

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

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FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:

October 3, 2012

SUBJECT: Resolution No. 2012-211 – Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2012 (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2012-211 providing for the issuance and sale of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2012 in a principal amount not to exceed \$74,000,000.

BACKGROUND: Education Code Section 15140 requires that General Obligation Bonds of a school district be offered for sale by the Board of Supervisors of the County when the County's Superintendent of Schools has jurisdiction over the district and when the district wishes to offer its bonds via a negotiated sale. Although California law permits a board of supervisors to opt out of that requirement, this Board has not adopted the necessary enabling resolution. At the same time, the County Treasurer has taken the position that school districts should not be negotiating the sale of bonds without his participation.

(Continued on Page 2)


Don Kent, Treasurer-Tax Collector

FINANCIAL DATA	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

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

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Karen L. Johnson

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 4/4

Agenda Number:

3.50

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 9/27/12 DATE: 9/27/12
Departmental Concurrence

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

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

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

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

Pursuant to Resolution Number 2008-439, this Board previously authorized the issuance of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2008 (the "Series 2008 Bonds") in an aggregate principal amount not to exceed \$100,000,000. In accordance with that authorization, the Series 2008 bonds were issued in the aggregate principal amount of \$100,000,000 on November, 18, 2008.

This Resolution, 2012-211, authorizes and provides for the issuance of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2012 (the "Series 2012 Bonds") in an aggregate principal amount not to exceed \$74,000,000. The bond proceeds will be used to finance the acquisition and construction of additional school facilities and the permanent improvement or renovation of existing school facilities by the District.

The 2012 Bonds represent a general obligation of the District and do not constitute a debt, liability, or obligation of Riverside County. No part of any fund of the County is pledged or obligated to the payment of the Series 2012 Bonds.

County Counsel has reviewed Resolution No. 2012-211 and has approved it as to form.

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RESOLUTION NO. 2012-211

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF DESERT SANDS UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, GENERAL OBLIGATION BONDS, ELECTION OF 2001, SERIES 2012 IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$74,000,000

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RESOLUTION NO. 2012-211

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF RIVERSIDE, CALIFORNIA,
AUTHORIZING THE SALE AND ISSUANCE OF
DESERT SANDS UNIFIED SCHOOL DISTRICT,
RIVERSIDE COUNTY, CALIFORNIA, GENERAL
OBLIGATION BONDS, ELECTION OF 2001, SERIES
2012 IN THE PRINCIPAL AMOUNT NOT TO EXCEED
\$74,000,000**

WHEREAS, a duly called election was held in the Desert Sands Unified School District (the "District"), County of Riverside (the "County"), State of California, on November 6, 2001 (the "Election"), and thereafter canvassed pursuant to law; and

WHEREAS, at the Election there was submitted to and approved by the requisite two-thirds vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$450,000,000 payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

WHEREAS, on June 11, 2004, the Board of Supervisors of the County issued on behalf of the District the first series of bonds under the Authorization in an aggregate principal amount of \$146,000,000 and designated as Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2004; and

WHEREAS, on June 23, 2006, the Board of Supervisors of the County issued on behalf of the District the second series of bonds under the Authorization in an aggregate principal amount of \$130,000,000 and designated as Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2006; and

WHEREAS, on November 18, 2008, the Board of Supervisors of the County issued on behalf of the District the third series of bonds under the Authorization in an aggregate principal amount of \$100,000,000 and designated as Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2008; and

WHEREAS, at this time this Board has received a signed and certified original copy of the resolution of the Board of Education of the District (the "District Board"), approved thereby and adopted on September 18, 2012, requesting the issuance of a fourth and final series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$74,000,000 and styled as "Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2012 (the "Bonds"), which resolution is attached hereto as Exhibit A; and

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53560 et seq.) (the "Act"), the Bonds are authorized to be issued by the District for the purposes set forth in the ballot submitted to voters at the Election; and

FORM APPROVED COUNTY COUNSEL
BY Wendy A. Hudson 9/27/12
DALE A. GARDNER DATE

1 **WHEREAS**, the District Board has authorized the issuance of the Bonds in one or
2 more series of tax-exempt bonds, and further as any combination of Current Interest Bonds,
3 Capital Appreciation Bonds, or Convertible Capital Appreciation Bonds, all as further
4 defined herein; and

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

12 **WHEREAS**, the District Board has estimated that the costs associated with the
13 delivery of the Bonds, including any such costs which the Underwriter agrees to pay pursuant
14 to the Purchase Contract (defined herein), will equal approximately 1.25% of the aggregate
15 principal amount of the Bonds; and

16 **WHEREAS**, the District Board has appointed Stradling Yocca Carlson & Rauth, a
17 Professional Corporation, San Francisco, California as Bond Counsel and Disclosure
18 Counsel; and

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

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

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

Section 1. Purpose of the Bonds. The Bonds of the District shall be issued in
the name and on behalf of the District in an aggregate Principal Amount not to exceed
\$74,000,000 to raise money for the purposes authorized by voters of the District at the
Election, and to pay all necessary legal, financial, engineering and contingent costs in
connection therewith.

Section 2. Terms and Conditions of Sale. The Bonds shall be sold at a
negotiated sale pursuant to the Authorizing Law in accordance with the terms of this
Resolution. The Bonds shall be sold pursuant to the terms and conditions set forth in the
Purchase Contract, as described in Section 3 below.

