

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

445



FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
January 24, 2013

SUBJECT: Resolution No. 2013-034 – Temecula Valley Unified School District, General Obligation Bonds, 2012 Election, Series 2013-A (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2013-034 providing for the issuance and sale of Temecula Valley Unified School District, General Obligation Bonds, 2012 Election, Series 2013-A in a principal amount not to exceed \$40,000,000.

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

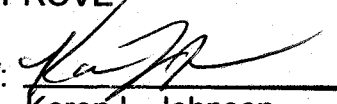
FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 1/23/13
DATE: 1/23/13
Departmental Concurrence

Consent
 Policy

Dep't Recomm.:
Per Exec. Ofc.:

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

Date: January 24, 2013
From: Treasurer-Tax Collector
Subject: Resolution No. 2013-034
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Temecula Valley 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, 2012, pursuant to Section 1 of Article XIII A of the California Constitution, Section 18 of Article XVI of the California Constitution, and Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15266) of the Education Code, codifying, in part, Proposition 39. The measure, which was approved by more fifty-five percent 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 \$165,000,000.

This Resolution, 2013-034, authorizes and provides for the issuance of Temecula Valley Unified School District, General Obligation Bonds, 2012 Election, Series 2013-A (the "Series 2013-A Bonds") in an aggregate principal amount not to exceed \$40,000,000. The bond proceeds will be used to finance and make improvements to eligible public school facilities within the District.

The Series 2013-A 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 2013-A Bonds.

County Counsel has reviewed Resolution No. 2013-034 and has approved it as to form.

RESOLUTION NO. 2012-13/19

RESOLUTION OF THE BOARD OF EDUCATION OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$40,000,000 PRINCIPAL AMOUNT OF TEMECULA VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A, PRESCRIBING THE TERMS OF SUCH BONDS AND THEIR SALE, AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, APPROVING FORM OF A PRELIMINARY OFFICIAL STATEMENT FOR SUCH BONDS, AUTHORIZING EXECUTION OF CERTAIN DOCUMENTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF BONDS; MAKING CERTAIN FINDINGS AND DETERMINATIONS AND TAKING RELATED ACTIONS

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

WHEREAS, the issuance of not to exceed \$165,000,000 aggregate principal amount of general obligation bonds of the District was authorized (“Bond Authorization”) at an election duly called and regularly conducted within the District on November 6, 2012 (further identified as “Measure Y”) (“Bond Election”), which Bond Election was conducted pursuant to the provisions of the “Safer Schools, Smaller Classes and Financial Accountability Act” (also known as “Proposition 39”), the California Constitution and related California law; and

WHEREAS, the results of the Bond Election were certified by this Board of Education of the District (“District Board”) by adoption of Resolution No. 2012-13/18, adopted on January 22, 2013, pursuant to State law, and which Resolution No. 2012-13/18 will be filed as required by State law; and

WHEREAS, the proceeds of general obligation bonds issued pursuant to the Bond Authorization are to be used for identified projects (as set out in District Resolution No. 2012-13/4, adopted on August 7, 2012 (“Resolution No. 2012-13/4”), which is incorporated herein by this reference) as approved by the voters in the Bond Election; and

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

WHEREAS, Sections 53506 *et seq.* of the California Government Code (“Government Code”) and Section 15140 of the Education Code of the State of California authorize the Board of Supervisors of 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 resolutions adopted by the District Board and the County Board; and

WHEREAS, pursuant to Government Code Section 53506 *et seq.*, and, to the extent applicable, Education Code Sections 15100 *et seq.*, the District Board has determined that it is in the best interests of the District at this time to authorize the issuance of a portion of such authorized but unissued general obligation bonds in the total principal amount of not to exceed \$40,000,000 (“Bonds” or “Series 2013-A Bonds”) and request the County Board to offer the Series 2013-A Bonds for sale pursuant to the request set forth herein; and

WHEREAS, the District Board has previously selected Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, to act as its Underwriter (“Underwriter”), and has retained Bowie, Arneson, Wiles & Giannone as Bond Counsel (“Bond Counsel”), McFarlin & Anderson LLP as Disclosure Counsel (“Disclosure Counsel”) and Fieldman, Rolapp & Associates as Financial Advisor (“Financial Advisor”) to the District in connection with the issuance and sale of the Series 2013-A Bonds; 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, or will comply with, during the course of issuing the Series 2013-A Bonds and/or expending the Series 2013-A 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 2013-A Bonds and the levy of taxes to pay principal and interest on the Series 2013-A Bonds pursuant to State law; and

WHEREAS, pursuant to Government Code Sections 53506 *et seq.*, and Education Code Sections 15140 and/or 15146, as applicable, the Board of Education desires that the Series 2013-A Bonds be sold through a negotiated sale with the Underwriter and that the sale thereof may involve the purchase of a municipal bond insurance policy; and

WHEREAS, the District Board has been presented with the forms of a Bond Purchase Agreement, a Continuing Disclosure Agreement and a Preliminary Official Statement relating to the Series 2013-A Bonds, which documents are on file with the Clerk of the District Board; and

WHEREAS, the District Board has received additional information concerning the sale of the Series 2013-A Bonds, including, but not limited to, information concerning anticipated estimated costs of issuance of the Series 2013-A Bonds; and

WHEREAS, the District Board desires to make certain findings, and authorize and direct certain actions with respect to the issuance and sale of the Series 2013-A Bonds as set forth herein; and

WHEREAS, the District Board requests that the Auditor-Controller of the County levy on its 2013/2014 tax rolls, and all subsequent tax rolls, as applicable to the Series 2013-A Bonds as issued and sold, taxes to be levied against taxable property within the boundaries of the

District, in an amount sufficient to pay the principal and interest on the Series 2013-A Bonds as such shall become due; 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 Series 2013-A Bonds, is within all limits prescribed by law; and

WHEREAS, based on the foregoing, the District Board has determined that it is appropriate to adopt this Resolution, including making certain findings and directing certain related actions and requesting that the Series 2013-A Bonds be issued through the County on behalf of the District.

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE TEMECULA VALLEY 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 2013-A Bonds in order to make them legal, valid and binding general obligations of the District secured by the levy of *ad valorem* taxes have been performed and have been met, or will at the time of delivery of the Series 2013-A 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 2013-A Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property); and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series 2013-A Bonds.

Section 3. Amount and Purpose of Bonds. The Series 2013-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 purposes set out in District Resolution No. 2012-13/4 and as approved at the Bond Election and to pay all necessary and appropriate costs or expenses incurred in the issuance of the Series 2013-A Bonds pursuant to Government Code Section 53509.5(b), and, as applicable, Education Code Sections 15145 and 15146 and applicable State law.

Section 4. Authority for Issuance of Bonds. That the Series 2013-A Bonds shall be issued and offered for sale by the County, on behalf of the District, pursuant to and in accordance with the California Constitution, the Bond Authorization, this Resolution, the County Resolution (as defined below), and Government Code Sections 53506 *et seq.*, and, to the extent applicable, Education Code Sections 15266, 15100 *et seq.* and 15140 *et seq.*

Section 5. Sale of Bonds: Designation.

(a) 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 2013-A Bonds authorized at the aforementioned Bond Election to be designated as “**Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A**” or such other designation as the Superintendent of the District (“Superintendent”) or the Superintendent's designee(s) (as described herein), may approve. The resolution of the County Board providing for the issuance and sale of the Series 2013-A Bonds is in certain instances herein referred to as the “County Resolution.”

(b) The proceeds of the Series 2013-A Bonds shall be expended for the purposes set forth in the ballot submitted to the voters, approved in the Bond Election and subject to State law and to pay costs of issuance of the Series 2013-A Bonds. The Series 2013-A 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 2013-A Bonds to be sold at a negotiated sale in accordance with the terms and conditions, including provisions for the optional redemption of the Series 2013-A Bonds, in substantially the form set forth in the Bond Purchase Agreement (“Purchase Agreement”) by and among the County, the District and the Underwriter, the form of which is attached hereto as Exhibit “A” and incorporated herein by this reference.

Section 7. Form of Purchase Agreement; Execution and Delivery.

(a) The form of the Purchase Agreement is hereby approved. The Superintendent and such other officers of the District as may be authorized 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 (“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 Financial Advisor, Underwriter, Bond Counsel and the Treasurer, is authorized and directed to establish or modify the terms of redemption of the Series 2013-A Bonds and establish the final principal amount of the Series 2013-A 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 County Treasurer and Fieldman, Rolapp & Associates, Inc., as Financial Advisor, with the Underwriter the interest rates on the Series 2013-A Bonds, not-to-exceed a true interest cost of six percent (6.00%), and the Underwriter's discount shall not exceed one and one-tenths percent (1.10%) of the principal amount of the Series 2013-A Bonds (exclusive of any premium paid on the Series 2013-A Bonds, costs of issuance of the Series 2013-A Bonds which may be paid by the Underwriter, and/or original issue discount, if any, which original issue discount 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 2013-A Bonds to the dated date(s) of the Series 2013-A Bonds, results in an amount equal to the purchase price of the Series 2013-A 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 2013-A Bonds on the date of delivery.

(b) The Designated Officer, in consultation with the Financial Advisor, the Underwriter, and the Treasurer is authorized to determine or accept the principal amount of each maturity of the Series 2013-A Bonds (including any Capital Appreciation Bonds and Convertible Capital Appreciation Bonds), the redemption provisions for the Series 2013-A Bonds, as applicable, the funding of any capitalized interest for the Series 2013-A Bonds (as determined to be necessary or appropriate) and the final purchase price for the Series 2013-A Bonds (subject to the limitations set forth herein) which shall be set forth in the Purchase Agreement. The term of the Series 2013-A Bonds shall be for not more than the maximum term allowed by law.

(c) The Designated Officer is also authorized, in consultation with the Financial Advisor and Treasurer, the Underwriter and Bond Counsel, to elect to purchase a policy of municipal bond insurance for the Series 2013-A Bonds to the extent such action is determined to be in the best interests of the District.

(d) The Series 2013-A 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 2013-A 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 2013-A Bonds issued at the closing in the form of a single, certificated Bond for each maturity. The Designated Officer is hereby authorized to take all actions necessary or appropriate to facilitate such filing and lodgment. The Underwriter is requested to assist the District and County in qualifying the Series 2013-A Bonds for deposit with DTC. The District Board hereby authorizes and directs the Designated Officer to execute and deliver such documents and letter as are necessary or desirable to qualify the Series 2013-A Bonds as part of such book-entry form and system.

Section 9. Paying Agent. U.S. Bank National Association shall serve as the initial Paying Agent for the Series 2013-A Bonds, recognizing that any fees incurred therefore in the first year may be paid from proceeds of the Series 2013-A Bonds and subsequent annual fees, if any, shall be paid out of the Debt Service Fund to be established for the Series 2013-A Bonds to the extent that there are funds remaining after payment of the principal and interest on the Series 2013-A Bonds in that year, and if such funds are insufficient, from the General Fund of the District.

Section 10. Levy and Collection of Taxes. Pursuant to Education Code Sections 15250 *et seq.* (or any successor sections thereto) the District, upon sale and delivery of the Series 2013-A 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 2013/2014 tax year, or as may be applicable given the debt service requirements of the Series 2013-A Bonds as issued and sold, and subsequent tax years, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series 2013-A Bonds are outstanding in an amount sufficient to pay the principal, accreted value or conversion value, of and interest on the Series 2013-A

Bonds, as applicable, when due in accordance with the terms of the Series 2013-A 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 2013-A Bonds, hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the Series 2013-A 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 2013-A Bonds, or of any of the property financed with the proceeds of the Series 2013-A Bonds, or other funds of the District, or take or omit to take any action that would cause the Series 2013-A 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 2013-A Bonds.

(c) The District covenants that it shall (i) make all calculations in a reasonable and prudent fashion relating to any rebate or excess investment earnings on the proceeds of the Series 2013-A Bonds due to the United States Treasury; and (ii) cause to be segregated and set aside from lawfully available sources held in the County treasury the amount such calculations indicate may be required to be paid to the United States Treasury. Based on such rebate calculations, the District will, to the extent required, cause to be set aside, from monies lawfully available, the amount of such rebate in a separate fund that the District hereby agrees to cause to be established and maintained as set forth in Section 11(b) hereof and in the County Resolution.

(d) The District Board hereby authorizes Bond Counsel and District staff to draft, complete, execute and include in the documents delivered in connection with the issuance and sale of the Series 2013-A Bonds, such statements, procedures and directives as may be necessary and convenient in order to meet federal tax goals or requirements in connection with maintaining the tax-exempt status of the Series 2013-A Bonds.

(e) 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 2013-A Bonds under Section 103 of the Code.

Section 12. Expenditure of Bond Proceeds. The District hereby covenants to expend all of the net Series 2013-A Bond proceeds in accordance with applicable law, including, but not limited to, Chapter 1 of Part 10 of Division 1 of Title 1 of the California Education Code of the State of California (commencing with Section 15100), as amended. The District reserves the right to request that the County, upon the sale of the Series 2013-A Bonds, deposit a portion of the proceeds thereof in the Debt Service Fund (established pursuant to the County Resolution),

or one or more accounts thereof, in order to pay interest on the Series 2013-A Bonds for a period not-to-exceed the statutory maximum.

Section 13. Preliminary Official Statement; Official Statement. Pursuant to the provisions of the Education Code, including, but not limited to, Education Code Section 15149, and federal disclosure requirements, a Preliminary Official Statement relating to the Series 2013-A Bonds has been prepared, and the use and distribution of the Preliminary Official Statement and a final Official Statement in connection with the sale of the Series 2013-A Bonds is hereby authorized. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Series 2013-A Bonds. The Designated Officer is authorized to approve, execute, and deliver, as applicable, 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 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. The District Board hereby authorizes and directs the Designated Officer to deliver to the Underwriter a certificate to the effect that the District deems the Preliminary Official Statement, in the form approved by the Designated Officer, to be final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted under such Rule).

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 Agreement (as defined below). Notwithstanding any other provisions of this Resolution, failure of the District to comply with the provisions of the Continuing Disclosure Agreement shall not be considered a default by the District hereunder or under the Series 2013-A Bonds; however, any underwriter or any holder or beneficial Owner of the Series 2013-A Bonds may take such actions as may be necessary and appropriate to compel performance therewith, including seeking mandate or specific performance by court order.

For purposes of this Section, "Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the District in connection with the issuance and sale of the Series 2013-A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. A form of the Continuing Disclosure Agreement 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 Agreement with such changes, insertions and deletions as may be approved by the Designated Officer, Bond Counsel and Disclosure Counsel, as applicable, which approval shall be conclusively evidenced by execution and delivery thereof.

Section 15. County Books and Accounts. The Treasurer, the County and the Paying Agent are requested to keep, or cause to be kept, proper books of records and accounts to record (i) the amount of taxes collected pursuant to Section 10 hereof and the provisions of the County Resolution, (ii) all deposits, expenditure and investment earnings on the Debt Service Fund and the Costs of Issuance Fund and any and all accounts or subaccounts thereof, and (iii) all transfers of funds for the payment of Principal, Conversion Value and Accreted Value of, or interest or

redemption premiums on, the Series 2013-A Bonds, as applicable. The Paying Agent shall provide regular periodic written statements for the Costs of Issuance Fund to the District. Such books of record and accounts shall, upon reasonable notice, during regular business hours be subject to the inspection of the District, the Paying Agent (if other than the Treasurer) and the Owners of not less than ten percent (10%) of the Principal Amount of the Series 2013-A Bonds then Outstanding, or their representatives authorized in writing. Defined terms in this Section shall have the meaning(s) assigned thereto in the County Resolution. The Treasurer is requested to provide regular periodic statements of such funds and accounts to the District.

