bonds	1,655,000	-	30,000	1,625,000	30,000
06-1 CFD Series A Bonds	4,560,000	-	35,000	4,525,000	80,000
06-1 CFD Series B Bonds	4,360,000	-	35,000	4,325,000	80,000
<b>Total CFD Bonds</b>	<b>12,335,000</b>	<b>-</b>	<b>130,000</b>	<b>12,205,000</b>	<b>225,000</b>
<b>Lease Revenue Bonds - Qualified Zone Academy Bonds</b>					
	1,315,861	-	52,086	1,263,775	143,378
Supplemental Retirement Plan	511,352	3,616,005	851,039	3,276,318	851,039
Compensated Absences	183,238	-	56,052	127,186	-
STRS Golden Handshake	283,130	-	76,097	207,033	72,655
Other Post Employment Benefits	786,944	1,744,878	-	2,531,822	-
<b>Total</b>	<b>\$123,147,939</b>	<b>\$ 65,360,883</b>	<b>\$ 2,574,035</b>	<b>\$ 185,934,787</b>	<b>\$ 4,355,833</b>

**General Obligation Bonds.** On November 1, 2002, the District, through the County, issued a series of general obligation bonds (the "Series 2002 Bonds") in the amount of \$52,810,000. The Series 2002 Bonds were issued in order to refinance bonds issued pursuant to a 1997 election. The Series 2002 Bonds consist of (a) Serial Bonds of \$31,215,000 with interest rates ranging from 2.3% to 5.9% and fully maturing on July 1, 2021, (b) Term Bonds of \$8,045,000 with a stated interest rate of 5.9% due on February 1, 2024, and (c) Term Bonds of \$13,550,000 with a stated interest rate of 5.9% and maturing on August 1, 2030. At June 30, 2009, the principal balance outstanding on the Series 2002 Bonds was \$43,855,000.

At an election duly called and regularly held in the District on November 6, 2007, the qualified electors of the District authorized the issuance of not to exceed \$196,000,000 aggregate principal amount of general obligation bonds of the District (herein called, the "General Obligation Bonds"). On May 1, 2008, the District, through the County, issued \$60,000,000 aggregate principal amount of the General Obligation Bonds (the "Series A Bonds"), leaving \$136,000,000 aggregate principal amount of the General Obligation Bonds authorized but unissued. The Series A Bonds consist of (a) Serial Bonds of \$39,305,000 with interest rates ranging from 3.5% to 5.0% and fully maturing on August 1, 2028, and (b) Term Bonds of \$20,695,000 with a stated interest rate of 5.0% and fully maturing on August 1, 2032. At June 30, 2009, the outstanding balance on the Series 2008 Bonds was \$60,000,000.00

The annual debt service requirements to amortize the Series 2002 Bonds, the Series 2008 Bonds and the aggregate outstanding General Obligation Bonds are as follows: [Underwriter to provide updated table]

Date	Series 2002 Bonds	Series 2008 Bonds	Aggregate Total
8/1/2010	\$ 1,361,332.50	\$ 2,662,682.50	\$ 4,024,015.00
8/1/2011	3,836,785.00	3,282,865.00	7,119,650.00
8/1/2012	3,833,922.50	3,384,665.00	7,218,587.50
8/1/2013	3,829,246.25	3,482,265.00	7,311,511.25
8/1/2014	3,831,378.75	3,586,865.00	7,418,243.75
8/1/2015	3,833,561.25	3,696,590.00	7,530,151.25
8/1/2016	3,829,907.50	3,804,790.00	7,634,697.50
8/1/2017	3,828,102.50	3,921,015.00	7,749,117.50
8/1/2018	3,829,512.50	4,039,590.00	7,869,102.50
8/1/2019	3,823,842.50	4,157,340.00	7,981,182.50
8/1/2020	3,830,502.50	4,283,390.00	8,113,892.50
8/1/2021	3,824,050.00	4,411,090.00	8,235,140.00
8/1/2022	3,814,485.00	4,543,340.00	8,357,825.00
8/1/2023	3,812,102.50	4,682,750.00	8,494,852.50
8/1/2024	3,818,215.00	4,821,000.00	8,639,215.00
8/1/2025	3,810,625.00	4,965,750.00	8,776,375.00
8/1/2026	3,807,267.50	5,116,000.00	8,923,267.50
8/1/2027	3,802,700.00	5,270,750.00	9,073,450.00
8/1/2028	1,523,430.00	5,429,000.00	6,952,430.00
8/1/2029	1,530,830.00	5,589,750.00	7,120,580.00
8/1/2030	594,912.50	5,757,000.00	6,351,912.50
8/1/2031	-	5,929,500.00	5,929,500.00
8/1/2032	-	6,111,000.00	6,111,000.00
	<u>\$ 70,006,711.25</u>	<u>\$ 102,928,987.50</u>	<u>\$ 172,935,698.75</u>