Section 3. Approval of Purchase Contract. The form of Purchase Contract
(defined herein), by and among the County, the District and RBC Capital Markets, LLC (the
"Underwriter"), for the purchase and sale of the Bonds, is hereby approved substantially in

1 the form attached hereto as Exhibit B. The Treasurer-Tax Collector of the County (the
2 “Treasurer”), or designated deputy thereof, is hereby authorized to execute and deliver the
3 Purchase Contract, and the Authorized Representatives of the District, each alone, are hereby
4 authorized and requested to acknowledge the execution of such Purchase Contract, if
5 necessary, but with such changes therein, deletions therefrom and modifications thereto as
6 the Treasurer, or a designated deputy thereof, may approve, such approval to be conclusively
7 evidenced by his or her execution and delivery thereof; provided, however, that the Bonds
8 shall mature no later than forty (40) years from the date of issue and the Underwriter’s
9 discount, excluding original issue discount, shall not exceed 0.80% of the aggregate principal
10 amount of Bonds issued. The Treasurer, in conjunction with an Authorized Representative of
11 the District, shall be authorized to determine the final principal amount of the Bonds, not-to-
12 exceed \$74,000,000, and enter into and execute the Purchase Contract with the Underwriter,
13 if the conditions set forth in this Resolution are satisfied.

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

16 “**Accreted Interest**” means, with respect to Capital Appreciation Bonds and
17 Convertible Capital Appreciation Bonds, the Accreted Value thereof minus the
18 Denominational Amount thereof as of the date of calculation.

19 “**Accreted Value**” means, as of the date of calculation, with respect to
20 Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the
21 Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon
22 to such date of calculation, compounded semiannually on each August 1 and
23 February 1, commencing on February 1, 2013 (unless otherwise provided in the
24 Purchase Contract) at the stated Accretion Rate thereof, assuming in any such
25 semiannual period that such Accreted Value increases in equal daily amounts on the
26 basis of a 360-day year of twelve 30-day months.

27 “**Accretion Rate**” means, unless otherwise provided by the Purchase
28 Contract, that rate which, when applied to the Denominational Amount of a Capital
Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded
semiannually on each February 1 and August 1, commencing on February 1, 2013,
produces the Maturity Value on the maturity date (with respect to Capital
Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect
to Convertible Capital Appreciation Bonds)

“**Authorizing Law**” means, collectively, (i) the Act, and (ii) Article XIII A of
the California Constitution.

“**Authorized Representative of the District**” means each of the
Superintendent of the District, the Assistant Superintendent, Business Services of the
District, and such other officers or employees of the District as may be designated for
such purpose and their designees.

“**Board**” means the Board of Supervisors of the County.

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

3 **“Bond Payment Date”** means (unless otherwise provided by the Purchase
4 Contract or the Official Statement) (i) with respect to the Current Interest Bonds,
5 February 1 and August 1 of each year, commencing February 1, 2013, with respect to
6 the interest on the Current Interest Bonds, and the stated maturity dates thereof, with
7 respect to the principal payments on the Current Interest Bonds, (ii) with respect to
8 the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year,
9 commencing on the first such February 1 or August 1 following the respective
Conversion Dates thereof, with respect to the interest on the Convertible Capital
Appreciation Bonds and the stated maturity dates thereof, with respect to the
principal payments on the Convertible Capital Appreciation Bonds, and (iii) with
respect to the Capital Appreciation Bonds, the stated maturity dates thereof, as
applicable.

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

12 **“Bonds”** means the Desert Sands Unified School District General Obligation
13 Bonds, Election of 2001, Series 2012, issued and delivered pursuant to this
Resolution.

14 **“Building Fund”** means the Desert Sands Unified School District, General
15 Obligation Bonds, Election of 2001, Series 2012 Building Fund established pursuant
16 to Section 14 of this Resolution.

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

19 **“Capital Appreciation Bonds”** means the Bonds the interest component of
20 which is compounded semiannually on each February 1 and August 1, commencing
February 1, 2013 (unless otherwise provided in the Purchase Contract) to maturity, as
21 shown in the table of Accreted Value for such Bonds in the Official Statement.

22 **“Code”** means the Internal Revenue Code of 1986, as the same may be
23 amended from time to time. Reference to a particular section of the Code shall be
deemed to be a reference to any successor to any such section.

24 **“Continuing Disclosure Certificate”** shall mean that certain Continuing
25 Disclosure Certificate executed by the District in connection with the delivery of the
Bonds, as originally executed and as it may be amended from time to time in
26 accordance with the terms thereof.

27 **“Conversion Date”** means, with respect to Convertible Capital Appreciation
28 Bonds, the date from which such Bonds bear current interest.

1 **“Conversion Value”** means, with respect to Convertible Capital
2 Appreciation Bonds, the Accreted Value as of the Conversion Date.

3 **“Convertible Capital Appreciation Bonds”** means the Bonds the interest
4 component of which is compounded semiannually to the respective Conversion Dates
5 thereof as shown in the table of Accreted Values for such Bonds in the Official
6 Statement, and which bear interest from such respective Conversion Dates on the
7 Conversion Value thereof, payable semiannually on each Bond Payment Date, all as
8 set forth in the Purchase Contract.

9 **“County”** means the County of Riverside, California.

10 **“Current Interest Bonds”** means the Bonds the interest on which is payable
11 on each Bond Payment Date specified for each such Bond as designated and maturing
12 in the years and in the amounts set forth in the Purchase Contract.

13 **“Date of Issuance”** means the date on which the Bonds are delivered to the
14 Underwriter thereof.

15 **“Debt Service Fund”** means the Desert Sands Unified School District,
16 General Obligation Bonds, Election of 2001, Series 2012 Debt Service Fund
17 established pursuant to Section 14 of this Resolution.