Section 16. Compliance with Proposition 39. 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 2013-A Bonds (exclusive of costs of issuance and delivery of the Series 2013-A Bonds) ("Bond Proceeds" or "Series 2013-A Bond Proceeds") shall be used for the purposes specified in the list of specific school facilities projects set forth in Resolution No. 2012-13/4 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. 2012-13/4.

(c) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the District Board shall conduct, or cause to be conducted, annual, independent performance audits to ensure that the Series 2013-A Bond Proceeds have been expended only on the school facilities projects and capital expenditures identified in the School Facilities Project List.

(d) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the District Board shall conduct, or cause to be conducted, annual, independent financial audits of the Bond Proceeds until all of the Bond Proceeds have been expended for the school facilities projects and capital expenditures identified in the School Facilities Project List.

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

(f) The Bond Election results were certified by the District Board pursuant to Resolution No. 2012-13/18, and such resolution will be filed as required under Education Code Sections 15124 and 15274.

(g) Pursuant to Education Code Sections 15278 *et seq.*, the District Board will establish its Citizens' Oversight Committee ("Committee") for Measure Y and shall appoint members thereto pursuant to the Committee Policy and Regulations previously adopted by the District Board.

(h) Pursuant to Education Code Sections 15268 and 15270, based on estimates that assessed valuation will increase in accordance with Article XIII A of the California Constitution, the tax rate to be levied to meet the requirements of Section 18 of Article XVI of the California Constitution with regard to the Series 2013-A Bonds will not exceed Sixty Dollars (\$60) per year per One Hundred Thousand Dollars (\$100,000) of taxable property within the boundaries of the District. The District shall provide, or cause to be provided, a certificate specifying the estimated tax rate, and confirming compliance with this statutory requirement, at the time the Series 2013-A Bonds are delivered.

Section 17. Compliance with Certain Provisions of State Law; Annual Reporting.

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

(a) The Series 2013-A Bond Proceeds shall be used only for the purposes set forth in the School Facilities Project List, the construction proceeds of which have been, or will be, used only for the purposes set forth in the School Facilities Project List.

(b) One or more funds or accounts (which may include subaccounts) as further described herein and in the County Resolution shall be created into which the Series 2013-A Bond Proceeds shall be deposited.

(c) The District's Assistant Superintendent of Business Support Services, shall have the responsibility, no less often than annually, to provide to the District Board a written report which shall contain at least the following information:

- (i) The amount of the Series 2013-A Bond Proceeds received and expended during the applicable reporting period; and
- (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in the bond measure, with the Series 2013-A Bond 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, continuing disclosure reports, financial statements and audits and/or other written reports made in connection with the Series 2013-A Bonds. The requirements of this Section 17(c) shall apply only until all the Series 2013-A Bonds are redeemed or defeased, but if the Series 2013-A 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 2013-A Bonds 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 2013-A 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 2013-A Bonds with other public financings undertaken, or to be undertaken, by the District in order to finance and fund public school facilities and equipment; (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 2013-A Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for favorable sale of the Series 2013-A Bonds to such market.

(c) The District intends that the Series 2013-A Bonds be sold to Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as Underwriter, pursuant to a negotiated sale and the terms and conditions set out in the final executed Purchase Agreement. The District is represented by Bowie, Arneson, Wiles & Giannone as Bond Counsel, McFarlin & Anderson LLP as Disclosure Counsel and Fieldman, Rolapp & Associates as Financial Advisor.

(d) The estimates of costs associated with the issuance and sale of the Series 2013-A Bonds include the following: (i) the Underwriter's discount shall be as described in Section 7 hereof; (ii) Bond Counsel and Disclosure Counsel fees are based upon the final par amount of the Series 2013-A Bonds and are set out in the retention agreements with Bond Counsel and Disclosure Counsel, which are on file with the District; (iii) costs for purchase of a policy of bond insurance or other credit enhancement (iv) costs for printing of the Preliminary Official Statement and Official Statement, other legal counsel fees, rating agency fees and presentation, pricing consultant, the initial fees and expenses of the paying agent, California Municipal Statistics and other fees and expenses incident to the issuance and sale of the Series 2013-A Bonds are expected to be not greater than 3.57% of the expected maximum par amount of the Series 2013-A Bonds (currently estimated at \$1,250,000), as further set forth in Exhibit "C" attached hereto. All such figures are estimates and shall not constrain or limit the District as to the issuance and sale of the Series 2013-A Bonds pursuant to the directives and conditions set forth herein.

(e) The District Board hereby directs that following the sale of the Series 2013-A Bonds, the District Board shall be presented with the actual costs of sale, issuance and delivery costs of the Series 2013-A Bonds at the next occurring meeting of the District Board for which such information can be determined and presented in accordance with State law.

(f) The District Board hereby directs that following the sale and delivery of the Series 2013-A Bonds that an itemized summary of the costs of the sale, issuance and delivery costs of the Series 2013-A Bonds shall be provided to the California Debt and Investment Advisory Commission (CDIAC). The District Board hereby determines that submission of such information as part of the filing of the Report of Final Sale for the Series 2013-A Bonds made to CDIAC pursuant to State law, including Government Code Section 8855, shall constitute compliance with the applicable requirements of Education Code Section 15146(c)(2).

(g) The District Board hereby directs that as part of the authorization for issuance, sale, issuance and delivery of the Series 2013-A Bonds that all necessary filings with CDIA shall be completed by the District staff and/or its consultants or legal counsel on behalf of the District. The District Board directs that confirmation of such filings shall be included in the transcript of agreements, resolutions, proceedings and documents prepared and delivered in connection with the authorization for issuance, sale, issuance and delivery of the Series 2013-A Bonds.

Section 19. District Consultant Costs, County Costs, and Costs of Issuance Agreement.

(a) The District has retained the services of Bowie, Arneson, Wiles & Giannone to represent the District as Bond Counsel, McFarlin & Anderson LLP to represent the District as Disclosure Counsel, and Fieldman, Rolapp & Associates to represent the District as Financial Advisor. U.S. Bank National Association will serve as the District's initial Paying Agent. The Designated Officers are authorized to execute and deliver service agreements with such legal counsel and other service providers in connection with such services. The Superintendent of the District is hereby also authorized to retain such other and further consultants and services, including, but not limited to, printing services, legal services, assessment information and pricing consultant services as are necessary or desirable to facilitate the issuance, sale and delivery of the Series 2013-A Bonds.

(b) That this District Board authorizes the payment to the County of out-of-pocket expenses and other costs incurred by the County in connection with the County's support of, and participation in, the issuance, sale and delivery of the Series 2013-A Bonds.

(c) As provided in the Purchase Agreement, the Underwriter may be required to pay a portion of the costs of issuance from allocated funds as a condition to the purchase of the Series 2013-A Bonds. The District Board hereby authorizes a Designated Officer(s) to acknowledge any such Costs of Issuance Custodian Agreement(s), or equivalent agreement, involving U.S. Bank National Association or another bank or financial institution. As may be provided in such agreement, amounts provided by the Underwriter for payment of costs of issuance shall be deposited thereunder and the payment of costs of issuance may be requisitioned by a Designated Officer(s) in accordance with such agreement.

Section 20. Approval of Actions. All actions heretofore taken by officers, agents and consultants of the District with respect to the sale and issuance of the Series 2013-A Bonds are hereby approved, confirmed and ratified. The President and Clerk of the District Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series 2013-A 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.

Section 21. Other Actions. The President and Clerk of the District Board, and the Designated Officers of the District, are authorized and directed to execute all other documents and to take all actions necessary to cause or facilitate the issuance and delivery of the Series 2013-A Bonds.

Section 22. Partial Invalidity; Severability. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the District to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreement or portions thereof and shall in no way affect the validity of this Resolution or of the Series 2013-A Bonds; but the Bond owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The District hereby declares that it would have approved this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series 2013-A Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 23. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.


Section 24. Effective Date. The provisions of this Resolution shall take effect immediately upon adoption.

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


[Remainder of this page is blank]

ADOPTED, SIGNED and APPROVED this 22nd day of January, 2013, by the Board of Education of the Temecula Valley Unified School District of the County of Riverside, State of California.

**BOARD OF EDUCATION OF THE TEMECULA
VALLEY UNIFIED SCHOOL DISTRICT**

By: 
President of the Board of Education for the
Temecula Valley Unified School District

ATTEST:

By: 
Clerk of the Board of Education for the
Temecula Valley Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Richard Shafer, Clerk of the Board of Education of the Temecula Valley Unified School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Education of the Temecula Valley Unified School District at a meeting thereof held on the 22nd day of January, 2013, 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: 4
NOES: 0
ABSTAIN: 0
ABSENT: 1

By: RSW
Clerk of the Board of Education of the
Temecula Valley Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Richard Shafer, Clerk of the Board of Education of the Temecula Valley Unified School District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2012-13/19 of such Board and that the same has not been amended or repealed.

Dated this 22nd day of January, 2013.

By: 
Clerk of the Board of Education of the
Temecula Valley Unified School District

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY ___, 2013

NEW ISSUE – FULL BOOK-ENTRY

**RATINGS: Fitch: “___”
Standard & Poor’s: “___”
(See “RATINGS” herein.)**

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, subject, however to certain qualifications described herein, under existing laws, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2013-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (“Code”). Bond Counsel also observes that interest on the Series 2013-A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although such interest is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation’s alternative minimum tax liabilities. In the further opinion of Bond Counsel, interest on the Series 2013-A Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013-A Bonds. See “TAX MATTERS – Opinion of Bond Counsel” herein.

\$[_____]*

**TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

This Official Statement describes the \$[_____] Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A (the “Series 2013-A Bonds”). The Series 2013-A Bonds are being issued by the County of Riverside (the “County”) on behalf of Temecula Valley Unified School District (the “School District”) to finance and make improvements to eligible public school facilities, [to pay interest on the Series 2013-A Bonds on August 1, 2013,] and to pay costs of issuance of the Series 2013-A Bonds. See “THE SERIES 2013-A BONDS.”

The Series 2013-A Bonds represent a general obligation of the School District and are secured by taxes levied against taxable property within the School District. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes upon property within the School District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of principal and Accreted Value of and interest on the Series 2013-A Bonds when due. Pursuant to a special election of the registered voters of the School District held on November 6, 2012, at least 55% of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed \$165,000,000 principal amount of general obligation bonds of the School District to finance authorized school facilities. See “INTRODUCTION – Sources of Payment for the Series 2013-A Bonds,” “THE SERIES 2013-A BONDS – Security,” and “TAX BASE FOR REPAYMENT OF THE SERIES 2013-A BONDS – *Ad Valorem* Property Taxation.”

The Series 2013-A Bonds shall be issued in denominations of \$5,000 principal, maturity or accreted amount, as applicable, or any integral multiple thereof. The Series 2013-A 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”), as further described herein. Interest on the Current Interest Bonds is payable on [August] 1, 2013, 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 front cover hereof. The Capital Appreciation Bonds will be compounded on each February 1 and August 1 to maturity, commencing [August] 1, 2013.

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 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 August 1, 2013. 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 Series 2013-A Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of beneficial ownership interests in the Series 2013-A Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Series 2013-A Bonds. Payment to registered owners of \$1,000,000 or more in principal of Current Interest Bonds or Accreted Value of Capital Appreciation Bonds or

*Preliminary, subject to change.

Convertible Capital Appreciation Bonds, at the registered owner's written request, will be by wire transfer to an account in the United States of America. The Series 2013-A Bonds are issuable as fully-registered Series 2013-A Bonds in denominations of \$5,000 principal or maturity amount or any integral multiple thereof. The Series 2013-A Bonds are issuable as fully-registered Series 2013-A Bonds with a maturity value of \$5,000 or any integral multiple thereof. Payments of principal (or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on the Series 2013-A Bonds will be paid by U.S. Bank National Association, as Paying Agent, Registrar and Transfer Agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Series 2013-A Bonds. (See "THE SERIES 2013-A BONDS – Book-Entry-Only System.")

The Series 2013-A Bonds are subject to optional redemption and mandatory redemption prior to maturity.* See "THE SERIES 2013-A BONDS – Optional Redemption" and " – Mandatory Redemption."

As more fully described herein, the School District may obtain a municipal bond insurance policy from Assured Guaranty Municipal Corp. pursuant to a commitment that has been issued by it to the School District. The policy, if obtained, would guarantee the scheduled payment of principal (or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on the Series 2013-A Bonds covered thereby (see "MUNICIPAL BOND INSURANCE" herein). The School 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 2013-A 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 School District will obtain such a policy, and, if so, whether such policy will cover all or less than all of the Series 2013-A Bonds.

This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Series 2013-A Bonds. Potential investors must read the entire official statement to obtain information essential in making an informed investment decision.

MATURITY SCHEDULE
on inside cover.

The Series 2013-A Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, as Bond Counsel to the School District, and subject to certain other conditions. McFarlin & Anderson LLP, Laguna Hills, California, is acting as Disclosure Counsel to the School District. Certain legal matters will be passed on for the School District by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, [as District Counsel,] for the Underwriter by its counsel, Nossaman LLP, Irvine, California and for the County by County Counsel. It is anticipated that the Series 2013-A Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about [February/March ___], 2013.

[INSERT LOGO:]

STONE & YOUNGBERG

A DIVISION OF STIFEL NICOLAUS

The date of this Official Statement is: February ___, 2013

\$[_____]*
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A

Base CUSIP^{®(1)}: [87970H]

MATURITY SCHEDULE

\$ _____ 2013 Serial Current Interest Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2013	\$	%	%	
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
20__				

\$ _____ % Term Current Interest Bonds due August 1, 20__ – Yield _____ %

\$ _____ Serial Capital Appreciation Bonds

<u>Maturity (August 1)</u>	<u>Initial Principal Amount</u>	<u>Accretion Rate</u>	<u>Yield to Maturity</u>	<u>Maturity Value</u>	<u>CUSIP Number[†]</u>
--------------------------------	-------------------------------------	---------------------------	------------------------------	---------------------------	-------------------------------------

\$ _____ Term Convertible Capital Appreciation Bonds

<u>Maturity (August 1)</u>	<u>Initial Principal (Denominational) Amount</u>	<u>Accretion Rate to (but excluding) Conversion Date</u>	<u>Conver- sion Date (August 1)</u>	<u>Interest Rate from and after Conversion Date</u>	<u>Stated Accreted Value at Conversion Date</u>	<u>Reoffering Yield</u>	<u>CUSIP Number[†]</u>
--------------------------------	--	--	---	---	---	-----------------------------	-------------------------------------

⁽¹⁾ CUSIP[®] A registered trademark of the American Bankers Association. Copyright © 1999-2013 Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. CUSIP[®] data herein is provided by Standard & Poor's CUSIP[®] Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP[®] Service Bureau. CUSIP[®] numbers are provided for convenience of reference only. Neither the Community Facilities District nor the Underwriter takes any responsibility for the accuracy of such numbers.

[†]Preliminary, subject to change.

TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Dr. Kristi Rutz-Robbins, *President*
Richard Shafer, *Clerk*
Robert Brown, *Board Member*
Vincent O'Neal, *Board Member*
Dr. Allen Pulsipher, *Board Member*

DISTRICT ADMINISTRATION

Timothy Ritter, *Superintendent*
Lori Ordway-Peck, *Assistant Superintendent of Business Support Services*
Rhonda Hensley, *Director of Fiscal Services*

PROFESSIONAL SERVICES

BOND COUNSEL/DISTRICT COUNSEL

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

DISCLOSURE COUNSEL

McFarlin & Anderson LLP
Laguna Hills, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

UNDERWRITER

Stone & Youngberg, a Division of Stifel Nicolaus
San Francisco, California

UNDERWRITER'S COUNSEL

Nossaman LLP
Irvine, California

PAYING AGENT

U.S. Bank National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the School District to give any information or to make any representation with respect to the Series 2013-A Bonds, other than as contained in this Official Statement, and, if given or made, any such information or representation must not be relied upon as having been authorized by the School District or the Underwriter. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Series 2013-A Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2013-A Bonds.