In prior years, the District defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds have been used to purchase U.S. governmental securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore has been removed as a liability from the District's government-wide financial statements. As of June 30, 2009, the amount held in escrow was \$53,616,536.

**Special Tax Bonds.** A summary of all the bonds issued by community facilities districts ("CFDs") formed by the District is shown below. [Dolinka Group to confirm/update table as of June 30, 2010]

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2008	Additions	Deductions	Balance, June 30, 2009
CFD No. 01-1	11/20/2002	9/1/2033	2.5%-6.25%	\$1,880,000	\$1,760,000	\$ -	\$ 30,000	\$ 1,730,000
CFD No. 02-1	6/3/2004	9/1/2034	2.5%-6.1%	1,745,000	1,655,000	-	30,000	1,625,000
CFD No. 06-1A	3/15/2007	9/1/2036	3.8%-5.0%	4,560,000	4,560,000	-	35,000	4,525,000
CFD No. 06-1B	3/15/2007	9/1/2036	3.8%-5.0%	4,360,000	4,360,000	-	35,000	4,325,000
					<u>\$12,335,000</u>	<u>\$ -</u>	<u>\$130,000</u>	<u>\$12,205,000</u>

**Community Facilities District No. 01-1.** On November 20, 2002, Community Facilities District No. 01-1 ("CFD No. 01-1") of the District issued \$1,880,000 of its Special Tax Bonds, Series 2002 (the "Series 2002 CFD Bonds"). The Series 2002 CFD Bonds were issued to provide funds to pay the costs and expense of improvement, acquisition and construction of certain public school facilities, to establish a reserve fund for the Series 2002 CFD Bonds, fund certain sewer improvements to be owned and operated by the Western Municipal Water District ("WMWD"), fund capitalized interest on the Series 2002 CFD

Bonds through March 1, 2004, and to pay the costs of issuing the Series 2002 CFD Bonds. The Series 2002 CFD Bonds are payable from the proceeds of a special tax to be levied within CFD No. 01-1 according to the rate and method of apportionment of the special taxes approved by the qualified electors of CFD No. 01-1 pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Mello-Roos Act").

The annual debt service requirements to amortize the Series 2002 CFD Bonds outstanding as of June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2009-2010	\$ 35,000	\$ 103,185	\$ 138,185
2010-2011	35,000	101,567	136,567
2011-2012	35,000	99,859	134,859
2012-2013	40,000	97,945	137,945
2013-2014	40,000	95,845	135,845
2014-2019	235,000	442,909	677,909
2019-2024	315,000	361,192	676,192
2024-2029	425,000	247,579	672,579
2029-2034	570,000	93,749	663,749
Totals	\$ 1,730,000	\$ 1,643,830	\$ 3,373,830

Community Facilities District No. 02-1. On June 3, 2004, Community Facilities District No. 02-1 ("CFD No. 02-1") of the District issued \$1,745,000 of its Special Tax Bonds, Series 2004 (the "Series 2004 CFD Bonds"). The Series 2004 CFD Bonds were issued to provide funds to pay the costs and expense of acquisition and construction of certain public school facilities, to establish a reserve fund for the Series 2004 CFD Bonds to fund capitalized interest on the Series 2004 CFD Bonds through March 1, 2005, to fund certain sewer improvements to be owned and operated by WMWD, and to pay the costs of issuing the Series 2004 CFD Bonds. The Series 2004 CFD Bonds are payable from the proceeds of a special tax to be levied within CFD No. 02-1 according to the rate and method of apportionment of the special taxes approved by the qualified electors of CFD No. 02-1 pursuant to the Mello-Roos Act.