18 **“Denominational Amount”** means, with respect to the Capital Appreciation
19 Bonds and Convertible Capital Appreciation Bonds, the initial principal amounts
20 thereof.

21 **“Depository”** means the entity acting as security depository for the Bonds
22 pursuant to Section 12 hereof.

23 **“District”** means the Desert Sands Unified School District.

24 **“DTC”** means The Depository Trust Company, New York, New York, a
25 limited purpose trust company organized under the laws of the State of New York in
26 its capacity as the Depository for the Bonds.

27 **“Fair Market Value”** means the price at which a willing buyer would
28 purchase the investment from a willing seller in a bona fide, arm's length transaction
(determined as of the date the contract to purchase or sell the investment becomes
binding) if the investment is traded on an established securities market (within the
meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value”
means the acquisition price in a bona fide arm's length transaction (as referenced
above) if (i) the investment is a certificate of deposit that is acquired in accordance
with applicable regulations under the Code, (ii) the investment is an agreement with
specifically negotiated withdrawal or reinvestment provisions and a specifically
negotiated interest rate (for example, a guaranteed investment contract, a forward
supply contract or other investment agreement) that is acquired in accordance with
applicable regulations under the Code, (iii) the investment is a United States Treasury
Security—State and Local Government Series that is acquired in accordance with
applicable regulations of the United States Bureau of Public Debt, or (iv) any

1 commingled investment fund in which the District and related parties do not own
2 more than a ten percent (10%) beneficial interest therein if the return paid by the fund
is without regard to the source of the investment.

3 **“Informational Services”** means Financial Information, Inc.’s Financial
4 Daily Called Bond Service; Mergent, Inc., Called Bond Department; or Standard &
Poor’s J. J. Kenny Information Services Called Bond Service.

5 **“Maturity Value”** means the Accreted Value of any Capital Appreciation
6 Bond on its maturity date.

7 **“Nominee”** means the nominee of the Depository, which may be the
8 Depository, as determined from time to time pursuant to Section 12 hereof.

9 **“Non-AMT Bonds”** means obligations the interest on which is excludable
10 from gross income for federal income tax purposes under Section 103(a) of the Code
and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code,
that are legal investments pursuant to Section 53601 of the Government Code

11 **“Official Statement”** means the document by that name prepared by the
12 District pursuant to which the Bonds are offered by the Underwriter to investors as
described in Section 22 herein.

13 **“Outstanding,”** when used with reference to any Bond (or a portion thereof),
14 means, as of any date, Bonds theretofore issued or thereupon being issued under this
resolution except:

15 (a) Bonds canceled at or prior to such date;

16 (b) Bonds in lieu of or in substitution for which other Bonds shall have
17 been delivered pursuant to Section 10 hereof; or

18 (c) Bonds for the payment or redemption of which funds or Government
19 Obligations in the necessary amount shall have been set aside (whether on or prior to
20 the maturity or redemption date of such Bonds), in accordance with Section 16 or 17
of this Resolution.

21 **“Owner”** means the registered owner of a Bond as set forth on the
22 registration books maintained by the Paying Agent pursuant to Section 10 hereof.

23 **“Participants”** means those broker-dealers, banks and other financial
24 institutions from time to time for which the Depository holds book-entry certificates
as securities depository.

25 **“Paying Agent”** means U.S. Bank National Association or any successor
26 thereto designated in accordance with Section 8 hereof to act as the authenticating
agent, bond registrar, transfer agent and paying agent for the Bonds.

27 **“Permitted Investments”** means (i) any lawful investments permitted by
28 Section 16429.1 and Section 53601 of the Government Code, including Non-AMT

1 Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common
2 law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government
3 Code which invests exclusively in investments permitted by Section 53635 of the
4 Government Code, but without regard to any limitations in such Section concerning
5 the percentage of moneys available for investment being invested in a particular type
6 of security, (iii) a guaranteed investment contract with a provider rated in at least the
7 second highest category by each rating agency then rating the Bonds, (iv) the Local
8 Agency Investments Fund of the California State Treasurer, (v) the County
9 investment pool maintained by the Treasurer, and (vi) State and Local Government
10 Series Securities.

11 **“Principal”** or **“Principal Amount”** means, with respect to any Current
12 Interest Bond, the principal or principal amount thereof and, with respect to any
13 Capital Appreciation Bond and Convertible Capital Appreciation Bonds, the
14 Denominational Amount thereof.

15 **“Purchase Contract”** means the Contract of Purchase, by and among the
16 County, the District and the Underwriter, relating to the Bonds.

17 **“Qualified Non-AMT Mutual Fund”** means stock in a regulated investment
18 company to the extent that at least 95% of the income of such regulated investment
19 company is interest that is excludable from gross income under Section 103 of the
20 Code and not an item of tax preference under Section 57(a)(5)(C) of the Code.

21 **“Qualified Permitted Investments”** means (i) Non-AMT Bonds, (ii)
22 Qualified Non-AMT Mutual Funds, (iii) other Permitted Investments authorized by
23 an opinion of Bond Counsel to the effect that such investment would not adversely
24 affect the tax-exempt status of the Bonds, and (iv) Permitted Investments of proceeds
25 of the Bonds, and interest earned on such proceeds, held not more than thirty days
26 pending reinvestment or Bond redemption. A guaranteed investment contract or
27 similar investment agreement (e.g. a forward supply contract, GIC, repo, etc.) does
28 not constitute a Qualified Permitted Investment.

“Rating Agencies” means Standard & Poor’s Rating Service, a Standard &
Poor’s Financing Services LLC business, and Moody’s Investors’ Services.