Statements contained in this Official Statement which involve time estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the School District or other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement:

“The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

The information and expressions of opinion herein are subject to change without notice and neither the 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 School District since the date hereof.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2013-A Bonds or the advisability of investing in the Series 2013-A 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 K – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

In connection with offering the Series 2013-A Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market prices of the Series 2013-A Bonds at levels above those that 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 2013-A Bonds to certain securities dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE SERIES 2013-A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2013-A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2013-A Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement, which includes the cover page, inside cover and appendices hereto, provides information in connection with the sale of Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A (the "Series 2013-A Bonds"), in the aggregate principal amount of \$ _____*. The Series 2013-A Bonds consist of current interest bonds (the "Current Interest Bonds"), capital appreciation bonds (the "Capital Appreciation Bonds") and convertible capital appreciation bonds (the "Convertible Capital Appreciation Bonds"), all as indicated on the inside front cover hereof, to be offered by the Temecula Valley Unified School District (the "School District"). See "THE SERIES 2013-A BONDS."

The School District

The School District was originally established as the Temecula Valley Union School District in 1914, providing educational services to grades K-8. In 1989, the School District took over administration of the one high school within its boundaries previously served by the Elsinore Union High School District. The School District encompasses approximately 148 square miles in the incorporated City of Temecula, surrounding cities and unincorporated Riverside County. The School District includes 17 elementary schools, three charter schools, one 6-12 virtual school, six middle schools, three comprehensive high schools, one continuation high school, one independent study high school and one adult study school. The School District estimates average daily attendance in Fiscal Year 2012-13 of approximately 27,528.00 students (as of the First Interim Report, December 11, 2012) (the "First Interim Report"), with a 2012-13 Fiscal Year budget of approximately \$199,223,072 (as of the First Interim Report). For more complete information concerning the School District, including certain financial information, see "THE SCHOOL DISTRICT – Outstanding Debt; Financial Obligations." The School District's audited financial statements for the Fiscal Year ended June 30, 2012, are included as Appendix B and should be read in their entirety.

Sources of Payment for the Series 2013-A Bonds

The Series 2013-A Bonds are general obligation bonds of the School District payable solely from *ad valorem* property taxes levied and collected by the County on taxable property located within the boundaries of the School District. The Board of Supervisors (the "Board of Supervisors") of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Series 2013-A Bonds and the interest thereon upon all property within the School District subject to taxation by the School District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Although the County is obligated to levy an *ad valorem* tax for the payment of the Series 2013-A Bonds and to make timely payment of the principal (or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on the Series 2013-A Bonds when due and will maintain the Debt Service Fund pledged to the

* Preliminary, subject to change.

repayment of the Series 2013-A Bonds, the Series 2013-A Bonds are not a debt of the County. The School District received authorization at an election held on November 6, 2012, by an affirmative vote of approximately [63.45]% of the votes cast by eligible voters within the School District (the "Authorization") to issue not to exceed \$165,000,000 of general obligation bonds. The Series 2013-A Bonds are the first series of bonds issued under the Authorization. See "THE SERIES 2013-A BONDS – Security" and "TAX BASE FOR REPAYMENT OF SERIES 2013-A BONDS – *Ad Valorem* Property Taxation."

Purpose of Issue

The proceeds of the Series 2013-A Bonds are authorized to be used to finance and make improvements to eligible public school facilities, [to pay interest on the Series 2013-A Bonds on August 1, 2013,] and to pay costs of issuance of the Series 2013-A Bonds. See "THE SERIES 2013-A BONDS" herein.

Description of the Series 2013-A Bonds

Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. The Series 2013-A Bonds will be issued as current interest bonds ("Current Interest Bonds"), capital appreciation bonds ("Capital Appreciation Bonds") and convertible capital appreciation bonds ("Convertible Capital Appreciation Bonds"). The Series 2013-A Bonds mature on August 1 in the years and in the amounts indicated on the inside cover page of this Official Statement.

Payments. Interest on the Current Interest Bonds accrues from the date of delivery of the Series 2013-A Bonds at the rates set forth on the inside cover page of this Official Statement and is payable semiannually on each February 1 and August 1, commencing August 1, 2013. 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 front cover hereof. The Capital Appreciation Bonds will be compounded on each February 1 and August 1 to maturity, commencing August 1, 2013. 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 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 August 1, 2013. 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 principal or maturity value, as applicable, of the Series 2013-A Bonds is payable at maturity upon surrender of the Series 2013-A Bonds for payment. See "THE SERIES 2013-A BONDS – Payment" herein.

Registration. The Series 2013-A Bonds will be issued in fully registered form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Series 2013-A Bonds (the "Beneficial Owners") in the denominations set forth on the cover page of this Official Statement, under the book-entry-only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Series 2013-A Bonds. See "THE SERIES 2013-A BONDS – Book-Entry-Only System" and APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM." In the event that the book-entry-only system described below is no longer used with respect to the Series 2013-A Bonds, the Series

2013-A Bonds will be registered in accordance with the Resolution (as defined below). See "THE SERIES 2013-A BONDS – Registration, Transfer and Exchange of Series 2013-A Bonds."

Denominations. The Series 2013-A Bonds will be issued and beneficial ownership interests may be purchased by Beneficial Owners in denominations of \$5,000 principal, maturity or accreted amount or any integral multiple thereof; provided that one Capital Appreciation Bond may be issued in an odd maturity amount.

Redemption.* [Discuss: The Current Interest Bonds maturing on or before August 1, 20__, are not subject to redemption. The Current Interest Bonds maturing on or after August 1, 20__, may be redeemed before maturity, at the option of the School District, in whole or in part on any date on or after August 1, 20__. The Capital Appreciation Bonds are [not] subject to optional redemption prior to maturity. The Convertible Capital Appreciation Bonds are subject to optional redemption on or after August 1, 20__. The Current Interest Bonds and the Convertible Capital Appreciation Bonds are subject to mandatory sinking fund redemption prior to maturity. See "THE SERIES 2013-A BONDS – Optional Redemption" and " – Mandatory Redemption."

Bond Insurance. As more fully described in "MUNICIPAL BOND INSURANCE" herein, the School District may obtain a municipal bond insurance policy from Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") pursuant to a commitment that has been issued by it to the School District. The policy, if obtained, would guarantee scheduled payment of principal (or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on the Series 2013-A Bonds covered thereby (see "MUNICIPAL BOND INSURANCE" herein). The School 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 2013-A 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 School District will obtain such a policy, and, if so, whether such policy will cover all or less than all of the Series 2013-A Bonds.

Tax Exemption

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel ("Bond Counsel"), subject, however to certain qualifications described herein, under existing laws, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2013-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). Bond Counsel also observes that interest on the Series 2013-A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although such interest is included as an adjustment in the calculation of federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability. In the further opinion of Bond Counsel, interest on the Series 2013-A Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013-A Bonds. See "TAX MATTERS – Opinion of Bond Counsel."

Authority for Issuance of the Series 2013-A Bonds

The Series 2013-A Bonds are issued pursuant to certain provisions of the State of California ("State") Constitution, the California Government Code ("Government Code") and the California Education Code ("Education Code"), and other applicable law and pursuant to a resolution adopted by the Board of the School District on January 22, 2013 (the "School District Resolution") and a resolution

*Preliminary, subject to change.

adopted by the Board of Supervisors on _____, 2013 (the "County Resolution") and together with the School District Resolution, the "Resolution"). See "THE SERIES 2013-A BONDS – Authority for Issuance" herein.

Offering and Delivery of the Series 2013-A Bonds

The Series 2013-A Bonds are offered when, as and if issued, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Bond Counsel. It is anticipated that the Series 2013-A Bonds will be available for delivery through DTC on or about [February/March ____], 2013.

Continuing Disclosure

The School District will agree for the benefit of current registered owners of any Series 2013-A Bonds (the "Owners") to make available certain financial information and operating data relating to the School District and to provide notices of the occurrence of certain enumerated events, in compliance with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of significant events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." See "OTHER LEGAL MATTERS – Continuing Disclosure" herein.

Professionals Involved in the Bond Offering

Several professional firms have provided services to the School District with respect to the sale and delivery of the Series 2013-A Bonds. Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in Appendix D. McFarlin & Anderson LLP, Laguna Hills, California, is serving as Disclosure Counsel to the School District with respect to the Series 2013-A Bonds. Nossaman LLP, Irvine, California, is serving as Underwriter's Counsel. Fieldman, Rolapp & Associates, Inc., Irvine, California, is acting as Financial Advisor. U.S. Bank National Association, Los Angeles, California, is acting as the initial Paying Agent with respect to the Series 2013-A Bonds. The payment of fees and expenses of such firms with respect to the Series 2013-A Bonds is contingent on the sale and delivery of the Series 2013-A Bonds. The School District's financial statements for the Fiscal Year ended June 30, 2012, have been audited by Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California. See APPENDIX B – "EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT FOR FISCAL YEAR 2011-12."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The School District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Agreement. Copies of documents referred to herein and information concerning the Series 2013-A Bonds are available from the Assistant Superintendent of Business Services, the Temecula Valley Unified School District, 31550 Rancho Vista Road, Temecula, California 92592, telephone number (951) 506-7940. The School District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2013-A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

The information from sources other than the School District set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the School 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 School District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2013-A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolution.

THE SERIES 2013-A BONDS

Authority for Issuance

The Series 2013-A Bonds are issued pursuant to certain provisions of the State of California ("State") Constitution, the California Government Code ("Government Code") and the California Education Code ("Education Code"), and other applicable law and pursuant to resolutions adopted by the Board and the Board of Supervisors. An election conducted within the boundaries of the School District was held on November 6, 2012, pursuant to the provisions of the "Safer Schools, Smaller Classes and Financial Accountability Act" (also known as "Proposition 39") and related State legislation.

Security

The Board of Supervisors has the power to and is obligated to annually levy *ad valorem* taxes for the payment of the principal and Accreted Value of and the interest on the Series 2013-A Bonds upon all property within the School District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes will be levied annually in addition to all other taxes during the period that the Series 2013-A Bonds are outstanding in an amount sufficient to pay the principal and Accreted Value of and interest on the Series 2013-A Bonds when due. Such taxes, when collected, will be deposited into the Series 2013-A Temecula Valley Unified School District Debt Service Fund (the "Debt Service Fund"), which is maintained by the County and is kept separate and distinct from all other School District and County funds and which is required by State law to be applied for the payment of principal and Accreted Value of and interest on the Series 2013-A Bonds when due. The School District's general fund is not a source of repayment of the Series 2013-A Bonds. Although the County is obligated to levy an *ad valorem* tax for the payment of the Series 2013-A Bonds and to make timely payment of the principal or Accreted Value of and interest on the Series 2013-A Bonds when due and will maintain the Debt Service Fund pledged to the repayment of the Series 2013-A Bonds, the Series 2013-A Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal, Accreted Value of and interest on and redemption premium, if any, on the Series 2013-A Bonds as the same becomes due and payable, shall be transferred by the County to the Paying Agent (as defined herein). The Paying Agent will in turn remit the funds to DTC for remittance of such principal, Accreted Value, premium, if any, and interest to its Direct Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2013-A Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the Series 2013-A Bonds will be determined by the relationship between the assessed valuation of taxable property in the School District and the amount of debt service due on the Series 2013-A Bonds in any year. Fluctuations in the annual debt service on the Series 2013-A Bonds and the assessed value of taxable

property in the School District may cause the annual tax rate to fluctuate. Economic and other factors beyond the School District's control, such as 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 the 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 a natural or manmade disaster, such as earthquake, flood, or toxic contamination, could cause a reduction in the assessed value of taxable property within the School District and necessitate a corresponding increase in the annual tax rate. In future years, the School District expects to issue additional series of bonds up to the remaining Authorization and the School District may issue additional bonds for refunding purposes. For further information regarding the School District's assessed valuation, tax rates, overlapping debt and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF SERIES 2013-A BONDS" herein.

Description of the Series 2013-A Bonds

The Series 2013-A Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive physical certificates representing their interests in the Series 2013-A Bonds.

The Series 2013-A Bonds shall be issued in denominations of \$5,000 principal, maturity or accreted amount, as applicable, or any integral multiple thereof. The Series 2013-A 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"), as further described herein. Interest on the Current Interest Bonds is payable on [August] 1, 2013, 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 front cover hereof. The Capital Appreciation Bonds will be compounded on each February 1 and August 1 to maturity, commencing [August] 1, 2013.

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 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 August 1, 2013. 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 Series 2013-A Bonds will be issued in book-entry form only and will be initially issued and registered in the name of DTC. Principal and Accreted Value of, premium, if any, and interest on the Series 2013-A Bonds is payable by the Paying Agent to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry-only system. See " – Book-Entry-Only System" and APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

See the Maturity Schedule on the inside cover for the maturity schedule of the Series 2013-A Bonds and "DEBT SERVICE SCHEDULE" for the debt service schedule for the Series 2013-A Bonds

and for a schedule of combined debt service of the Series 2013-A Bonds and the School District's other outstanding general obligation bonds.

Book-Entry-Only System

The Depository Trust Company (defined above as "DTC"), New York, New York, will act as securities depository for the Series 2013-A Bonds. The Series 2013-A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2013-A Bond certificate will be issued for each maturity of the Series 2013-A Bonds, each in the aggregate principal amount or maturity value of such maturity, and will be deposited through the facilities of DTC. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

Paying Agent

U.S. Bank National Association, currently located in Los Angeles, California, will act as the initial registrar, transfer agent, authentication agent and paying agent for the Series 2013-A Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Series 2013-A Bonds and DTC's book-entry method is used for the Series 2013-A Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC.

The Paying Agent, the School District, the County and the Underwriter of the Series 2013-A Bonds have no responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series 2013-A Bonds.

Payment

[Payment of interest on any Series 2013-A Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the close of business on the 15th day of the month immediately preceding such Bond Payment Date, whether or not such day is a business day (the "Record Date"), such interest to be paid by check mailed by first-class mail to such Owner on the Bond Payment Date at his or her address as it appears on such registration books on the Record Date. The Owner of an aggregate principal amount of Current Interest Bonds, Accreted Value of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds of \$1,000,000 or more may request in writing, prior to the close of business on the Record Date, to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Payments of Principal and redemption premiums, if any, with respect to the Current Interest Bonds and the payments of Maturity Value and redemption premiums, if any, with respect to the Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, as applicable, shall be payable at maturity or redemption upon surrender at the principal office of the Paying Agent or such other location as the Paying Agent shall designate to the County and the School District in writing. The interest, principal, Accreted Value and premiums, if any, on the Series 2013-A Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Series 2013-A Bonds when duly presented for payment at maturity and to cancel all Series 2013-A Bonds upon payment thereof. The Series 2013-A Bonds are general obligations of the School District secured by *ad valorem* tax revenues levied and collected pursuant to the California Constitution, the Authorization and State law and do not constitute an obligation of the County, except as provided in the Resolution. No part of any fund of the County is pledged or obligated to the payment of the Series 2013-A Bonds.]

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 Payment Date"), commencing on August 1, 2013, computed using a year of 360 days, comprising twelve 30-day months. Current Interest Bonds authenticated and registered on any date prior to the close of business on July 15, 2013, shall bear interest from their dated date. Current Interest Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date shall bear interest from that Interest Payment Date or unless it is authenticated on or before the Record Date prior to the initial Interest Payment Date, in which event it shall bear interest from the date of issuance. Any other Current Interest Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Current Interest Bond, interest is then in default on Outstanding Current Interest Bonds, such Current Interest Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

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 periodic basis; instead, each Capital Appreciation Bond will increase in value by the accumulation of earned interest from its initial principal amount on the date of issuance (as stated on the inside front cover page of this Official Statement) to its maturity value on the date of maturity ("Maturity Value"), as stated on the inside front cover page of this Official Statement. Interest commences to accrue on the date of delivery, and is compounded on each Interest Payment Date, commencing on August 1, 2013, computed using a year of 360 days, comprising twelve 30-day months, and payable only at maturity.