The annual debt service requirements to amortize the Series 2004 CFD Bonds outstanding as of June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2009-2010	\$ 30,000	\$ 90,441	\$ 120,441
2010-2011	30,000	89,204	119,204
2011-2012	35,000	87,778	122,778
2012-2013	35,000	86,178	121,178
2013-2014	35,000	84,524	119,524
2014-2019	215,000	391,625	606,625
2019-2024	275,000	325,496	600,496
2024-2029	370,000	232,919	602,919
2029-2034	485,000	108,835	593,835
2034-2035	115,000	3,378	118,378
Totals	\$1,625,000	\$1,500,378	\$3,125,378

Community Facilities District No. 06-1. On March 15, 2007, Community Facilities District No. 06-1 ("CFD No. 06-1") of the District issued \$4,560,000 of its Special Tax A Bonds, Series 2006 (the "06-1 CFD Series A Bonds"). The 06-1 CFD Series A Bonds were issued to provide funds to pay the costs of financing the construction and acquisition of public facilities to be owned and operated by the District, to fund a reserve fund for the 06-1 CFD Series A Bonds, to fund capitalized interest on the 06-1 CFD Series A Bonds through March 1, 2008, to fund capitalized interest on the 06-1 CFD Series A

Escrow Term Bond through September 1, 2008, to pay initial administrative expenses of CFD No. 06-1 and to pay the costs of issuing the 06-1 CFD Series A Bonds. The 06-1 CFD Series A Bonds are payable from the proceeds of a special tax approved by the qualified electors of CFD No. 06-1 pursuant to the Mello-Roos Act.

The annual debt service requirements to amortize the 06-1 CFD Series A Bonds outstanding as of June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2009-2010	\$ 80,000	\$ 216,780	\$ 296,780
2010-2011	90,000	214,523	304,523
2011-2012	90,000	211,081	301,081
2012-2013	95,000	207,365	302,365
2013-2014	100,000	203,510	303,510
2014-2019	560,000	951,406	1,511,406
2019-2024	695,000	813,778	1,508,778
2024-2029	880,000	635,610	1,515,610
2029-2034	1,120,000	402,773	1,522,773
2034-2038	815,000	108,914	923,914
Totals	<u>\$4,525,000</u>	<u>\$3,965,740</u>	<u>\$8,490,740</u>

On March 15, 2007, CFD No. 06-1 of the District issued \$4,360,000 of its Special Tax A Bonds, Series 2006 (the "06-1 CFD Series B Bonds"). The 06-1 CFD Series B Bonds were issued to provide funds to pay the costs of financing the construction and acquisition of public facilities to be owned and operated by the City of Corona, City of Riverside and WMWD, to fund a reserve fund for the 06-1 CFD Series B Bonds, to fund capitalized interest on the 06-1 CFD Series B Bonds through September 1, 2008, to pay initial administrative expenses of CFD No. 06-1 and to pay the costs of issuing the 06-1 CFD Series B Bonds. The 06-1 CFD Series B Bonds are payable from the proceeds of a special tax approved by the qualified electors of CFD No. 06-1 pursuant to the Mello-Roos Act.

The annual debt service requirements to amortize the 06-1 CFD Series B Bonds outstanding as of June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2009-2010	\$ 80,000	\$ 207,163	\$ 287,163
2010-2011	80,000	204,905	284,905
2011-2012	90,000	201,685	291,685
2012-2013	90,000	198,190	288,190
2013-2014	95,000	194,436	289,436
2014-2019	535,000	908,590	1,443,590
2019-2024	675,000	776,450	1,451,450
2024-2029	840,000	604,395	1,444,395
2029-2034	1,065,000	432,178	1,447,978
2034-2038	775,000	159,648	878,689
Totals	<u>\$4,325,000</u>	<u>\$3,782,481</u>	<u>\$8,107,481</u>

**Qualified Zone Academy Bond.** On December 3, 2002, the District entered into a site lease agreement with the Corporation for the purpose of the financing the cost of purchasing technology equipment. The lease financing was entered into under the qualified zone academy bond ("QZAB") provisions of the Internal Revenue Code.