“Rebate Fund” means the Desert Sands Unified School District, General
Obligation Bonds, Election of 2001, Series 2012 Rebate Fund established pursuant to
Section 14 of this Resolution.

“Record Date” means, with respect to the Current Interest Bonds and
Convertible Capital Appreciation Bonds after the Conversion Date, the close of
business on the fifteenth day of the month preceding each Bond Payment Date.

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

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“**Resolution**” means this Resolution adopted by the Board of Supervisors of the County on October 16, 2012.

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

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

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

“**Taxable Bonds**” means any Bonds not issued as Tax-Exempt Bonds.

“**Tax-Exempt Bonds**” means any Bonds the interest in which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

“**Term Bonds**” means any of the Capital Appreciation Term Bonds, Convertible Capital Appreciation Term Bonds, or Current Interest Term Bonds.

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

“**Treasurer**” means the Treasurer-Tax Collector of the County and such other persons as may be designated by the Treasurer to act on his behalf.

“**Underwriter**” means RBC Capital Markets, LLC.

Section 5. Terms of the Bonds.

(a) Denomination, Interest, Dated Dates. The Bonds shall be issued as Bonds registered as to both principal and interest, in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof, and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof. The Bonds shall bear or accrete interest at a rate or rates such that the interest rate shall not exceed that permitted by law.

1 (b) Each Current Interest Bond shall be dated its Date of Issuance (the
2 "Dated Date"), and shall bear interest from the Bond Payment Date next preceding
3 the date of authentication thereof unless it is authenticated as of a day during the
4 period from the 16th day of the month next preceding any Bond Payment Date to that
5 Bond Payment Date, inclusive, in which event it shall bear interest from such Bond
6 Payment Date, or unless it is authenticated on or before first Record Date, in which
7 event it shall bear interest from its Dated Date. Interest shall be payable on the
8 respective Bond Payment Dates and shall be calculated on the basis of a 360-day year
9 of twelve, 30-day months.

10 (c) The Capital Appreciation Bonds shall mature in the years, shall be
11 issued in aggregate Principal Amounts, shall have Accretion Rates and shall have
12 denominations per each \$5,000 in Maturity Value as shown in the Accreted Value
13 Table attached to the Official Statement. The Convertible Capital Appreciation
14 Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts,
15 shall have Accretion Rates and shall have denominations per each \$5,000 in
16 Conversion Value as shown in such Accreted Value Table; provided, that in the event
17 that the amount shown in such Accreted Value Table and the Accreted Value caused
18 to be calculated by the District and approved by the Bond Insurer, if any, by
19 application of the definition of Accreted Value set forth in Section 4 differ, the latter
20 amount shall be the Accreted Value of such Capital Appreciation Bond or
21 Convertible Capital Appreciation Bond, as applicable.

22 (d) Before its Conversion Date, each Convertible Capital Appreciation
23 Bond shall not bear current interest but will accrete in value through the Conversion
24 Date thereof, from its Denominational Amount on the date of delivery thereof, to its
25 Conversion Value on the applicable Conversion Date. From and after its Conversion
26 Date, each Convertible Capital Appreciation Bond will bear current interest, and such
27 interest will accrue based upon the Conversion Value of such Bonds at the
28 Conversion Date. No payment will be made to the Owners of Convertible Capital
Appreciation Bonds on the respective Conversion Dates thereof.

Section 6. Execution. The Bonds shall be signed by the Chairman of the Board
and the Treasurer, or a deputy of the Treasurer, by their manual or facsimile signatures and
countersigned by the manual or facsimile signature of the Clerk of the Board, or by an
authorized deputy thereof, all in their official capacities. In case any one or more of the
officers who shall have signed any of the Bonds shall cease to be such officer before the
Bonds so signed shall have been issued by the County on behalf of the District, such Bonds
may, nevertheless, be issued, as herein provided, as if the persons who signed such Bonds
had not ceased to hold such offices. No Bond shall be valid or obligatory for any purpose or
shall be entitled to any security or benefit under this Resolution unless and until the
certificate of authentication printed on the Bond is signed by the Paying Agent as
authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that
the Bond so authenticated has been duly issued, signed and delivered under this Resolution
and is entitled to the security and benefit of this Resolution.

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

2 (a) This Board does hereby consent to and confirm the appointment of
3 U.S. Bank National Association as the Paying Agent for the Bonds. All fees and
4 expenses incurred for services of the Paying Agent shall be the sole responsibility of
5 the District.

6 (b) Unless otherwise provided, the office of the Paying Agent designated
7 by the Paying Agent shall be the place for the payment of Principal of, premium, if
8 any, Accreted Value of and interest on the Bonds.

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

19 (d) The District shall pay to the Paying Agent from time to time
20 reasonable compensation for all services rendered under this Resolution, and also all
21 reasonable expenses, charges, counsel fees and other disbursements, including those
22 of its attorneys, agents and employees, incurred in and about the performance of their
23 powers and duties under this Resolution. Notwithstanding the foregoing, the fees and
24 expenses of the Paying Agent not paid from the proceeds of the sale of the Bonds
25 may be paid in each year from taxes levied and collected for payment of the Bonds,
26 insofar as permitted by law, including specifically by Section 15232 of the Education
27 Code. In no event shall the County be required to expend its own funds hereunder.