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 conversion date as set forth on the inside front cover hereof (the "Conversion Date"). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not pay interest on a periodic basis; instead, each Convertible Capital Appreciation Bond will accrete in value daily (on the basis of a 360-day year consisting of twelve 30-day months) 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 accreted value at the Conversion Date thereof, as stated on the inside front cover page of this Official Statement, on the basis of a constant interest rate compounded on each Interest Payment Date, commencing on August 1, 2013. 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 (on the basis of a 360-day year consisting of twelve 30-day months) at the interest rate applicable thereto set forth on the inside front cover page of this Official Statement, payable on each Interest Payment Date, commencing on the February 1 immediately following such Conversion Date.

Accreted Values. The rate of interest at which a Capital Appreciation Bond's Maturity Value or Convertible Capital Appreciation Bond's 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 page of this Official Statement. For any Capital Appreciation Bond, the value of principal plus accrued interest on any given Interest Payment Date prior to maturity may be calculated by discounting the Maturity Value of the Capital Appreciation Bond from its maturity date to that Interest Payment Date at a discount rate equal to the Accretion Rate, assuming a year of 360 days comprising twelve 30-day months. The accreted value on any other date may be calculated on the basis of a straight-line interpolation between the values calculated for the Interest Payment 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 Payment Date prior to the Conversion Date thereof may be calculated by discounting the accreted value at the Conversion Date of the Convertible Capital Appreciation Bond from its Conversion Date to that Interest Payment Date at a discount rate equal to the Accretion Rate, assuming a year of 360 days comprising twelve 30-day months. The accreted value on any other date may be calculated on the basis of a straight-line interpolation between the values calculated for the Interest Payment 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 imputed value per \$5,000 of Maturity Value for each Capital Appreciation Bond on each Interest Payment 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 Payment Date prior to the Conversion Date thereof. See "TAX MATTERS" herein for Bond Counsel's discussion of the federal tax treatment of accrued interest on the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds.

The principal, Maturity Value and accreted value of the Series 2013-A Bonds is payable upon the surrender thereof at the principal corporate trust office of U.S. Bank National Association, acting in its capacity as paying agent, registrar, authenticating agent and transfer agent with respect to the Series 2013-A Bonds (the "Paying Agent"), at the maturity thereof or upon redemption prior to maturity. Payment of interest on any Current Interest Bond and on any Convertible Capital Appreciation Bond after its Conversion Date on each Interest Payment Date (or on the following business day, if the Interest Payment 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 aggregate accreted value amount of \$1,000,000 or more of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may request in writing prior to the close of business on the Record Date preceding each Interest Payment Date 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, Maturity Value and accreted value of and interest and premiums, if any, on the Series 2013-A Bonds shall be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the School District within the County treasury (the "Debt Service Fund"), consisting of *ad valorem* taxes collected and held by the Treasurer and Tax Collector of the County (the "County Treasurer"), together with any premium and accrued interest received by the School District upon issuance of the Series 2013-A Bonds. So long as all outstanding Series 2013-A Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal, Maturity Value and accreted value of, premium, if any, and interest on the Series 2013-A Bonds and all notices with respect to such Series 2013-A Bonds shall be made and given to such securities depository or its nominee and not to beneficial owners. So long as the Series 2013-A Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

Optional Redemption*

[Review/Update:]

[The Current Interest Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior their respective stated maturity dates. The Current Interest Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the School 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 shall not be subject to optional redemption prior to maturity.]

[The Convertible Capital Appreciation Bonds are subject to optional redemption prior to their stated maturity date, at the option of the School 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 accreted value amount of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium].

Mandatory 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:

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

†

_____† Maturity.

The principal amount of any term Current Interest Bond to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of such term Current Interest Bond 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:

*Preliminary, subject to change.

Mandatory Sinking Fund
Redemption Date
(August 1)

Accreted Value Amount
to be Redeemed

†

† Maturity.

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

Purchase In Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory sinking fund redemption of Series 2013-A Bonds, moneys in the Debt Service Fund may be used to purchase the Outstanding Series 2013-A Bonds that were to be redeemed with such funds in the manner provided in the Resolution. Purchases of Outstanding Series 2013-A Bonds may be made by the School District or the County Treasurer through the Paying Agent prior to the selection of Series 2013-A Bonds for redemption at public or private sale as and when and at such prices as the School District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par, plus accrued interest.

Selection of Series 2013-A Bonds for Redemption

Whenever less than all the outstanding Series 2013-A Bonds are to be redeemed, the Paying Agent, upon written direction from the School District, shall select the Series 2013-A Bonds to be redeemed as so directed and if not so directed, in inverse order of maturity and within a maturity, the Paying Agent shall select the Series 2013-A Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Series 2013-A Bond to be redeemed in part shall be redeemed in the principal or Maturity Value of \$5,000 or any integral multiple thereof.

Notice of Redemption

While the Series 2013-A Bonds are subject to DTC's book-entry system, the Paying Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the School District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Series 2013-A Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Resolution.

The Paying Agent shall give notice of the redemption (a "Redemption Notice") of the Series 2013-A Bonds at the expense of the School District. Such Redemption Notice shall specify: (a) the Series 2013-A Bonds or designated portions thereof (in the case of redemption of the Series 2013-A Bonds in part but not in whole) which are to be redeemed, (b) if less than all of the then-outstanding Series 2013-A Bonds are to be called for redemption, shall designate the numbers (or state that all Series 2013-A Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP® numbers, if any, of the Series 2013-A Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Series 2013-A Bonds and the specific Series 2013-A Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Series 2013-A Bond to be redeemed, the portion of the principal of such Series 2013-A Bond to be redeemed, together with the interest accrued or accreted to the redemption date, and redemption premium, if any, and that from and after such date, interest with respect thereto shall cease to accrue.

Any Redemption Notice shall be mailed, by first-class mail, postage prepaid, to the Owners of the Series 2013-A Bonds, to a Securities Depository and to a national information service, and by first-class mail, postage prepaid, to the School District and the County and the respective Owners of any registered Series 2013-A Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least thirty (30) days, but not more than sixty (60) days, prior to the designated redemption date; *provided* 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 2013-A Bonds nor entitle the Owner thereof to interest beyond the date given for redemption. Neither failure to receive or failure to send, any Redemption Notice, nor any defect in any such Redemption Notice, so mailed shall affect the sufficiency of the proceedings for the redemption of the affected Series 2013-A Bonds, nor entitle the Owner thereof to interest beyond the date given for redemption or affect the cessation of accrual of interest, as applicable, represented thereby from and after the redemption date. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Series 2013-A Bonds shall bear or include the CUSIP® number identifying, by issue and maturity, the Series 2013-A Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Series 2013-A Bonds

Upon the surrender of any Series 2013-A Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Series 2013-A Bond or Series 2013-A Bonds of like tenor and maturity and of authorized denominations equal (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 Bond, the Conversion Value, to the unredeemed portion of the Series 2013-A Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the School District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

Notice having been given pursuant to the Resolution, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Series 2013-A 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 2013-A Bonds to be redeemed as provided in the Resolution; together with interest accrued to such redemption date, shall be available therefor on such redemption date, and if notice of redemption thereof shall have been given pursuant to the Resolution, then from and after such redemption date, interest with respect to the Series 2013-A Bonds to be redeemed shall cease to accrue. All money held for the redemption of Series 2013-A Bonds shall be held in trust for the account of the Owners of the Series 2013-A Bonds so to be redeemed.

All Series 2013-A Bonds paid at maturity or redeemed prior to maturity pursuant to the Resolution shall be cancelled upon surrender thereof and be delivered to or upon the order of the County or the School District. All or any portion of a Series 2013-A Bond purchased by the County or the School District shall be cancelled by the Paying Agent.

Any redemption notice may specify that redemption of the Series 2013-A Bonds designated for redemption on a specified date will be subject to the receipt by the School District of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and the School District, the County and the Paying Agent will have no liability to the Owners of any Series 2013-A Bonds, or any other party, as a result of the School District's failure to redeem the Series 2013-A Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the School District may rescind any optional redemption of the Series 2013-A 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 2013-A 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 actual receipt by the Owner of any Series 2013-A 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. Neither the School District nor the Paying Agent will have any liability to the Owners of any Series 2013-A Bonds, or any other party, as a result of the School District's decision to rescind a redemption of any Series 2013-A Bonds pursuant to the provisions of the Resolution.

Defeasance

All or any portion of the outstanding maturities of the Series 2013-A Bonds may be defeased at any time prior to maturity in the following ways:

a. Cash. By irrevocably depositing with a bank or trust company in escrow, an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Series 2013-A Bonds outstanding and designated for defeasance, including all principal, Accreted Value and interest and redemption premium, if any; or

b. Defeasance Obligations. By irrevocably depositing with a bank or trust company in escrow, noncallable Defeasance Obligations (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Series 2013-A Bonds outstanding and designated for defeasance (including all principal, Accreted Value, interest thereon and redemption premiums, if any),

at or before their maturity date; then, notwithstanding that any of such Series 2013-A Bonds shall not have been surrendered for payment, all obligations of the School District with respect to all such designated outstanding Series 2013-A Bonds shall cease and terminate, except for the obligation of the Paying Agent or an independent escrow agent selected by the School District to pay or cause to be paid from funds deposited pursuant to paragraph (a.) above or this paragraph (b.), to the Owners of such designated Series 2013-A Bonds not so surrendered and paid all sums due with respect thereto.

“Defeasance Obligations” shall mean 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. In the case of investments in such proportionate interests, such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Defeasance Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Defeasance Obligations; and (c) the underlying Defeasance Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; *provided* that such obligations are rated or assessed at the highest then-prevailing United States Treasury securities credit rating.

Registration, Transfer and Exchange of Series 2013-A Bonds

So long as any of the Series 2013-A Bonds remain outstanding, the School District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Series 2013-A Bonds as provided in the Resolution (the “Bond Register”). Subject to the provisions of the Resolution, the person in whose name a Series 2013-A Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Series 2013-A Bond for all purposes of the Resolution. Payment of or on account of the principal, premium, if any, and Accreted Value of, and interest on any Series 2013-A Bond shall be made only to or upon the order of the Owner thereof; the School District, the County and the Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments shall be valid and effectual to satisfy and discharge the School District’s liability upon the Series 2013-A Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry-only system as described above is no longer used with respect to the Series 2013-A Bonds, the following provisions will govern the transfer and exchange of the Series 2013-A Bonds.

Any Series 2013-A Bond may be exchanged for Series 2013-A Bonds of like tenor, maturity and aggregate principal amount or Accreted Value, as applicable, upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Series 2013-A Bond may (but only if the School District determines no longer to maintain the book-entry-only status of the Series 2013-A Bonds, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the School District to deliver certificated securities to particular DTC Participants) be transferred on the Bond Register only upon surrender of the Series 2013-A Bond for cancellation at the office of the Paying Agent accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Series 2013-A Bond or Series 2013-A Bonds of like tenor and of any authorized denomination or denominations requested by the Owner in the aggregate principal amount or Accreted Value of the Series 2013-A Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Series 2013-A Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Series 2013-A Bonds in accordance with the provisions of the Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Series 2013-A Bonds issued upon any exchange or transfer shall be valid obligations of the School District, evidencing the same debt and entitled to the same security and benefit under the Resolution as the Series 2013-A Bonds surrendered upon that exchange or transfer.

Any Series 2013-A Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The School District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Series 2013-A Bonds that the School District and the County may have acquired in any manner whatsoever, and those Series 2013-A Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Series 2013-A Bonds shall be made to the School District and the County by the Paying Agent and updated annually. The cancelled Series 2013-A Bonds shall be destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the School District.

Neither the School District nor the Paying Agent will be required (a) to issue or transfer any Series 2013-A Bonds during a period beginning with the day after the Record Date next preceding any Interest Payment Date or beginning the date of selection of Series 2013-A Bonds to be redeemed and ending with the close of business on the Interest Payment Date or any day on which the applicable notice of redemption is given, as applicable, or (b) to transfer any Series 2013-A Bonds which have been selected or called for redemption in whole or in part.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2013-A Bonds are expected to be applied as follows:

Sources:

Principal Amount of Series 2013-A Bonds	\$
Net Original Issue Premium	_____
Total Sources	\$

Uses:

Building Fund	\$
Underwriter's Discount	
Costs of Issuance ⁽¹⁾	_____
Total Uses	\$

⁽¹⁾ A portion of the proceeds of the Series 2013-A Bonds will be used to pay costs of issuance, including, but not limited to, Bond Counsel and Disclosure Counsel fees, County expenses, Paying Agent fees, credit rating fees, bond insurance premium (if purchased), printing costs and certain other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Series 2013-A Bonds (assuming no optional redemptions).

Period Ending August 1,	Current Interest Bonds		Capital Appreciation Bonds		Convertible Capital Appreciation Bonds			Total Debt Service ⁽¹⁾
	Principal	Interest	Principal	Accreted Interest	Principal	Accreted Interest	Interest	
2013								
2014								
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
Total								

⁽¹⁾ Interest payments on the Current Interest Bonds and the Convertible Capital Appreciation Bonds after the Conversion Date will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2013.

APPLICATION OF PROCEEDS OF SERIES 2013-A BONDS

Building Fund

A portion of the proceeds from the sale of the Series 2013-A Bonds received by the School District shall be paid to the County to the credit of the fund known as the Temecula Valley Unified School District, Series 2013-A Bonds Building Fund (the "Building Fund") and shall be kept separate and distinct from all other School District and County funds. Such proceeds shall be used solely for authorized purposes which relate to the construction, rehabilitation, modernization or replacement of school facilities, which may include the furnishing and equipping of school facilities or the acquisition or lease of real property for schools or to the payment of certain costs of issuance of the Series 2013-A Bonds. Series 2013-A Bond proceeds may be used to reimburse the School District for eligible costs but Series 2013-A Bond proceeds are not expected to be applied to any reimbursements at this time. Any excess proceeds of the Series 2013-A Bonds not needed for the authorized purposes for which the Series 2013-A Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal and Accreted Value of and interest on the Series 2013-A Bonds. If, after payment in full of the Series 2013-A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the School District. Interest earned on the investment of moneys held in the Building Fund shall be retained in the Building Fund.

Debt Service Fund

[Premium received by the School District from the sale of the Series A Bonds shall be kept separate and apart in the Debt Service Fund and shall be used only for payment of principal, Accreted Value of and interest on the Series A Bonds.] The *ad valorem* property taxes levied by the County for the payment of the Series 2013-A Bonds, when collected, will be deposited into the Debt Service Fund. The Series 2013-A Bonds shall be paid from the Debt Service Fund. Interest earnings on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the School District to pay principal and Accreted Value of and interest on the Series 2013-A Bonds when due (subject to compliance with applicable federal tax code requirements).

Permitted Investments

The County Treasurer is authorized to invest the proceeds of the sale of the Series 2013-A Bonds and all proceeds of taxes for payment of the Series 2013-A Bonds in the County Pooled Investment Fund (as defined below) into which the School District may lawfully invest its funds. Upon the written direction of the School District, the County Treasurer may invest Series 2013-A Bond proceeds or proceeds of taxes collected for payment of the Series 2013-A Bonds in any investment permitted by law, including, but not limited to investment agreements which comply with the requirements of each rating agency then rating the Series 2013-A Bonds necessary in order to maintain the then-current rating on the Series 2013-A Bonds or in the Local Agency Investment Fund established by the State Treasurer.