Lease payments for the QZABs will be required as follows:

Fiscal Year	Principal	Imputed Interest	Total
2009-2010	\$ 114,450	\$ 28,929	\$ 143,379
2010-2011	114,449	34,002	148,451
2011-2012	114,450	39,231	153,681
2012-2013	114,450	44,649	159,099
2013-2014	114,450	50,273	164,723
2013-2017	343,349	151,093	494,442
Totals	\$915,598	\$348,177	\$1,263,775

**Golden Handshake.** The District entered into an agreement with the Alvord Educators Association to offer the golden handshake agreement for eligible certificated employees of the District. The agreement calls for the District to make the following remaining installment payments:

Fiscal Year	
2009-2010	\$ 72,655
2010-2011	68,977
2011-2012	65,401
Total	\$ 207,033

**Other Post-Employment Benefits.** For a description of the District's other post-employment benefits, see "– Other Post-Employment Benefits" below.

**Supplemental Early Retirement Program (SERP).** In 2008, the District agreed to provide a Supplemental Early Retirement Program (SERP) to eligible employees who elected early retirement by July 1, 2008. Fifteen employees who met the eligibility requirements, elected early retirement. Five payments of \$127,838 are being paid over a five year period starting July 2008. The accumulated future liability for the District at June 30, 2009, amounts to \$383,514.

During fiscal year 2008-09, the District entered into an agreement for an Early Retirement Incentive for eligible employees. The agreement requires the District to make five equal annual installment payments for the 45 employees who participate in the plan. The future obligation under this plan is \$2,892,804.

## Employment

As of June 30, 2010, the District employed \_\_\_\_\_ certificated professionals and approximately \_\_\_\_\_ classified employees. For the year ended June 30, 2010, the total certificated and classified payrolls were \$ \_\_\_\_\_ million and \$ \_\_\_\_\_ million, respectively.

The certificated professionals, except management and some part-time employees, are represented by the employee bargaining units as follows:

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
Alvord Educators Association		June 20, 2009 <sup>(1)</sup>
California School Employees Association		June 20, 2009 <sup>(1)</sup>

<sup>(1)</sup> The District is currently negotiating new contracts and expects to, but cannot guarantee that it will, reach satisfactory agreements.

Source: The District



## Retirement Benefits

The District participates in retirement plans with the State Teachers' Retirement System ("CalSTRS"), which covers all full-time certificated District employees, and the State Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

**CalSTRS.** Contributions to CalSTRS are fixed in statute. Teachers contribute 8% of salary to CalSTRS, while school districts contribute 8.25%. In addition to the teacher and school contributions, the State contributes 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

Because of the downturn in the stock market, an actuarial valuation as of June 30, 2003 showed a \$118 million shortfall in the baseline benefits—one-tenth of 1% of accrued liability. Consequently, the surcharge kicked in for the first time in the fiscal year 2004-05 at 0.524% for three quarterly payments, which amounted to an additional \$92 million from the State's general fund in fiscal year 2004-05. However, in addition to the small shortfall in pre-enhancement benefits (triggering the surcharge), the June 30, 2003, valuation also showed a substantial \$23 billion unfunded liability for the entire system, including enhanced benefits. As indicated above, there is no required contribution from teachers, school districts or the State to fund this unfunded liability.

As of June 30, 2009, an actuarial valuation for the entire system, including enhanced benefits, showed an estimated unfunded actuarial liability of \$40.5 billion, an increase of \$18 billion from the June 30, 2008 valuation. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions.

CalSTRS has developed options to address the shortfall but most would require legislative action. In addition, in the Governor's 2005-06 Proposed State Budget and the 2005-06 May Revise of the 2005-06 Proposed Budget, the Governor proposed increasing the fixed contribution rate from 8.25% to 10.25% for school districts. Subsequently, the final 2005-06 State Budget was adopted with a contribution rate of 8.25%. In addition to the proposal by the Governor to increase the fixed contribution rate for school districts, other proposals have been suggested that would modify the District's obligation to make contributions to CalSTRS to closely parallel the full cost of the retirement benefits provided by CalSTRS, which proposals would include components for unfunded liability. If these proposals were adopted, the District's annual obligations to CalSTRS would likely increase substantially.

The District's employer contributions to CalSTRS for fiscal years 2005-06, 2006-07, 2007-08 and 2008-09 were \$5,806,748, \$6,811,141, \$6,717,243 and \$6,991,699, respectively, and were equal to 100% of the required contributions for each year. The District estimates that its employer contributions to CalSTRS for fiscal year 2009-10 was approximately \$\_\_\_\_\_ (unaudited) and projects that its employer contributions to CalSTRS for fiscal year 2010-11 will be approximately \$\_\_\_\_\_.