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

 (a) The Paying Agent may at any time resign and be discharged of the
 duties and obligations created by this Resolution by giving at least 60 days' written
 notice to the District and the County. The Paying Agent may be removed at any time
 by an instrument filed with such Paying Agent and the County and signed by the
 District. A successor Paying Agent shall be appointed by the District with the written
 consent of the Treasurer, which consent shall not be unreasonably withheld, and, if
 such successor Paying Agent is not the Treasurer, then it shall be a bank or trust
 company organized under the laws of any state of the United States, a national
 banking association or any other financial institution, having capital stock and surplus
 aggregating at least \$75,000,000 and doing business in the State and willing and able
 to accept the office on reasonable and customary terms and authorized by law to
 perform all the duties imposed upon it by this Resolution. Such Paying Agent shall
 signify the acceptance of its duties and obligations hereunder by executing and
 delivering to the County and the District a written acceptance thereof. Resignation or

1 removal of the Paying Agent shall be effective upon appointment and acceptance of a
2 successor Paying Agent.

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

10 **Section 9. Payment of Principal and Interest.** Payment of interest on any
11 Current Interest Bond or Convertible Capital Appreciation Bond after the Conversion Date,
12 on any Bond Payment Date shall be made to the person appearing on the registration books
13 of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such
14 Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond
15 Payment Date at his address as it appears on such registration books or at such other address
16 as he may have filed with the Paying Agent for that purpose on or before the Record Date.
17 The Owner in an aggregate Principal Amount, Conversion Value or Maturity Value of
18 \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid
19 interest by wire transfer to the bank and account number on file with the Paying Agent as of
20 the Record Date. The principal, and redemption price, if any, payable on the Current Interest
21 Bonds and the Accreted Value and redemption price, if any, on the Capital Appreciation
22 Bonds or Convertible Capital Appreciation Bonds shall be payable upon maturity or
23 redemption upon surrender at the designated office of the Paying Agent. The interest,
24 Accreted Value, Principal and redemption premiums, if any, on the Bonds shall be payable in
25 lawful money of the United States of America. The Paying Agent is hereby authorized to
26 pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon
27 payment thereof. The Bonds are general obligations of the District payable solely from the
28 proceeds of *ad valorem* taxes levied on property subject to taxation by the District. No part
of any fund of the County is pledged or obligated to the payment of the Bonds.

19 **Section 10. Bond Registration and Transfer.** So long as any of the Bonds
20 remain outstanding, the District will cause the Paying Agent to maintain and keep at its
21 principal office all books and records necessary for the registration, exchange and transfer of
22 the Bonds as provided in this Section.

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

26 Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount
27 upon presentation and surrender at the office of the Paying Agent designated for such
28 purpose, together with a request for exchange signed by the registered Owner or by a person

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

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

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

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

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

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

5 **Section 11. Redemption.**

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

7 (b) Mandatory Redemption. The Term Bonds, if any, shall be subject to
8 mandatory redemption prior to maturity as provided in the Purchase Contract.

9 (c) Selection of Bonds for Redemption. Whenever provision is made in
10 this Resolution for the redemption of Bonds and less than all Outstanding Bonds are
11 to be redeemed, the Paying Agent, upon written instruction from the District, shall
12 select Bonds for redemption as so directed and if not directed, in inverse order of
13 maturity. Within a maturity, the Paying Agent, in a manner determined by the
14 District, shall select Bonds for redemption by lot; provided, however, the Purchase
Contract may provide that, within a maturity, Bonds shall be selected for redemption
on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with
DTC procedures, provided further that, such redemption is made in accordance with
the operational arrangements of DTC then in effect.

15 With respect to redemption by lot, that the portion of any Current Interest
16 Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any
17 integral multiple thereof, the portion of any Capital Appreciation Bond to be
18 redeemed in part shall be in integral multiples of the Accreted Value per \$5,000
Maturity Value thereof, and the portion of any Convertible Capital Appreciation
Bond to be redeemed in part shall be in integral multiples of the Accreted Value per
\$5,000 Conversion Value thereof

19 (d) Notice of Redemption. When redemption is authorized or required
20 pursuant to Section 11 hereof, the Paying Agent, upon written instruction from the
21 District, shall give notice (a "Redemption Notice") of the redemption of the Bonds.
22 Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof
23 (in the case of redemption of the Bonds in part but not in whole) which are to be
24 redeemed, (b) the date of redemption, (c) the place or places where the redemption
25 will be made, including the name and address of the Paying Agent, (d) the
26 redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be
27 redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and,
28 in the case of any Bond to be redeemed in part only, the Principal Amount or
Accreted Value of such Bond to be redeemed, and (g) the original issue date, interest
rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole
or in part. Such Redemption Notice shall further state that on the specified date there
shall become due and payable upon each Bond or portion thereof being redeemed at
the redemption price thereof, together with the interest accrued or accreted to the

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

3 The Paying Agent shall take the following actions with respect to such
4 Redemption Notice:

5 (i) At least 20 but not more than 60 days prior to the redemption
6 date, such Redemption Notice shall be given to the respective Owners of
7 Bonds designated for redemption by registered or certified mail, postage
8 prepaid, at their addresses appearing on the Bond Register.

9 (ii) At least 20 but not more than 60 days prior to the redemption
10 date, such Redemption Notice shall be given by (i) registered or certified
11 mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or
12 (iii) overnight delivery service, to the Securities Depository.

13 (iii) At least 20 but not more than 60 days prior to the redemption
14 date, such Redemption Notice shall be given by (i) registered or certified
15 mail, postage prepaid, or (ii) overnight delivery service, to one of the
16 Information Services.