RIVERSIDE COUNTY TREASURY POOL

Unless the School District provides the County Treasurer with other instructions, all amounts held under the County Resolution will be invested in the County Pooled Investment Fund (the "County Pooled Investment Fund"). In addition, in accordance with California Education Code Section 41001, substantially all School District operating funds are required to be held by the County Treasurer. See Appendix F and Appendix G for a description of the County Pooled Investment Fund and the current County Treasurer Statement of Investment Policy.

The information in Appendix F and Appendix G has been provided by the County Treasurer. Neither the School District nor the Underwriter has made an independent investigation of the investments in the County Pooled Investment Fund and neither the School District nor the Underwriter has made any assessment of the current County Treasurer's Statement of Investment Policy. The value of the various investments in the County Pooled Investment Fund will fluctuate on a daily basis as a result of a multitude of factors, including the investments in the County Pooled Investment Fund, generally prevailing interest rates and other economic conditions. The County Treasurer's Statement of Investment Policy is approved annually by the County Board of Supervisors as required by California Government Code Section 53646 (a) (1) and reviewed annually by the Investment Oversight Committee, pursuant to the requirements of California Government Code Section 27133. The County Treasurer, with the consent of the Investment Oversight Committee and the approval of the County Board of Supervisors, may change the County Treasurer's Statement of Investment Policy at any time. Finally, there are proposed, from time to time in the State Legislature, bills which could modify the currently authorized investments and/or place restrictions on the ability of public agencies, including the County, to invest in various securities. Therefore, there can be no assurance that the values of the various investments in the County Pooled Investment Fund will not vary significantly from the values described herein.

TAX BASE FOR REPAYMENT OF SERIES 2013-A BONDS

The information in this section describes ad valorem property taxation, assessed valuation and other measures of the tax base of the School District. The Series 2013-A Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the School District. The School District's general fund is not a source for the repayment of the Series 2013-A Bonds.

Ad Valorem Property Taxation

The collection of property taxes is significant to the School District and the Owners of the Series 2013-A Bonds in two respects. First, the County Board of Supervisors will levy and collect *ad valorem* taxes on all taxable parcels within the School District which are pledged specifically to the repayment of the Series 2013-A Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIII A of the California Constitution and its implementing legislation funds a portion of the School District's base revenue limit which is used to operate the School District's educational program. See APPENDIX A – "INFORMATION RELATING TO THE SCHOOL DISTRICT'S OPERATIONS AND BUDGET – Revenue Sources." As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Series 2013-A Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the School District.

Method of Property Taxation. Beginning in Fiscal Year 1978-79, Article XIII A and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed the way in which levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using "full cash value" as defined by Article XIII A of the State Constitution. State law, however,

provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals and charitable institutions.

For purposes of allocating a county's 1% base property tax levy, future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, up to 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in the tax bases in such entities may be affected by the existence of redevelopment agencies which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property, and property (real or personal), for which there is a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer-Tax Collector of the county levying the tax.

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

District Assessed Valuation. The assessed valuation of property in the School District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). See " - Taxation of State-Assessed Utility Property" below and Appendix A. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full cash value of property. For a discussion of how properties currently are assessed, see APPENDIX A - "INFORMATION RELATING TO THE SCHOOL DISTRICT'S OPERATIONS AND BUDGET."

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Series 2013-A Bonds are based upon the assessed valuation of the parcels of taxable property in the School District. Property taxes allocated to the School District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both School District and county taxing purposes. The valuation of secured property by the County Assessor is established as of January 1, and is subsequently equalized in September of each year.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the School District is derived from utility property subject to assessment by the SBE. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. This may include railways, telephone companies and companies transmitting or selling gas or electricity. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the School District) according to statutory formulae generally based on the distribution of taxes in the prior year. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year. 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 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 School District to non-utility companies will increase the assessed value of property in the School 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 School District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the School District, as the value is shared among the other jurisdictions in the County. The School District is unable to predict future transfers of State-assessed property in the School 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 School District

Tax Collections and Delinquencies. A school district's share of the 1% county-wide 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 are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The County only provides information for tax charges and corresponding delinquencies by local agencies with respect to debt service levies for voter approved indebtedness. It does not provide such information for the 1% general tax levy. See "– Teeter Plan" and "Tax Levies and Delinquencies" below.

Teeter Plan

The following information has been provided by the County for inclusion in this Official Statement.

With respect to collection of property taxes, the County has adopted the Teeter Plan, which is an alternate method of tax apportionment authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive) (the "Law") for distribution of certain property tax and assessment levies on the secured roll. Pursuant to the Law, the County adopted the Teeter Plan. The Teeter Plan provides for a tax distribution procedure in which secured roll taxes and assessments are distributed to participating County taxing agencies on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all taxing agencies is avoided. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total prior years delinquent secured property taxes and assessments (not including penalties and interest) and 100% of the current year's delinquent secured property taxes and assessments outstanding. Supplemental taxes are currently excluded from the Teeter Plan.

Pursuant to the Law, the County is required to establish a tax losses reserve fund to cover losses which may occur as a result of sale of tax-defaulted property. Once the tax losses reserve fund reaches a level of 3% of the total of all taxes and assessments levied on the secured roll for that year, 1% of the total of all taxes and assessments levied on the secured roll for that year, and any additional penalties and interest normally credited to the tax losses reserve fund may be credited to the County General Fund. Upon adoption of a resolution by the Board of Supervisors by August 1 of any fiscal year, the 10% tax losses reserve fund threshold may be reduced to 25% of the total delinquent taxes and assessments for the previous year. The County did not elect to fund the tax losses reserve fund at a required threshold initially, thereby requiring penalties and interest to be credited first to the tax losses reserve fund to meet its required threshold before allowing any additional penalties and interest to be credited to the County General Fund. The tax loss reserve fund is now fully funded and amounts in excess of the required minimum may be transferred to the County General Fund in the future.

Once adopted by the County, the Teeter Plan remains in effect unless the County orders its discontinuance or prior to the commencement of any subsequent fiscal years the County receives a petition for its discontinuance adopted by resolution of two-thirds of the participating revenue districts in the County. Further, the County may by resolution adopted not later than July 15 of any subsequent fiscal year after a public hearing, discontinue the Teeter Plan as to any levying or assessment levying agency if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for the agency.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan. The *ad valorem* taxes for payment of the Series 2013-A Bonds are included in the County's Teeter Program.

Assessed Valuations

Property within the School District had a total assessed valuation for Fiscal Year 2012-13 of \$16,465,341,992. Table 1 below shows the assessed valuation in the School District for Fiscal Years 2003-04 through 2012-13.

Table 1
ASSESSED VALUATIONS
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Years 2003-04 through 2012-13

<u>Fiscal Year</u>	<u>Secured Valuation</u>	<u>Utility</u>	<u>Unsecured Valuation</u>	<u>Total</u>	<u>% Change</u>
2003-04	\$9,002,554,544	\$385,192	\$441,790,321	\$9,414,730,057	N/A
2004-05	10,936,538,602	385,192	453,135,096	11,390,058,890	20.98%
2005-06	13,654,743,379	320,287	485,635,237	14,140,698,903	24.15
2006-07	16,197,715,970	413,258	510,313,742	16,708,442,970	18.16
2007-08	18,378,783,830	413,258	728,936,678	19,108,133,766	14.36
2008-09	17,959,502,121	413,258	1,066,461,844	19,026,377,223	(0.43)
2009-10	15,654,169,960	413,258	899,789,904	16,554,373,122	(12.99)
2010-11	15,448,859,227	413,258	875,022,353	16,324,294,838	(1.39)
2011-12	15,541,304,506	413,258	837,589,403	16,379,307,167	0.34
2012-13	15,578,491,680	229,241	886,621,071	16,465,341,992	0.53

Source: California Municipal Statistics, Inc.

As indicated above, 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 School 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 (which Proposition 8 was approved by the voters in 1978), 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. 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 county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county 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 2%) following the year for which the reduction application is filed. However, the county 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 County assessor's office, 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. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Table 2 below shows the Assessed Valuation by Jurisdiction for the Fiscal Year 2012-13.

Table 2
ASSESSED VALUATIONS BY JURISDICTION
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Year 2012-13 ⁽¹⁾

<u>Jurisdiction</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Murrieta	\$2,192,589	0.01%	\$9,747,034,015	0.02%
City of Temecula	11,900,411,515	72.28	11,902,198,222	99.98
Unincorporated Riverside County	4,562,737,888	27.71	30,935,523,827	14.75
Total Riverside County	16,465,341,992	100.00	201,661,935,424	8.16

⁽¹⁾ Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

Table 3 below summarizes the annual secured tax charges for debt service within the School District and the amount delinquent as of June 30 for the previous five fiscal years. Under the terms of the County's Teeter Plan, the School District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest.

Table 3
SECURED TAX CHARGES AND DELINQUENCIES
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Years 2007-08 through 2011-12

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Delinquent Taxes Secured as of June 30</u>	<u>% Delinquent June 30</u>
2007-08	4,568,033.54	368,130.24	8.06
2008-09	4,452,893.68	323,512.14	7.27
2009-10	3,346,278.44	147,284.84	4.40
2010-11	3,521,619.96	98,381.20	2.79
2011-12	3,866,024.54	80,723.11	2.09

⁽¹⁾School District's general obligation bond debt service levy only.

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 bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2013-A 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 2013-A Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the School 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 School District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal and Accreted Value of and interest on the Series 2013-A Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

There are a total of 334 tax rate areas in the School District. A representative tax rate area in the School District, Tax Rate Area 13-004, had a Fiscal Year 2012-13 assessed valuation of \$2,068,749,962, which is 12.56% of the total School District's assessed valuation. Table 4 below shows the *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 13-004 within the School District from Fiscal Years 2008-09 through 2012-13.

Table 4
TYPICAL TOTAL AD VALOREM TAX RATES AS A PERCENTAGE OF ASSESSED
VALUATION (TRA 13-004)
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Years 2008-09 through 2012-13

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-</u>	<u>2012-13</u>
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Eastern Municipal Water District I.D. U-8	.00400	.00300	.00300	.00300	.00300
Temecula Valley Unified School District	.02700	.02188	.02317	.02527	.02740
Metropolitan Water District	<u>.00430</u>	<u>.00430</u>	<u>.00370</u>	<u>.00370</u>	<u>.00350</u>
Total	1.03530%	1.02918%	1.02987%	1.03197%	1.03309%

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Series 2013-A Bonds to be approved by a 55% popular vote, bonds approved by the School District's voters at the November 6, 2012, election may not be issued unless the School District projects that repayment of all outstanding bonds approved at such election will require a tax rate no greater than \$60.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the School District at the time of issuance of the Series 2013-A Bonds, the School District projects that the maximum tax rate required to repay the Series 2013-A Bonds approved at such November 6, 2012, 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 Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series 2013-A Bonds in each year.

Largest Taxpayers

Table 5 below lists the 20 largest property taxpayers within the School District measured by secured assessed valuation for Fiscal Year 2012-13.

Table 5
20 LARGEST 2012-13 LOCAL SECURED TAXPAYERS
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Year 2012-13

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2012-13 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1	Abbott Cardiovascular Systems Inc.	Industrial	\$391,548,480	2.51%
2	Temecula Towne Center Associates	Shopping Center	144,812,584	0.93
3	Advanced Cardiovascular System Inc.	Industrial	114,948,178	0.74
4	International Rectifier Corp.	Industrial	87,296,195	0.56
5	Inland Western Temecula Commons	Industrial	59,793,031	0.38
6	Redhawk Towne Center II	Shopping Center	55,476,499	0.36
7	Temecula Properties	Industrial	53,843,172	0.35
8	Temecula Villa Apartments	Apartments	48,937,655	0.31
9	Kimco Palm Plaza	Shopping Center	47,440,104	0.30
10	Macy's Department Stores Inc.	Commercial	44,883,565	0.29
11	Alexander & Baldwin Inc.	Commercial	44,854,500	0.29
12	BACM 2006 5 Rancho California LP	Shopping Center	40,800,000	0.26
13	Cape May Harveston Co. Inc.	Apartments	40,597,852	0.26
14	JPMCC LDP7 Solana Way LP	Apartments	39,844,586	0.26
15	FG Temecula Senior Apartments	Apartments	35,314,062	0.23
16	Portofino Development	Apartments	34,222,298	0.22
17	DHC Inv Inc.	Auto Dealership	32,969,520	0.21
18	Morning Ridge	Apartments	32,113,551	0.21
19	Solana Ridge	Apartments	28,877,254	0.19
20	Temecula Ridge LP	Apartments	<u>28,800,000</u>	<u>0.18</u>
	Total		\$1,407,373,086	9.03%

⁽¹⁾2012-13 local secured assessed valuation: \$15,578,491,680.

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

Table 6 below provides a distribution of taxable property located in the School District on the 2012-13 tax roll by principal purpose for which the land is used and the assessed valuation and number of parcels for each use.

Table 6
FISCAL YEAR 2012-13 ASSESSED VALUATION AND PARCELS BY LAND USE⁽¹⁾
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

<u>Land Use</u>	<u>2012-13 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Non-Residential:				
Agricultural/Rural	\$333,364,199	2.14%	851	1.73%
Commercial/Industrial	3,276,326,970	21.03	1,697	3.46
Vacant Commercial/Industrial	261,220,526	1.68	493	1.00
Other Vacant/Miscellaneous	<u>127,306,855</u>	<u>0.82</u>	<u>1,936</u>	<u>3.94</u>
Subtotal Non-Residential	\$3,998,218,550	25.67%	4,977	10.13%
Residential:				
Single-Family Residence	\$10,276,001,327	65.96%	37,119	75.59%
Condominium/Townhouse	395,515,699	2.54	2,477	5.04
Mobile Home/Lots	99,883,630	0.64	726	1.48
2-4 Residential Units	52,898,550	0.34	80	.016
5+ Residential/Apartments	482,612,065	3.10	39	0.08
Miscellaneous Residential	189,615	0.00	1	0.00
Vacant Residential	<u>273,172,244</u>	<u>1.75</u>	<u>3,685</u>	<u>7.50</u>
Subtotal Residential	\$11,580,273,130	74.33%	44,127	89.85%
Total	\$15,578,491,680	100.00%	49,104	100.00%

⁽¹⁾Local secured assessed valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes

Table 7 below shows the assessed valuation of single-family homes in the School District for tax year 2012-2013.

Table 7
PER PARCEL FISCAL YEAR 2012-13
ASSESSED VALUATION OF SINGLE-FAMILY HOMES⁽¹⁾
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

	<u>No. of Parcels</u>	<u>2012-13 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	37,119	\$10,276,001,327	\$276,839	\$257,000

<u>2012-13 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0-\$49,999	43	0.116%	0.116%	\$1,625,307	0.016%	0.016%
\$50,000-\$99,999	267	0.719	0.835	20,462,235	0.199	0.215
\$100,000-\$149,999	828	2.231	3.066	109,387,156	1.064	1.279
\$150,000-\$199,999	5,727	15.429	18.495	1,036,932,459	10.091	11.370
\$200,000-\$249,999	10,354	27.894	46.389	2,331,662,891	22.690	34.061
\$250,000-\$299,999	8,414	22.668	69.056	2,306,950,948	22.450	56.511
\$300,000-\$349,999	5,964	16.067	85.124	1,912,700,972	18.613	75.124
\$350,000-\$399,999	2,579	6.948	92.071	955,056,799	9.294	84.418
\$400,000-\$449,999	1,139	3.069	95.140	479,109,935	4.662	89.080
\$450,000-\$499,999	512	1.379	96.519	242,874,660	2.364	91.444
\$500,000-\$549,999	341	0.919	97.438	177,833,598	1.731	93.174
\$550,000-\$599,999	237	0.638	98.076	135,874,528	1.322	94.497
\$600,000-\$649,999	181	0.488	98.564	112,724,832	1.097	95.594
\$650,000-\$699,999	153	0.412	98.976	103,088,795	1.003	96.597
\$700,000-\$749,999	88	0.237	99.213	63,384,966	0.617	97.214
\$750,000-\$799,999	55	0.148	99.362	42,610,076	0.415	97.628
\$800,000-\$849,999	42	0.113	99.457	34,594,604	0.337	97.965
\$850,000-\$899,999	38	0.102	99.577	33,216,424	0.323	98.288
\$900,000-\$949,999	24	0.065	99.642	22,065,764	0.215	98.503
\$950,000-\$999,999	40	0.108	99.749	39,071,982	0.380	98.883
\$1,000,000 & greater	<u>93</u>	<u>0.251</u>	100.000	<u>114,772,396</u>	<u>1.117</u>	100.000
Total	37,119	100.000%		\$10,276,001,327	100.000%	

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

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the School District in whole or in part. Such long-term obligations generally are not payable from revenues of the School District (except as indicated) nor are they necessarily obligations secured by land within the School 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.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the School District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the School 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 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the School District.