**CalPERS.** All qualifying classified employees of K through 12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS,

the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability.

According to the CalPERS State and Schools Actuarial Valuation as of June 30, 2010, the CalPERS Plan for Schools had a funded ratio of 65% on a market value of assets basis. The funded ratio as of June 30, 2009 and June 30, 2008 was 93.8% and 107.8%, respectively. In June 2009, the CalPERS Board of Administration adopted a new employer rate smoothing methodology for local governments and school employer rates. It was designed to ease the impact of the investment losses which were then expected in fiscal year 2008-09 on affiliated public employers while strengthening the long-term financial health of the pension fund. Under the new methodology, investment losses will be amortized and paid off over a fixed and declining 30-year period instead of a rolling 30-year amortization period.

The District's employer contributions to CalPERS for fiscal years 2005-06, 2006-07, 2007-08 and 2008-09 were \$1,471,985, \$1,723,527, \$3,013,782 and \$3,117,968, respectively, and were equal to 100% of the required contributions for each year. The District estimates that its employer contributions to CalPERS for fiscal year 2009-10 was approximately \$ \_\_\_\_\_ (unaudited) and projects that its employer contributions to CalPERS for fiscal year 2010-11 will be approximately \$ \_\_\_\_\_.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2009, Note 11."

#### **Other Post Employment Benefits (OPEBs)**

In addition to the retirement plan benefits with CalSTRS and CalPERS, the District provides certain post retirement healthcare benefits, in accordance with District employment contracts, to eligible employees who retire from the District on or after attaining age 55 with at least 10 years of service. The benefits consist of health insurance benefits (medical, dental and vision) and are provided to eligible retirees up to age 65. As of July 1, 2008, 109 retirees met these eligibility requirements and were receiving benefits.

The Governmental Accounting Standards Board ("GASB") released its Statement Number 45 ("Statement Number 45"), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) liabilities much like municipalities are required to account for pension benefits. As required by Statement Number 45, the District implemented the Statement Number 45 requirements in fiscal year 2007-08. See Note 12 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

The Epler Company, San Diego, California (the "Actuary"), has prepared the District's most recent actuarial valuation of the District's retiree health insurance benefits and reports that, as of July 1, 2008, the District had an unfunded actuarial accrued liability of \$16,904,954, assuming the District proceeds with its policy to pre-fund through a GASB eligible trust. (The Actuary indicates in the report that the District's unfunded actuarial accrued liability, as of July 1, 2008, would be \$19,718,611 if the District were not to proceed with its policy to pre-fund through a GASB eligible trust.) As of the valuation date, the District had not identified any funds as plan assets under Statement Number 45. The District currently intends to pre-fund its obligations and, under the new report, its annual required contribution for fiscal year 2008-09 is \$2,281,742.

The District's previous contributions, on a pay-as-you-go basis, for these benefits for fiscal years 2006-07, and 2007-08 were \$294,512 and \$712,604, respectively. The District's contribution for fiscal year 2008-09, on a pay-as-you-go basis if the District were not to proceed with its policy to pre-fund through a GASB eligible trust, was estimated by the Actuary to be \$724,789.

### **Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures**

The District is a member of the Southern California Regional Liability Excess Fund (ReLiEF) and the Benefits Liability Excess Fund (BeLiEF) joint powers authorities ("JPAs"). The District pays an annual premium to each entity for its health, vision and life insurance coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes as explained below.

These entities have budget and financial reporting requirements independent of member units and their financial statements are not presented in the financial statements of the District; however, fund transactions between the JPAs and the District are included in the financial statements of the District. Audited financial statements are available from the respective JPAs.

The District has not appointed board members to the Governing Board of the JPAs.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

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 (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness 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, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. 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 2% 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.

*County of Orange v. Orange County Assessment Appeals Board No. 3.* Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in

similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

**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 are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. 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 2% 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 monies 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 monies 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" (sometimes referred to as the "Gann limit") for the 2008-09 fiscal year are equal to the allowable limit of \$98,069,718, and estimates an appropriations limit for 2009-10 of \$[97,681,105]. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

#### **Article XIII C and Article XIII D of the California Constitution**

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D ("Article XIII C" and "Article XIII D," respectively), which contain a number of

provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIC 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 school districts 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; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further 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 XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

### **Statutory Limitations**

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in Santa Clara County Transportation Authority v. Guardino. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

### **Proposition 98 and Proposition 111**

On November 8, 1988, 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 changed 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 through 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 monies 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 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), 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 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school 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 Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school 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 HISTORY, OPERATION AND FINANCIAL INFORMATION — State Funding of Education; State Budget Process.”