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

23 With respect to any notice of the optional redemption of Bonds pursuant to
24 Section 11(a) hereof, unless upon the giving of such notice such Bonds shall be
25 deemed to have been defeased pursuant to Sections 16 or 17 hereof, such notice shall
26 state that such redemption shall be conditional upon the receipt by an escrow agent
27 selected by the District on or prior to the date fixed for such redemption of the
28 moneys necessary and sufficient to pay the principal of, and premium, if any, and
interest on, such Bonds to be redeemed, and that if such moneys shall not have been
so received said notice shall be of no force and effect, the Bonds shall not be subject
to redemption on such date and the Bonds shall not be required to be redeemed on
such date. In the event that such notice of redemption contains such a condition and
such moneys are not so received, the redemption shall not be made and the Paying
Agent shall within a reasonable time thereafter give notice, to the persons to whom
and in the manner in which the notice of redemption was given, that such moneys
were not so received.

(e) Payment of Redeemed Bonds. When notice of redemption has been
given substantially as provided for herein, and, when the amount necessary for the
redemption of the Bonds called for redemption (Principal or Accreted Value and
premium, if any) is set aside in trust for that purpose, as provided herein, the Bonds
designated for redemption shall become due and payable on the date fixed for
redemption thereof and upon presentation and surrender of said Bonds at the place

1 specified in the notice of redemption, said Bonds shall be redeemed and paid at the
2 redemption price thereof.

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

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

12 (g) Effect of Notice of Redemption. If on such redemption date, money
13 for the redemption of all the Bonds to be redeemed as provided in Section 11 hereof,
14 together with interest accrued to such redemption date, shall be held by an
15 independent escrow agent selected by the District, so as to be available therefor on
16 such redemption date, and if notice of redemption thereof shall have been given as
17 aforesaid, then from and after such redemption date, interest with respect to the
18 Bonds to be redeemed shall cease to accrue or accrete and become payable. All
19 money held by such escrow agent for the redemption of Bonds shall be held in trust
20 for the account of the Owners of the Bonds so to be redeemed.

21 All Bonds paid at maturity or redeemed prior to maturity pursuant to the
22 provisions of this Section 11 shall be cancelled upon surrender thereof and be
23 delivered to or upon the order of the District. All or any portion of a Bond purchased
24 by the District shall be cancelled by the Paying Agent.

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

29 **Section 12. Book-Entry System.**

30 (a) The Bonds shall be initially executed and delivered in the form of a
31 single, fully registered Bond for each maturity (which may be typewritten). Upon
32 initial execution and delivery, as provided for herein, the ownership of such Bond
33 shall be registered in the Bond Register in the name of the Depository or Nominee,
34 and its successors and assigns. Except as hereinafter provided, all of the outstanding
35 Bonds shall be registered in the Bond Register in the name of the Nominee of the

1 Depository, as determined from time to time pursuant to this Section. Each Bond
2 certificate shall bear a legend substantially to the following effect: "UNLESS THIS
3 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE
4 DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND
5 REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR
6 PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF
7 CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN
8 AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY
9 PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS
10 REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE
11 DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR
12 VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL
13 INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN
14 INTEREST HEREIN."

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

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

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

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

Notwithstanding any other provisions of this Resolution to the contrary, so
long as any Bond is registered in the name of the Nominee, all payments with respect
to Principal or Accreted Value of, and interest on such Bond and all notices with
respect to such Bond shall be made and given, respectively, as provided in the
Representation Letter or as otherwise instructed by the Depository and acceptable to
the District.

(d) The initial Depository under this Section shall be DTC. The initial
Nominee shall be Cede & Co., as Nominee of DTC.

Section 13. Forms of Bonds. The Bonds shall be in substantially the forms as
shown in Exhibit C hereto; provided, however, that those officials executing the Bonds are
hereby authorized to make the insertions and deletions necessary to conform the Bonds to

1 this Resolution and the Purchase Contract, and the Official Statement and to correct any
2 defect or inconsistent provision therein or to cure any ambiguity or omission therein.

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

4 (a) The proper officials of the District shall cause the Bonds to be
5 prepared and, following their sale, shall have the Bonds signed and delivered,
6 together with a true transcript of proceedings with reference to the issuance of the
7 Bonds, to the original purchaser upon payment of the purchase price therefor.

8 (b) The proceeds from the sale of the Bonds, to the extent of the Principal
9 Amount thereof, shall be paid to the County to the Building Fund, shall be kept
10 separate and distinct from all other District and County funds, and those proceeds
11 shall be used solely for the purposes for which the Bonds are being issued. At the
12 discretion of the District, the Building Fund may be split into more than one fund or
13 contain subaccounts if the Bonds are issued in more than one series. The accrued
14 interest and any premium received by the County from the sale of the Bonds shall be
15 kept separate and apart in the Debt Service Fund for the Bonds and used only for
16 payment of Principal or Accreted Value of, and interest on the Bonds. At the
17 discretion of the District, the Debt Service Fund may be split into more than one fund
18 or contain subaccounts if the Bonds are issued in more than one series. Any excess
19 proceeds of the Bonds not needed for the authorized purposes set forth herein for
20 which the Bonds are being issued shall be transferred to the Debt Service Fund and
21 applied to the payment of Principal or Accreted Value of, and interest on the Bonds.
22 If, after payment in full of the Bonds, there remain excess proceeds, any such excess
23 amounts shall be transferred to the General Fund of the District.

24 The costs of issuance of the Bonds (as such term is defined in Education
25 Code Section 15145) are hereby authorized to be paid from proceeds of the Bonds.
26 The County, at the direction of the District, may cause a portion of the proceeds of
27 the Bonds, in lieu of being deposited into the Building Fund, to be deposited in a
28 costs of issuance account to be held by a fiscal agent of the District appointed for
such purpose.