Table 8
Estimated Direct and Overlapping Bonded Debt
as of November 1, 2012
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

2012-13 Assessed Valuation: \$16,465,341,992

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/1/12</u>
Metropolitan Water District	0.781%	\$1,535,016
Temecula Valley Unified School District	100.	25,270,000 ⁽¹⁾
Temecula Valley Unified School District Community Facilities Districts	100.	85,250,000
Rancho California Water District Community Facilities District No. 88-3	100.	2,090,000
Eastern Municipal Water District, I.D. Nos. 22, 23, 24 & U-8	0.133-92.606%	4,191,699
Eastern Municipal Water District Community Facilities Districts	100.	91,635,000
City of Temecula Community Facilities Districts	100.	104,690,000
Riverside County Community Facilities District No. 88-4	100.	3,500,000
Riverside County and Special District 1915 Act Bonds (Estimated)	100.	<u>6,220,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$324,381,715
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	8.165%	\$53,158,084
Riverside County Pension Obligations	8.165	29,193,141
Riverside County Board of Education Certificates of Participation	8.165	318,435
Mt. San Jacinto Community College District General Fund Obligations	26.054	3,113,453
City of Murrieta General Fund Obligations	0.022	2,809
City of Temecula General Fund Obligations	99.985	26,071,089
Valley-Wide Recreation and Park District Certificates of Participation	16.223	<u>25,957</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$111,882,968
Less: Riverside County self-supporting obligations		<u>1,012,126</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$110,870,842
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Riverside County Redevelopment Agency	0.378-1.724%	\$3,180,033
Temecula Redevelopment Agency	100.	<u>89,045,000</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$92,225,033
GROSS COMBINED TOTAL DEBT		\$528,489,716 ⁽²⁾
NET COMBINED TOTAL DEBT		\$527,477,590

⁽¹⁾ Excludes issue to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Direct Debt (\$25,270,000)	0.15%
Total Direct and Overlapping Tax and Assessment Debt.....	1.97%
Gross Combined Total Debt.....	3.21%
Net Combined Total Debt.....	3.20%

Ratios to Redevelopment Incremental Valuation (\$1,947,090,165):

Overlapping Tax Increment Debt.....	4.74%
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Source: California Municipal Statistics, Inc.

See "APPENDIX A – "INFORMATION RELATING TO THE SCHOOL DISTRICT'S OPERATIONS AND BUDGET – District Obligations."

MUNICIPAL BOND INSURANCE

In connection with the issuance of the Series 2013-A Bonds, the School District has applied for, and may obtain, from Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) a municipal bond insurance policy (the "Insurance Policy") to guarantee the scheduled payment of principal (or in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on all or a portion of the Series 2013-A Bonds as such payments shall become due, as more fully described below.

If the School District obtains a commitment to issue the Insurance Policy from the Insurer, no assurance can be given as to (a) whether the School District will decide to obtain the Insurance Policy from the Insurer in connection with the issuance of the Series 2013-A Bonds, or (b) whether the School District will insure all or less than all of the Series 2013-A 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 2013-A Bonds will be made at or about the time of the pricing of the Series 2013-A Bonds and will be based upon, among other things, market conditions existing at such time. If the School District does decide to obtain the Insurance Policy from the Insurer, it will be a condition to the issuance of the Series 2013-A Bonds that such policy be issued concurrently with the issuance of the Series 2013-A Bonds. Any such Series 2013-A 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 School 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 School 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 K hereto for a description thereof.

The following information and the specimen of the Insurance Policy attached as Appendix K hereto have been furnished by the Insurer for use in this Preliminary Official Statement.

Insurance Policy

Concurrently with the issuance of the Series 2013-A Bonds, AGM will issue the Insurance Policy for the Series 2013-A Bonds. The Insurance Policy guarantees the scheduled payment of principal and Accreted Value of and interest on the Series 2013-A Bonds when due as set forth in the form of the Insurance Policy included as Appendix K to this Official Statement.

The Insurance 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.

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.

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" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). 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. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity 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 March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. On October 30, 2012, Moody's indicated that it anticipated resolving its review during the first half of November 2012. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moody.com for the complete text of Moody's comments.

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-." At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

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, 2011, its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012.

Capitalization of AGM

At September 30, 2012, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,263,902,433 and its total net unearned premium reserve was approximately \$2,153,794,346, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, for the quarterly period ended March 31, 2012, for the quarterly period ended June 30, 2012, and for the quarterly period ended September 30, 2012, which have been filed with the New York State Department of Financial Services and posted on AGL's website at <http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (filed by AGL with the SEC on February 29, 2012);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 (filed by AGL with the SEC on May 10, 2012);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012 (filed by AGL with the SEC on August 9, 2012); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012 (filed by AGL with the SEC on November 9, 2012);

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 2013-A 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.: 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 "BOND INSURANCE – Assured Guaranty Municipal Corp." 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.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Series 2013-A Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Series 2013-A Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Series 2013-A Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Series 2013-A Bonds or the advisability of investing in the Series 2013-A 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

Opinion of Bond Counsel

In the opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel ("Bond Counsel"), subject, however to certain qualifications described herein, under existing laws, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2013-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the further opinion of Bond Counsel, interest on the Series 2013-A Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes imposed on individuals and corporations; however, Bond Counsel observes that such interest is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's minimum tax liabilities.

The opinions of Bond Counsel set forth in the preceding paragraph are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2013-A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2013-A Bonds. The Resolution and other related documents refer to certain requirements, covenants and procedures which may be changed and certain actions that may be taken, upon the advice or with an opinion of nationally recognized bond counsel. No opinion is expressed by Bond Counsel as to the effect on any Series 2013-A Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than Bond Counsel. Bond Counsel has not undertaken to determine (or to inform any person) where any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2013-A Bonds may affect the tax status of interest on the Series 2013-A Bonds.

In the further opinion of Bond Counsel, interest on the Series 2013-A Bonds is exempt from State of California personal income taxation.

Although Bond Counsel has rendered an opinion that interest on the Series 2013-A Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2013-A Bonds may otherwise affect the recipient's federal or state tax liability. Owners of the Series 2013-A Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on the Series 2013-A Bonds may have federal or state tax consequences other than as described above. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction.

See APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL" for the proposed form of opinion of Bond Counsel.

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Series 2013-A Bonds and to rendering an opinion as to the validity of the Series 2013-A Bonds and the exclusion from gross income for federal income tax purposes of interest on the Series 2013-A Bonds. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Series 2013-A Bonds and expresses no opinion relating thereto.

Bond Counsel's engagement with respect to the Series 2013-A Bonds ends with the issuance of the Series 2013-A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the Beneficial Owners of the Series 2013-A Bonds regarding the tax-exempt status of the Series 2013-A Bonds in the event of an audit examination by the Internal Revenue Service. Under current procedures, parties other than the School District and its appointed counsel, including the Beneficial Owners of the Series 2013-A Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2013-A Bonds is difficult, obtaining an independent review of Internal Revenue Service positions with which the School District legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2013-A Bonds for audit, or the course or result of such audit, or an audit of Series 2013-A Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2013-A Bonds, and may cause the School District or the Beneficial Owners of the Series 2013-A Bonds to incur significant expense.

Premium Bonds

To the extent the issue price of any maturity of the Series 2013-A Bonds is less than the amount to be paid at maturity of such Series 2013-A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2013-A Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2013-A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2013-A Bonds is in the first price at which a substantial amount of such maturity of the Series 2013-A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2013-A Bonds accrues daily over the term to maturity of such Series 2013-A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2013-A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2013-A Bonds.

The Series 2013-A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some case, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2013-A Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However a purchaser's basis in a Premium Bond and, under Treasury Regulations, the amount of tax exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2013-A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners of the Series 2013-A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2013-A Bonds. Examples of such proposals include a proposal in the fall of 2011 which would have reduced the tax value of all itemized deductions and targeted tax expenditures for high-income taxpayers in tax years commencing on or after January 1, 2013. The concept of "high-income taxpayers" in the proposal generally captured taxpayers with adjusted gross income of \$250,000 or more for married couples filing jointly (or \$200,000 for single taxpayers). Among the targeted tax expenditures was interest on any bond excludable from gross income under Section 103 of the Code, whether the bond is outstanding on the enactment date of the proposed legislation or is issued thereafter. Another example of such proposal from the fall of 2011 would have required the Office of Management and Budget to establish steadily declining annual ratios for debt as a percentage of gross domestic product, effective for taxable years beginning on or after January 1, 2013. Under the proposal, if the ratios were not met, automatic cuts in spending and tax preferences, such as tax-exempt interest, would be triggered. Prospective purchasers of the Series 2013-A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

Internal Revenue Service Audit of Municipal Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt securities issues, including both random and targeted audits. It is possible that the Series 2013-A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series 2013-A Bonds might be affected as a result of such an audit of the Series 2013-A Bonds (or by an audit of similar securities).

Information Reporting and Backup Withholding

Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007, on tax-exempt obligations, including the Series 2013-A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing Series 2013-A Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2013-A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner's federal income tax once the required information is furnished to the Internal Revenue

Service. Bond Counsel provides no opinion concerning such reporting or withholding with respect to the Series 2013-A Bonds.

OTHER LEGAL MATTERS

Continuing Disclosure

The School District has covenanted for the benefit of owners and Beneficial Owners of the Series 2013-A Bonds to provide certain financial information and operating data relating to the School District (the "Annual Report") by not later than eight months following the end of the School District's fiscal year (which shall be March 1 of each year, so long as the School District's fiscal year ends on June 30), commencing with the report for the 2011-12 Fiscal Year (which will be due not later than March 1, 2014), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the School District with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") in an electronic format and accompanied by identifying information as prescribed by the MSRB. Any notice of a significant event will be filed by the School District with the MSRB through the EMMA System. The specific nature of the information to be made available and to be contained in the notices of significant events is set forth in the Continuing Disclosure Agreement. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

[Confirm compliance with disclosure obligations; In the previous five year, the School District and community facilities districts formed by the School District have complied timely with all their previous undertakings under the Rule, except that the School District's annual audited financial statements for the year ended June 30, 2010, and the School District's budget for Fiscal Year 2010/11 were provided by a link to the School District's website. As of May 4, 2011, the June 30, 2010, audited financial statements and Fiscal Year 2010/11 budget had been posted on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board and the District has provided such material as required by the Rule since that date.]

Legality for Investment in California

Under provisions of the California Financial Code, the Series 2013-A Bonds are legal investments for commercial banks in California to the extent that the Series 2013-A 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 for security for deposits of public moneys in California.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Series 2013-A Bonds, and a certificate or certificates to that effect will be furnished to purchasers at the time of the original delivery of the Series 2013-A Bonds. The School District is not aware of any litigation pending or threatened questioning the political existence of the School District or contesting the School District's ability to receive *ad valorem* taxes or contesting the School District's ability to issue and retire the Series 2013-A Bonds.

RATINGS

The Series 2013-A Bonds have been assigned ratings of “___” by Fitch Ratings and “___” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies furnishing the same, through their websites. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Some information provided to the rating agencies by the School District may not appear in this Official Statement. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Series 2013-A Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the “Underwriter”), has agreed to purchase the Series 2013-A Bonds at a price of \$_____, consisting of the principal amount of the Series 2013-A Bonds of \$_____, plus net [original issue discount/premium] of \$_____, less an Underwriter’s discount of \$_____. The Bond Purchase Agreement relating to the Series 2013-A Bonds provides that the Underwriter will purchase all of the Series 2013-A Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Series 2013-A Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Series 2013-A Bonds, the Resolution and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from School District records.
This Official Statement has been approved by the School District Board of Education.

**TEMECULA VALLEY UNIFIED SCHOOL
DISTRICT**

By: _____
[Timothy Ritter, Superintendent/Lori
Ordway-Peck, Assistant Superintendent of
Business Support Services]

APPENDIX A

INFORMATION RELATING TO THE SCHOOL DISTRICT'S OPERATIONS AND BUDGET

Principal and Accreted Value of and interest on the Series 2013-A Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE SERIES 2013-A BONDS – Security" herein.) Articles XIII A, XIII B, XIII C and XIII D of the California Constitution, Propositions 39, 98, 111, and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these constitutional and statutory measures on the ability of the County to levy taxes and of the School District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Series 2013-A Bonds. The tax levied by the County for payment of the Series 2013-A Bonds was approved by the School District's voters in compliance with Article XIII A, Article XIII C and all applicable laws.

THE SCHOOL DISTRICT

The information in this section concerning the School District 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 and Accreted Value of or interest on the Series 2013-A Bonds is payable from the general fund of the School District. The Series 2013-A Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County on taxable property within the School District in an amount sufficient for the payment thereof. See "THE SERIES 2013-A BONDS – Security" herein.

General Information

The School District was originally established as the Temecula Valley Union School District in 1914, providing educational services to grades K-8. In 1989, the School District took over administration of the one high school within its boundaries previously served by the Elsinore Union High School District. The School District encompasses approximately 148 square miles in the incorporated City of Temecula, surrounding cities and unincorporated Riverside County. The School District includes 17 elementary schools, three charter schools, one 6-12 virtual school, six middle schools, three comprehensive high schools, one continuation high school, one independent study high school and one adult study school. The School District estimates average daily attendance in Fiscal Year 2012-13 of approximately 27,528.00 students (as of First Interim Report, December 11, 2012) (the "First Interim Report"), with a 2012-13 Fiscal Year budget of approximately \$199,223,072 (as of the First Interim Report).

Administration

The School District is governed by a Board of Education (the "Board"), consisting of five members, each of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. If a vacancy arises during any term, the vacancy is filled by an appointment by a majority vote of the remaining Board members and, if there is no majority, by a special election.

Current members of the Board, together with their offices and the dates their current terms expire, are listed below:

**Board of Education
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT**

<u>Name</u>	<u>Office</u>	<u>Current Term Expires</u>
Dr. Kristi Rutz-Robbins	President	December 2016
Richard Shafer	Clerk	December 2014
Robert Brown	Board Member	December 2014
Vincent O'Neal	Board Member	December 2014
Dr. Allen Pulsipher	Board Member	December 2016

Superintendent and Administrative Personnel

The Superintendent of the School District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the School District's day to-day operations and supervises the work of other School District administrators and supervisors. Brief biographies of the Superintendent and other administrative officers are set forth below.

Timothy Ritter, Superintendent. Timothy Ritter, Superintendent for the Temecula Valley Unified School District, is serving in his third year as Superintendent. Mr. Ritter began his career in education in 1985 as a high school biology teacher for the Chaffey Joint Union High School District. He obtained his bachelor's degree in biology from Cal Poly Pomona and holds master's degrees in biology and education from Cal State San Bernardino. Mr. Ritter began his administrative career with the School District in 2001 when he was named Principal of Chaparral High School. In 2004, he was appointed Principal of the newly opened Great Oak High School. In 2007, Mr. Ritter was promoted to Assistant Superintendent of Educational Support Services and a year later to Deputy Superintendent of ESS. After three years leading the ESS division, he was promoted to Superintendent in July 2010, replacing retiring Superintendent, Dr. Carol Leighty].