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 98 and 111, were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



**APPENDIX C**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

*Upon delivery of the Series B Bonds, Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel to the Alvord Unified School District, proposes to render its final approving opinion with respect to the Series B Bonds in substantially the following form:*

**APPENDIX D**

**PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL**

*Upon delivery of the Series B Bonds, the Law Offices of Samuel Norber, Beverly Hills, California, Special Tax Counsel to the Alvord Unified School District, expects to render its final approving opinion with respect to the Series B Bonds in substantially the following form:*

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## APPENDIX F

### SUMMARY OF COUNTY OF RIVERSIDE INVESTMENT POLICIES AND PRACTICES AND DESCRIPTION OF INVESTMENT POOL

#### Riverside County Treasury Pool

*The following information has been provided by the Treasurer of the County, and the District takes no responsibility for the accuracy or completeness thereof. Further information may be obtained from the Treasurer of the County.*

The Riverside County Treasurer maintains one Pooled Investment Fund ("PIF") for all local jurisdictions having funds on deposit in the Riverside County Treasury. As of August 31, 2010, the portfolio assets comprising the PIF had a market value of \$5,166,434,405.70.

State law requires that all operating moneys of the Riverside County, school districts and certain special districts be held by the Riverside County Treasurer. On June 30, 2004, the Auditor-Controller performed an analysis on the Riverside County Treasury which resulted in the identification and classification of "mandatory vs. discretionary" depositors. Collectively these mandatory deposits constituted approximately 86% of the funds on deposit in the Riverside County Treasury, while approximately 14% of the total funds on deposit in the Riverside County Treasury represented discretionary deposits.

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

All purchases of securities for the PIF are made in accordance with Riverside County Treasurer's 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.

The structure of the Pooled Investment Fund as of August 31, 2010, was:

	<u>Market Value</u>
Federal Agency	\$4,051,249,162
Money Market Funds	499,162,162
Commercial Paper	149,853,472
Negotiable CD's	-
Medium Term Notes	-
Municipal Bonds	25,111,651
Certificates of Deposit	-
Bond - U.S. Treasury	440,422,959
Local Agency Obligation	<u>635,000</u>
Total	\$5,166,434,406

Yield Based Upon Book Value	0.87%
Weighted Average Maturity	1.09 Years

The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Section 53844 requires that the investment income be credited to the specific fund from which the investment was made.

The Board of Supervisors has established an "Investment Oversight Committee" (IOC) in compliance with California Government Code Section 27131. Currently, the IOC is composed of Riverside County Finance Director, Riverside County Treasurer-Tax Collector, a designee of Riverside County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of Riverside County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board of Supervisors.

Riverside County has obtained a rating on the PIF of "AAA/V1+" from Fitch Ratings and a "Aaa/MR1" rating from Moody's Investors Service. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

The Underwriter has made no independent investigation of the investments in the Riverside County PIF and has made no assessment of the current Riverside County Investment Policy. The value of the various investments in the Riverside County PIF will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the PIF will not vary significantly from the values described herein.

For additional information, see the APPENDIX G – "COUNTY INVESTMENT POLICY."

*Neither the District nor the Underwriter has made an independent investigation of the investments in the Pools and neither has made an assessment of the current County Investment Policy. The value of the various investments in the Pools will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Pools will not vary significantly from the values described herein.*

**APPENDIX G**  
**COUNTY INVESTMENT POLICY**

## APPENDIX H

### BOOK-ENTRY ONLY SYSTEM

*The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series B Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series B Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.*

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series B Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities, 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.

2. DTC, the world's largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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

Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.



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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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

**APPENDIX I**

**CAPITAL APPRECIATION BONDS  
TABLE OF ACCRETED VALUES**

**APPENDIX J**

**CONVERTIBLE CAPITAL APPRECIATION BONDS  
TABLE OF ACCRETED VALUES**

**APPENDIX K**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**