(c) Moneys in the Debt Service Fund and the Building Fund shall be
invested at the written direction of the District, and after consultation with the
County, in Permitted Investments. If at the time of issuance the District determines
to issue the Bonds as Tax-Exempt Bonds without regard to the Internal Revenue
Code "temporary period" restrictions, all investment of Bond proceeds shall be
subject to paragraph (i) below; and the District, in consultation with the County, may
provide for an agent to assist the District in investing funds pursuant to paragraph (i)
below. If the District fails to direct such agent, the agent shall invest or cause the
funds in the Building Fund to be invested in Qualified Permitted Investments, subject
to the provisions of paragraph (i) below, until such time as the District provides
written direction to invest such funds otherwise. Neither the County nor its officers
and agents, as the case may be, shall have any responsibility or obligation to
determine the tax consequences of any investment, nor shall the County or its officers
and agents be liable for any loss on investments. The interest earned on the moneys

1 deposited to the Building Fund shall be applied as set forth in subparagraph (ii)
2 below.

3 (i) Covenant Regarding Investment of Proceeds.

4 A. Permitted Investments. Beginning on the delivery
5 date, and at all times until expenditure for authorized purposes, not less than 95% of the
6 proceeds of the Bonds deposited in the Building Fund, including investment earnings
7 thereon, will be invested in Qualified Permitted Investments which are rated in at least the
8 second highest rating category by one of the two Rating Agencies. Notwithstanding the
9 preceding provisions of this Section, for purposes of this paragraph, amounts derived from
10 the disposition or redemption of Qualified Permitted Investments and held pending
11 reinvestment or redemption for a period of not more than 30 days may be invested in
12 Permitted Investments. The District hereby authorizes investments made pursuant to this
13 Resolution with maturities exceeding five years.

14 B. Recordkeeping and Monitoring Relating to Building
15 Fund. The investment of Bond proceeds pursuant to this paragraph (i) shall be subject to
16 such recordkeeping and monitoring requirements as shall be covenanted to by the District in
17 the Tax Certificate executed thereby in connection with such Bonds, and as shall be
18 acceptable to the County.

19 (ii) Interest Earned on Permitted Investments. The interest earned
20 on the moneys deposited in the Building Fund shall be deposited in the
21 Building Fund and used for the purposes of that fund.

22 Except as required below to satisfy the requirements of Section 148(f)
23 of the Code, interest earned on the investment of monies held in the Debt
24 Service Fund shall be retained in the Debt Service Fund and used by the
25 County to pay the Principal or Accreted Value of and interest on the Bonds
26 when due.

27 (d) The Rebate Fund is hereby created and established. The County shall
28 from time to time receive funds from the District for deposit into the Rebate Fund as
required to enable the District to comply with the requirements of Section 148(f) of
the Code. The District shall instruct the County, in writing, as to the method of
investing and disbursing funds held in the Rebate Fund to the United States Treasury.
The County agrees to comply with such instructions of the District. Any money
remaining in the Rebate Fund after the payment in full of the Bonds, either at
maturity or earlier redemption, and the payment to the United States Treasury of any
amounts required pursuant to Section 148(f) of the Code, and any regulations
thereunder, shall be transferred to the Building Fund, or if the Building Fund is not
then in the existence, shall be transferred to the general fund of the District. The
County shall have no liability or obligation with respect to the required deposits to or
disbursements from the Rebate Fund, which shall remain the sole responsibility of the
District.

(e) Interest earned on the investment of monies held in the Debt Service
Fund shall be retained in the Debt Service Fund, interest earned on the investment of

1 monies held in the Building Fund shall be retained in the Building Fund, and interest
2 earned in the investments in the Rebate Fund shall be retained in the Rebate Fund.

3 (f) If at any time it is deemed necessary or desirable by the District, upon
4 the written direction of the District, the County may establish additional funds under
5 this Resolution and/or accounts within any of the funds or accounts established
6 hereunder.

7 **Section 15. Security for the Bonds; Tax Levy.** There shall be levied on all the
8 taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem*
9 tax annually during the period the Bonds are Outstanding in an amount sufficient, together
10 with moneys on deposit in the Debt Service Fund available for such purpose, to pay the
11 Principal or Accreted Value of, premium, if any, and interest on the Bonds when due. The
12 taxes collected for the Bonds will be placed in the Debt Service Fund of the District, which
13 fund is hereby designated for the payment of the Principal of, premium, if any, Accreted
14 Value of and interest on the Bonds when and as due, and for no other purpose. The Bonds
15 are the general obligations of the District and do not constitute an obligation of the County
16 except as expressly provided in this Resolution. No part of any fund or account of the
17 County is pledged or obligated to the payment of the Bonds or the interest thereon.

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

20 (a) by irrevocably depositing with a bank or trust company in escrow an
21 amount of cash which together with amounts transferred from the Debt Service Fund,
22 is sufficient to pay all Bonds Outstanding, including all Principal, premium, if any,
23 Accreted Value and interest; or

24 (b) by irrevocably depositing with a bank or trust company in escrow
25 noncallable Government Obligations (defined below), together with cash, if required,
26 in such amount as will, in the opinion of an independent certified public accountant,
27 together with interest to accrue thereon and moneys transferred from the Debt Service
28 Fund together with the interest to accrue thereon, be fully sufficient to pay and
discharge all the Bonds Outstanding, including all Principal, premium, if any,
Accreted Value and interest due with respect thereto at or before their maturity date
or applicable redemption date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all
obligations of the District, the County and the Paying Agent with respect to all Outstanding
Bonds shall cease and terminate, except only the obligation of the County and the Paying
Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of
this Section, to the owners of the Bonds not so surrendered and paid all sums due with
respect thereto and the obligations of the County with respect to the Rebate Fund in
accordance with Section 14 hereof.