Allocation of State Funding to School Districts

Under California 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.

Between Fiscal Years 2005-06 and 2011-12, the School District's average daily attendance increased by approximately 6.93%. State law provides that for purposes of revenue limit calculations, the A.D.A. used will be the higher of current or the previous fiscal year A.D.A. In its Fiscal Year

2012-13 First Interim budget, the School District has assumed an A.D.A. of 27,528 students for purposes of calculating its revenue limit and has assumed deficated base revenue limit funding of \$5,309.08 per unit of A.D.A. For each unit of average daily attendance, the School District receives from the State an amount equal to the deficated base revenue limit.

Table 1 below sets forth the following recent fiscal year and estimated Fiscal Year 2012-13 data: (i) students enrolled at the California Basic Educational Data System (“CBEDS”); (ii) the revenue limit funded A.D.A.; (iii) base revenue limit amount; and (iv) deficated base revenue limit funded A.D.A. per student. The School District’s attendance rate in 2011-12 was approximately 96.2% and the A.D.A. in 2012-13 is estimated to be approximately 27,528. State law provides that for purposes of revenue limit calculations, the A.D.A. used will be the higher of current or the previous fiscal year A.D.A.

**Table 1
AVERAGE DAILY ATTENDANCE, BASE REVENUE LIMIT AND
DEFICATED BASE REVENUE LIMIT
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Years 2007-08 through 2012-13**

<u>Fiscal Year</u>	<u>CBEDs Enrollment⁽¹⁾</u>	<u>Revenue Limit Funded Average Daily Attendance⁽²⁾</u>	<u>Base Revenue Limit Per Student Per Year</u>	<u>Deficated Base Revenue Limit Per Student Per Year</u>
2007-08	28,602	27,347.54	\$5,909.33	\$[]
2008-09	28,522	27,517.61	6,238.33	5,749.00
2009-10	29,063	27,734.64	6,500.33	5,307.19
2010-11	29,012	27,738.20	6,483.71	5,312.17
2011-12	28,511	27,600.12	6,618.33	5,254.82
2012-13 ⁽³⁾	28,733	27,528.00	6,830.33	5,309.08

⁽¹⁾CBEDs is enrollment, not average daily attendance.

⁽²⁾Revenue limit funded A.D.A. is generally the greater of current year A.D.A. or the School District’s prior year second period report of A.D.A. (P-2, the period from July 1 to April 15). Revenue limit A.D.A. from a prior year and P-2 A.D.A. may differ due to revenue limit A.D.A. including non-public school and community day school components factored into the calculations.

⁽³⁾Estimated.

Source: Temecula Valley Unified School District.

Labor Relations

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

The teachers of the School District (certificated non-management personnel) are represented by the Temecula Valley Educators’ Association (“TVEA”). The contract for certificated personnel will expire on June 30, 2013. As of June 30, 2012, the School District’s certificated non-management

employees had a total payroll of \$108,962,105, and for Fiscal Year 2012-13 have a budgeted total payroll of \$99,031,600.

The California School Employees' Association ("CSEA") has been selected as the exclusive bargaining agent for non-teaching, non-management (classified) personnel. The contract for the classified personnel will expire on June 30, 2013. As of June 30, 2012, the School District's classified non-management employees had a total payroll of \$31,368,643, and for Fiscal Year 2012-13 have budgeted total payroll of \$31,671,792.

Management, supervisory and confidential personnel are comprised of certificated and classified personnel who are self-represented. The Superintendent and upper level management have employment contracts. As of June 30, 2012, the School District's management, supervisory and confidential employees had a total payroll of \$8,339,813, and for Fiscal Year 2012-13 have a budgeted total payroll of \$8,060,945.

For Fiscal Year 2012-13, the estimated split among the number of certificated, classified and management employees is approximately 59.5% certificated, 36.0% classified and 4.5% management. Table 2 below sets forth the number of certificated, classified and management employees employed by the School District for Fiscal Years 2006-07 through 2012-13.

Table 2
EMPLOYEES
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Years 2008-09 through 2012-13

<u>Fiscal Year</u>	<u>Total FTE for Certificated Employees</u>	<u>Total FTE for Classified Employees</u>	<u>Total FTE for Management Employees</u>	<u>Total FTE for Employees</u>
2008-09	1,436.6	785.9	91.6	2,314.1
2009-10	1,457.5	790.4	87.6	2,335.5
2010-11	1,368.5	771.1	86.0	2,225.6
2011-12	1,368.0	781.9	90.0	2,239.9
2012-13	1,259.8	761.9	95.2	2,116.9

*FTE: Full-Time Employees.

Source: Temecula Valley Unified School District.

Retirement Programs

The School District participates in the State of California Teachers' Retirement System ("STRS"), which provides benefits to full-time certificated personnel. Active plan members are required to contribute 8% of their salary. The required employer contribution rate for Fiscal Year 2010-11 was 8.25% of annual payroll and for Fiscal Year 2011-12 was 8.25% of annual payroll. Budgeted figures for Fiscal Year 2012-13 are 8.25% of the annual payroll. The contribution requirements of the plan members are established by State statute. The School District's contributions to STRS for Fiscal Years 2009-10 through 2011-12 were \$9,621,851, \$9,075,636 and \$9,413,997, respectively.

See the STRS website for details regarding its programs – <http://www.calstrs.com> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement). The following information has been obtained from the information published by STRS and is believed to be reliable but is not guaranteed as to accuracy or completeness. The governing board of STRS adopts a

valuation of its defined benefit plan and its defined benefit supplemental plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, STRS investments lost substantial value at that time. STRS uses an averaging process that recognizes gains and losses over a three-year period, as a result of which the fund is still being affected by losses incurred during the market downturn. Recent years have seen positive investment returns. The most recent valuation for the period ending June 30, 2011, identified the level of funding for the STRS defined benefit program at 69% of full funding, with an estimated actuarial obligation of \$208.4 billion, an actuarial valuation of assets of \$143.9 billion and unfunded actuarial obligations of \$64.5 billion. In recent years, historical unfunded actuarial obligations for the defined benefit plan have ranged from being over funded in the late 1990's to the 69% of full funding estimated in the June 30, 2011 valuation. Contributions to STRS are generally fixed by State law. STRS has indicated the need to develop a gradual and predicable funding solution that is fair to the State's taxpayers, its educators and the employers.

The School District also participates in the State of California Public Employees Retirement System ("PERS") which provides benefits to full-time classified personnel and part-time employees who are employed more than 1,000 hours during the year. The School District contributes an amount equal to []% of the active plan members' salary as well as an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the PERS Board of Administration. The required employer contribution for Fiscal Year 2011-12 was []% and for Fiscal Year 2012-13 the contribution rate is []%. The contribution requirements of the plan members were established by State statute. The School District's contributions to PERS for Fiscal Years 2009-10 through 2011-12 were \$4,273,340, \$4,219,358 and \$4,444,890, respectively.

See the PERS website for details regarding its programs – <http://www.calpers.ca.gov> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement). The following information has been obtained from the information published by PERS and is believed to be reliable but is not guaranteed as to accuracy or completeness. The governing board of the PERS adopts a valuation of its defined benefit plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, PERS investments lost substantial value at that time. In December 2009, the PERS Board adopted changes to its asset smoothing method in order to phase in over a three-year period the impact of the 24% investment loss experience by PERS in Fiscal Year 2008-09. Recent years have seen positive investment returns. The most recent valuation for the period ending June 30, 2010, identified the level of funding for the PERS defined benefit program at 69.5% of full funding, with an estimated actuarial obligation of \$55.3 billion, an actuarial valuation of assets of \$38.4 billion and unfunded actuarial obligations of \$16.9 billion. PERS has adopted policies regarding contribution rates for the various plans and such plans are subject to modification as the PERS governing board determines how to address the unfunded actuarial obligations.

For Fiscal Year 2012-13 at First Interim Report, the School District has budgeted for a STRS contribution of \$8,359,842 and a PERS contribution of \$4,708,464.

Governor's Pension Reform

On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income

spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and school district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the School District anticipates that PEPRA would not increase the School District's future pension obligations, the School District is unable to determine the extent of any impact PEPRA would have on the School District's pension obligations at this time. Additionally, the School District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

GASB 25 and 27

On July 8, 2011, the Governmental Accounting Standards Board ("GASB") released its exposure draft of proposed changes in pension accounting and financial reporting standards for state and local governments (GASB 25 and 27), and if implemented, these changes will impact the accounting treatment of pension plans, such as CalSTRS and CalPERS, in which state and local governments, like the School District, participate. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Following public comments on the exposure draft in 2011, new standards could be adopted in final form in 2012 and are expected to take effect in fiscal years beginning mid-2013 for most employers. The School District cannot predict whether GASB will implement these proposed changes in its accounting standards.

Post-Retirement Health Care Benefits

The School District provides other post-employment benefits ("OPEB"), in accordance with School District contracts, to eligible employees who retire from the School District with at least eight years of service as Assistant Superintendent or higher, *provided* that they remain retired under the provisions of STRS or PERS. The School District will pay the cost of a retiree-only HMO plan until the retired Assistant Superintendent or Superintendent is eligible to be covered by Medicare at which time the School District will pay the Medicare supplement costs for ten (10) years or until age 75. The School District's funding policy is based on the projected pay-as-you-go funding requirements. During Fiscal Years 2010-11 and 2011-12, the School District contributed \$4,656.00 and \$10,523.00, respectively, and for Fiscal Year 2012-13 budgeted \$11,000.00 for retirees' healthcare benefits.

The GASB issued its final accrual accounting standards for retiree healthcare benefits, GASB 45, in June 2004 ("GASB 45"). GASB 45 requires local governmental employers who provide OPEB as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. GASB 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the governmental employer.

Pursuant to GASB 45, the School District retained BRS/Bickmore Risk Services to assess the School District's liabilities in connection with GASB 45. The report was prepared on July 15, 2011, with a July 1, 2011 valuation date. The next report will be valued as of July 1, 2013 under the biennial rules. The report concluded that the amount of actuarial liability (past and present) for the School District, as of

July 1, 2011, was \$116,092. As of July 1, 2011, the most recent actuarial evaluation date, the School District did not have a funded plan.

[In the past, financial reporting for the School District for OPEB was generally based on pay-as-you-go financing approaches. Such practices fail to measure or recognize the cost of OPEB during the periods when employees render the services or provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.]

[GABS 45 generally provides for prospective implementation; that is, the employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The School District was required to implement the provisions of GASB 45 beginning in the Fiscal Year ending June 30, [_____/2008].

[Supplemental Early Retirement Plans (SERP) and Early Retirement Incentives. Since July 1, [_____/2008], the School District has participated in a number of supplemental early retirement plans and incentives to the benefit of the employees. The plans vary in benefit and duration. Most plans will come to term at the end of the Fiscal Year [_____/2014-15], with the remaining plans ending by [_____/2017-18].

[Payments for all plans totaled \$ _____ in Fiscal Year 2011-12. The Fiscal Year 2012-13 liability is \$ _____ and will be funded by the unrestricted general fund through salary savings of the retired employees. The savings exceed the liability each year.]

Risk Management

The School District is a member of the Riverside Schools' Insurance Authority (RSIA), the Self-Insured Schools of California (SISC) and the Joint Educational Transit of Riverside County (JET). The School District pays an annual amount to each entity for its health, property/liability coverage and other services. Coverage is comparable with insurance maintained by similar school districts.

Outstanding Debt; Financial Obligations

[Review] As of June 30, 2012, the School District had \$42,418,125 of long-term debt outstanding (not including debt of Mello-Roos community facilities districts (the "CFDs") within the School District). The debt of the CFDs is payable from special taxes levied on the taxable property within those districts; and the School District's general obligation debt, including the Series 2013-A Bonds, is payable from *ad valorem* taxes levied on the taxable property within the School District and not from general revenues of the School District. The School District leases equipment, portable classrooms and school buses pursuant to capital leases.

A schedule of changes in long-term debt for the Fiscal Year ended June 30, 2012, is set forth in the table below.

Table 3
Schedule of Changes in Long-Term Debt as June 30, 2012
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

[Discuss adding footnotes]

	<u>Balance as of June 30, 2011⁽¹⁾</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance as of June 30, 2012</u>	<u>Amount Due in One Year</u>
General Obligation Bonds	\$30,870,000	\$ 0	\$2,735,000	\$28,135,000	\$2,865,000
Premium on issuance	3,333,710	0	383,148	2,950,562	0
Capital lease	1,226,349	0	431,869	794,480	413,164
CalSTRS Golden Handshake PARS 403(b) Supplemental	1,325,076	0	224,701	1,100,375	211,552
Retirement Plan	433,959	0	433,959	0	0
Supplemental Early Retirement Plan –	3,048,894	0	762,224	2,286,670	762,224
Early Retirement Incentive Plan - Salaries	0	6,582,022	0	6,582,022	658,202
Compensated absences - net	<u>706,626</u>	<u>0</u>	<u>137,610</u>	<u>569,016</u>	<u>0</u>
TOTALS	\$40,944,614	\$6,582,022	\$5,108,511	\$42,418,125	\$4,910,142

Source: Temecula Valley Unified School District.

Repayment schedules for certain of the debts/obligations are contained in APPENDIX B — “EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT FOR FISCAL YEAR 2011-12.”

General Obligation Bonds. On February 12, 2004, the School District issued the 2004 General Obligation Refunding Bonds in the amount of \$47,425,000. The bonds were issued at an aggregate price of \$52,870,926, (representing the principal amount of \$47,425,000 plus an original issue premium of \$5,965,132 less underwriter's discount of \$248,981 and cost of issuance of \$270,225). The bonds mature August 1, 2020, and yield interest rates of 0.95 to 4.10 percent. As of June 30 2012, the principal balance of \$22,355,000 remained outstanding. Unamortized premium received on issuance of bonds amounted to \$340,034 as of June 30, 2012.

On February 2, 2006, the School District issued the 2005 General Obligation Refunding Bonds in the amount of \$6,740,000. The bonds were issued at an aggregate price of \$7,189,566, (representing the principal amount of \$6,740,000 plus an original issue premium of \$516,847 less underwriter's discount of \$67,281). The bonds mature August 1, 2025, and yield interest rates of 3.10 to 4.40 percent. As of June 30, 2012, the principal balance of \$5,780,000 remained outstanding. Unamortized premium received on issuance of bonds amounted to \$2,610,528 as of June 30, 2012.

On November 6, 2012, the voters of the School District approved the issuance of not to exceed \$165,000,000. The Series 2013-A Bonds are the first series of bonds issued under the November 6, 2012 authorization. The annual debt service requirements on the Series 2013-A Bonds is shown in "DEBT SERVICE SCHEDULE" above.

Community Facilities Districts. As of June 30, 2012, the community facilities districts formed by the School District had an aggregate of \$74,945,000 of bonds outstanding.

Accumulated Unpaid Employee Vacation. The accumulated unpaid employee vacation for the School District at June 30, 2012, amounted to \$569,016.