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

Direct and general obligations of the United States of America, or obligations that are
unconditionally guaranteed as to principal and interest by the United States of America

1 (which may consist of obligations of the Resolution Funding Corporation that constitute
2 interest strips), or “prerefunded” municipal obligations rated in the highest rating category by
3 Moody’s Investors Service or Standard & Poor’s. In the case of direct and general
4 obligations of the United States of America, Government Obligations shall include evidences
5 of direct ownership of proportionate interests in future interest or principal payments of such
6 obligations. Investments in such proportionate interests must be limited to circumstances
7 where (a) a bank or trust company acts as custodian and holds the underlying United States
8 obligations; (b) the owner of the investment is the real party in interest and has the right to
9 proceed directly and individually against the obligor of the underlying United States
10 obligations; and (c) the underlying United States obligations are held in a special account,
11 segregated from the custodian’s general assets, and are not available to satisfy any claim of
12 the custodian, any person claiming through the custodian, or any person to whom the
13 custodian may be obligated; provided that such obligations are rated or assessed “AAA” by
14 Standard & Poor’s or “Aaa” by Moody’s Investors Service.

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

11 (a) by irrevocably depositing with the County, or a bank or trust company
12 in escrow, an amount of cash which, together with amounts transferred from the Debt
13 Service Fund, is sufficient to pay the designated Outstanding maturities of Bonds,
14 including all Principal, Accreted Value, interest and premium, if any; or

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

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

21 **Section 18. Continuing Disclosure.** The District has covenanted and agreed that
22 it will comply with and carry out all of the provisions of the Continuing Disclosure
23 Certificate. Any Bond Owner may take such actions as may be necessary and appropriate,
24 including seeking mandate or specific performance by court order, to cause the District to
25 comply with its obligations under the Continuing Disclosure Certificate.

24 **Section 19. Tax Covenants of the District.** The District has covenanted for and
25 on behalf of the Owners that it shall not take any action, or fail to take any action if such
26 action or failure to take such action would adversely affect the exclusion from gross income
27 of the interest payable on the Bonds under Section 103 of the Code.

1 **Section 20. Arbitrage Covenant.** The District has covenanted for and on behalf
2 of the Owners that it will restrict the use of the proceeds of the Bonds in such manner and to
3 such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds
4 under Section 148 of the Code and the applicable regulations prescribed under that section or
5 any predecessor section. Calculations for determining arbitrage requirements are the sole
6 responsibility of the District. The County hereby covenants that it will follow such written
7 directions as are given to it by the District to restrict the use of the proceeds of the Bonds in
8 such manner and to such extent, if any, as may be necessary, so that the Bonds will not
9 constitute arbitrage bonds under Section 148 of the Code and the applicable regulations
10 prescribed under that section or any predecessor section.

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

18 **Section 22. Official Statement.** The District has agreed to cause a Preliminary
19 Official Statement and a final Official Statement meeting the requirements of Securities and
20 Exchange Commission Rule 15c2-12 to be prepared. Such Preliminary Official Statement
21 and Official Statement shall be referred to as the "Official Statement," and will be
22 substantially in the form of the Preliminary Official Statement on file with the Clerk of the
23 Board of Supervisors, together with such changes as the District deems necessary to make
24 such Official Statement accurate as of its date.

25 **Section 23. Other Actions.**

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

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

29 **Section 24. Supplemental Resolutions.**

30 (a) This Resolution, and the rights and obligations of the County, the
31 District and of the Owners of the Bonds issued hereunder, may be modified or
32 amended at any time by a Supplemental Resolution adopted by the County with the
33 written consent of Owners owning at least 60% in aggregate Principal Amount of the
34 Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District;

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

12 (b) This Resolution, and the rights and obligations of the County, the
13 District and of the Owners of the Bonds issued hereunder, may be modified or
14 amended at any time by a Supplemental Resolution adopted by the County without
15 the written consent of the Owners;

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

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

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

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

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

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

1 **Section 28. Unclaimed Moneys.** Anything in this Resolution to the contrary
2 notwithstanding, any moneys held by the Paying Agent in trust for the payment and
3 discharge of any of the Bonds which remain unclaimed for two (2) years after the date when
4 such Bonds have become due and payable, either at their stated maturity dates or by call for
5 earlier redemption, if such moneys were held by the Paying Agent at such date, or for two (2)
6 years after the date of deposit of such moneys if deposited with the Paying Agent after said
7 date when such Bonds become due and payable, shall be repaid by the Paying Agent to the
8 District, as its absolute property and free from trust, and the Paying Agent shall thereupon be
9 released and discharged with respect thereto and the Bond Owners shall look only to the
District for the payment of such Bonds; provided, however, that before being required to
make such payment to the District, the Paying Agent shall, at the expense of District, cause to
be mailed to the Owners of all such Bonds, at their respective addresses appearing on the
registration books, a notice that said moneys remain unclaimed and that, after a date in said
notice, which date shall not be less than thirty (30) days after the date of mailing such notice,
the balance of such moneys then unclaimed will be returned to the District.

10 **Section 29. Effective Date.** This Resolution shall take effect immediately upon
11 its passage.

12 The foregoing resolution was adopted by the Board of Supervisors of the County of
13 Riverside on October 16, 2012.

COUNTY OF RIVERSIDE

14
15 By: _____
 Chairman

16 ATTEST:

17
18 _____
 Clerk of the Board of Supervisors

EXHIBIT A
[FORM OF DISTRICT RESOLUTION]