Short-Term Debt; Tax and Revenue Anticipation Notes. [Revise depending on POS date before or after 2/1/13; update for pending TRANS sales: The School District issued a mid-year series of tax and revenue anticipation notes dated February 24, 2012, through the California Cash Reserve Program, sponsored by the California School Boards Associate Finance Corporation, in the amount of \$24,725,000 with a stated interest rate of 0.600%. Those notes matured on February 1, 2013, and were sold by the School District to supplement cash flow. The School District also issued a series of tax and revenue anticipation notes, dated July 2, 2012, through the California Cash Reserve Program, sponsored by the California School Boards Associate Finance Corporation, in the amount of \$24,490,000 with a stated interest rate of 1%. Those notes matured on February 1, 2013, and were sold by the School District to supplement its cash flow. In each case, repayment requirements were that a percentage of principal and interest be deposited with the Fiscal Agent until 100% of principal and interest due was on account by January 31, 2013. The School District also issued \$34,800,000 of Tax Revenue Anticipation Notes, dated July 2, 2012, through the California Cash Reserve Program Authority. The notes matured on February 1, 2013, with an interest rate of 0.700%. The notes were sold by the School District to supplement cash flow. Repayment required that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning December, 2012, until 100% of principal and interest due was on account by January 31, 2013. The moneys were required to remain on deposit until the maturity date of the applicable series of notes, at which time the moneys were applied to pay the principal and interest on such notes.]

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. Collectively, these deferrals are referred to as the "Cash Management Deferrals." This practice has included deferring certain apportionments from one fiscal year to the next. These "cross-year" deferrals have been codified and are expected to be on-going. Legislation enacted with respect to Fiscal Years 2011-12 and 2012-13 provides for additional inter-fiscal year deferrals. As of June 30, 2012, the State's Cash Management Deferrals to the School District totaled

approximately \$40,510,086. The deferrals for Fiscal Year 2012-13 will be approximately \$25,755,801. The School District applied for and was granted the deferral exemption on apportionments for July, August, September and October, 2012. The School District has continued to manage the impact of the State's Cash Management Deferrals internally and by using short-term borrowing options. The School District cannot assure that if the State's Cash Management Deferrals continue for a significant period of time, or if the State's Cash Management Deferrals are increased, that the School District will be able to resort to additional short-term borrowing options in order to manage its cash flow.

EFFECT OF STATE BUDGET ON REVENUES

The information in this section concerning the State budget and State finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and Accreted Value of or interest on the Series 2013-A Bonds is payable from the general fund of the School District. The Series 2013-A Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment of the Series 2013-A Bonds. See "THE SERIES 2013-A BONDS – Security" herein.

Most public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see " – SCHOOL DISTRICT FINANCIAL INFORMATION – State Funding of Education" below). State funds typically make up the majority of a district's revenue limit. School districts also receive substantial funding from the State for various categorical programs. Commencing with Fiscal Year 2009-10, various mandates and restrictions on local school districts were removed, allowing flexibility to spend funding for 42 categorical programs as school districts wish. These flexibility provisions have been extended for seven years, 2008-09 through 2014-15 by Education Code Section 42605. Revenues received by the School District from all State sources accounted for approximately 82% of total general fund revenues in Fiscal Year 2010-11, for approximately 81% of total general fund revenues in Fiscal Year 2011-12 and is estimated to account for approximately 84% of total general fund revenues in Fiscal Year 2012-13.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

Education Provisions of the California State Budget. Following enactment of Proposition 25, on November 2, 2010, the Governor is required by the State Constitution to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a majority vote of each house of the Legislature no later than June 15. Prior to enactment of Proposition 25, the final budget was required to be approved by a 2/3rds majority vote of each house of the Legislature and the June 15 deadline was routinely breached. For example, prior to enactment of Proposition 25, the State Budget was signed by the Governor on October 8, 2010, the latest budget approval in State history. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. State income tax, sales tax, and other receipts can fluctuate significantly from year to year depending on economic conditions in the State and the nation. Because funding for K-12 education is closely related to overall State income, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. The School District cannot predict how State income or State education funding will vary over the entire

term to maturity of the Series 2013-A Bonds, and the School District takes no responsibility for informing Owners of the Series 2013-A Bonds as to any such annual fluctuations. Information about the State budgeting process, the State Budget and State spending for education is available at various State-maintained websites, including (i) the State's website, where recent official statements for State bonds are posted, (ii) the California State Treasurer's Internet home page which includes the State's audited financial statements, various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, the State's Rule 15c2-12 filings for State bond issues, financial information which includes an overview of the State economy and government, State finances, State indebtedness, litigation and discussion of the State budget and its impact on school districts, (iii) the California Department of Finance's internet home page which includes the text of the budget and information regarding the State budget, and (iv) the State Legislative Analyst's Office ("LAO") which prepares analyses of the proposed and adopted State budgets. *The State has not entered into any contractual commitment with the School District, the Underwriter or the Owners of the Series 2013-A Bonds to provide State budget information to the School District or the Owners of the Series 2013-A Bonds. Although the State sources of information listed above are believed to be reliable, neither the School District nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to therein.*

2011-12 State Budget; 2012-13 State Budget

Ballot Propositions. On November 2, 2010, voters approved Propositions 22, 25 and 26. Proposition 22 prohibits State legislators from using existing funds allocated to local government, public safety and transportation. Proposition 25 lowered the vote threshold for lawmakers to pass the State Budget from two-thirds to a simple majority. Proposition 26 requires a two-thirds affirmative vote in the State Legislature and local governments to pass many fees, levies, charges and tax revenue allocations that under previous rules could be enacted by a simple majority vote.

2011-12 State Budget; Legislation Regarding Redevelopment Funding Mechanisms. On December 6, 2010, Governor Schwarzenegger called an emergency session of the Legislature to address the \$6.1 billion projected deficit for Fiscal Year 2010-11. During budget briefings held in December 2010, then Governor-elect Jerry Brown announced that the projected deficit through June 30, 2012, had likely grown from the \$25.1 billion reported in the Fiscal Outlook Report to approximately \$28 billion. On January 20, 2011, Governor Brown extended the state of fiscal emergency for an additional 45 days.

On January 3, 2011, Jerry Brown was sworn in as Governor and on January 10, 2011, the Governor released his proposed budget for Fiscal Year 2011-12 ("Proposed 2011-12 Budget"). The Proposed 2011-12 Budget was designed to address an estimated budget shortfall of \$25.4 billion in the Fiscal Year 2011-12 California State Budget. The budget shortfall consisted of an \$8.2 billion projected deficit for Fiscal Year 2010-11 and a \$17.2 billion gap between projected revenues and spending in Fiscal Year 2011-12. The Governor's proposal included approximately \$12.5 billion in budget cuts, \$12 billion in tax extensions and changes, and \$1.9 billion in other solutions. The Governor proposed calling a state-wide special election in June to extend for five more years tax measures currently set to expire.

The Proposed 2011-12 Budget included cuts in a number of areas and a realignment of services from the State to local governments. With respect to education, total 2011-12 Proposition 98 funding was proposed at approximately \$49 billion, which reflected approximately the same amount as Fiscal Year 2009-10. The State general fund comprised approximately \$36 billion of total proposed Proposition 98 funding for Fiscal Year 2011-12. These totals include funding for K-12 schools and

community colleges. The proposed level of funding met the Proposition 98 funding requirements but did so by incorporating proposals which deferred approximately \$2.1 billion in K-12 and community college costs to Fiscal Year 2012-13. The Proposed 2011-12 Budget also extended various flexibility options for school districts for two additional years.

The Proposed 2011-12 Budget proposed elimination of the funding mechanism for redevelopment agencies (the "RDA Provisions"). By July 1, 2011, existing agencies were to be disestablished and successor local agencies would be required to use the tax increment revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations "in accordance with existing payment schedules." The RDA Provisions would have diverted what was estimated in the Proposed 2011-12 Budget as \$1.7 billion in Fiscal Year 2011-12 to offset State general fund costs for Medi-Cal and trial courts. An additional estimated \$210 million would be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the county-wide property tax. The RDA Provisions proposed that, after Fiscal Year 2011-12, the money available after payment of the redevelopment agency debt and contractual obligations would be distributed to schools, counties, cities, and non-enterprise special districts for general uses.

The Governor's May Revision (the "2011 May Revision") to the Proposed 2011-12 Budget was released on May 16, 2011. The 2011 May Revision reflected an estimated \$6.6 billion in new State revenues over the Proposed 2011-12 Budget's estimated amounts for Fiscal Year 2010-11 and Fiscal Year 2011-12. With respect to education, the 2011 May Revision provided an additional \$3 billion to schools in Fiscal Year 2011-12 but approximately \$2.85 billion would have gone toward eliminating deferrals, not increased revenue limit funding, and \$2.1 billion of that amount would be used to eliminate the K-12 deferral referenced above contained in the Proposed 2011-12 Budget. The 2011 May Revision assumed tax extensions would be approved by the voters and assumed a vote by the Legislature to temporarily extend the taxes until a public vote on November 6, 2011. If tax extensions were not approved and other offsetting revenues generated, school funding in Fiscal Year 2011-12 would have been reduced. The 2011 May Revision included the proposed elimination of the RDA Provisions.

The Governor signed the 2011-12 State Budget (the "2011-12 State Budget") on June 30, 2011, one of the earliest budget approvals in State history. The 2011-12 State Budget reflected an estimated \$85.9 billion in State general fund spending, an approximately 6.1% reduction from Fiscal Year 2010-11. Since the 2011 May Revision, tax receipts came in higher than expected by an estimated \$1.2 billion in May and June 2011. With the improved revenue receipts, the 2011-12 State Budget projected an additional \$4 billion in estimated 2011-12 revenues in addition to the \$6.6 billion in higher tax receipts reflected in the 2011 May Revision. The 2011-12 State Budget included a major realignment of public safety programs from the State to local governments and makes substantial cuts to various State programs. The 2011-12 State Budget maintained K-12 education funding at levels similar to Fiscal Year 2010-11 funding. The 2011-12 State Budget recognized the potential risk to the State's fiscal condition if the higher revenue estimates did not materialize and included additional cuts to higher education, health and human services and public safety if revenues were projected to fall short of expectations by more than \$1 billion with additional cuts in education, such as shortening the school year by 7 days, eliminating the home-to-school transportation program and reducing community college apportionments if revenues are projected to fall short by more than \$2 billion. The 2011-12 State Budget indicated the Governor planned to seek voter approval of a ballot measure by November 6, 2012 to constitutionally protect public safety realignment, supplementing the State's revenues to restore education funding, paying down the State debt and balancing the budget into the future. With respect to education, among other provisions, the 2011-12 State Budget deferred approximately \$2.1 billion in K-12 funding, extended flexibility options to school districts for an

additional two years, decreased part-day State preschool funding and shifted mental health services from counties to schools. The 2011-12 State Budget included provisions similar to the proposed elimination of the RDA Provisions, but each redevelopment agency could avoid elimination by choosing to make remittances to K-12 school districts and county offices of education located within the applicable project area. Such remittances in the aggregate were estimated to total approximately \$1.7 billion in 2011-12 to K-12 school districts and county offices of education. Additional changes to the 2011-12 Budget occurred since its adoption.

2012-13 State Budget; 2012 May Revision. On January 6, 2012, the Governor released his proposed budget for Fiscal Year 2012-13 ("Proposed 2012-13 Budget"). The Proposed 2012-13 Budget addressed an estimated budget shortfall of \$9.2 billion in the Fiscal Year 2012-13 California State Budget. The budget shortfall was estimated to consist of a \$4.1 billion projected deficit for Fiscal Year 2011-12 and a \$5.1 billion gap between projected revenues and spending in Fiscal Year 2012-13. The Governor's proposal included approximately \$4.2 billion in budget cuts, \$4.4 billion in revenues from the temporary tax increases referenced above, and \$1.7 billion in other solutions. The Governor proposed calling a state-wide special election on November 6, 2012 to increase the sales and use tax by 0.5% for four years and to increase the income tax on annual earnings over \$250,000 for five years.

The Proposed 2012-13 Budget included cuts in a number of areas and a realignment of services from the State to local governments. With respect to education, total 2012-13 Proposition 98 funding was proposed at approximately \$52.5 billion, which reflected an increase of \$4.9 billion compared to Fiscal Year 2011-12. The State general fund share comprised approximately \$37.5 billion of total proposed Proposition 98 funding for Fiscal Year 2012-13, including approximately \$6.6 billion in assumed initiative revenues. These totals included funding for K-12 schools and community colleges. The proposed level of funding met the Proposition 98 funding requirements but did so by incorporating proposals which deferred substantial amounts of K-12 and community college costs to Fiscal Year 2013-14. (With respect to the School District, the deferral in the 2011-12 State Budget was approximately \$40.5 million.) The Proposed 2012-13 Budget also included various flexibility options for school districts and local accountability measures.

The Proposed 2012-13 Budget assumed passage of Proposition 30, the Governor's proposed tax initiative, which was estimated to provide approximately \$6.6 billion in additional revenue for education programs. In the event the initiative did not pass, the Proposed 2012-13 Budget included a trigger reduction of \$4.8 billion. A reduction of this magnitude would result in a funding decrease equivalent to more than the cost of three weeks of instruction. It also continued to provide 20% of program funds a year in arrears. The Proposed 2012-13 Budget included a series of adjustments or "rebenchings" of the Proposition 98 guarantee. The most significant adjustment related to the elimination of the sales tax on gasoline in 2010-11. On December 14, 2012, the California Secretary of State certified that Proposition 30 was approved on November 6, 2012.

The Proposed 2012-13 Budget incorporated the effects of the elimination of the funding mechanism for redevelopment agencies (the "RDA Provisions") which elimination occurred on February 1, 2012. As of February 1, 2012, existing agencies were disestablished and successor local agencies are required to use the tax increment revenues that redevelopment agencies would otherwise have received to retire redevelopment agency debts and contractual obligations "in accordance with existing payment schedules."

The Governor's May Revision (the "2012 May Revision") to the Proposed 2012-13 Budget was released on May 14, 2012. The 2012 May Revision indicated that the budget shortfall had increased from an estimated \$9.2 billion at the time of the Proposed 2012-13 Budget to an estimated

\$15.7 billion due to the prior revenue forecast being too high (\$4.3 billion), Proposition 98 spending increases (\$2.4 billion) and federal government and court blocked budget cuts (\$1.7 billion). These increases were offset by a reduction of approximately \$41.9 million from a variety of other factors.

The 2012 May Revision assumed the passage of the Governor's proposed initiative at the November 6, 2012 election, which would temporarily increase the personal income tax on the State's wealthiest taxpayers for seven years and increase the sales tax by one-quarter of one percent for four years from January 1, 2013 to December 31, 2016. The proposed initiative is estimated to generate \$8.5 billion through the Fiscal Year 2012-13 budget year, with revenues to be used to enable the State to meet its existing Proposition 98 obligations and to increase funding for schools and community colleges by an additional \$2.9 billion. If the initiative is not approved, the 2012 May Revision proposes cuts to Proposition 98 funding of approximately \$5.5 billion, a decrease equivalent to the cost of three weeks of instruction. The estimated increase from the addition of three tax brackets for taxable incomes beginning at \$500,000 for joint households (\$250,000 for single filers) with rates of 10.3%, 11.3% and 12.3% for seven years estimated to generate revenues of approximately \$3.1 billion in Fiscal Year 2012-13 and \$4.7 billion in Fiscal Year 2013-14.

The 2012 May Revision proposed replacing the current school finance system with a simpler, more transparent funding formula that removes various spending restrictions that prevent schools from managing their funds based on local educational priorities. The 2012 May Revision proposed to reduce the payments to schools that are deferred each year from approximately \$10.4 billion to \$7.6 billion and to fund the Quality Education Investment Act (QEIA) program within the Proposition 98 guarantee. The 2012 May Revision continued to provide additional flexibility to schools by consolidating the vast majority of categorical programs and revenue limit funding into a weighted student formula that provides funding to schools. If the proposed initiative was not approved, the estimated \$5.5 billion reduction for K-14 programs would be accomplished by not paying an estimated \$2.8 billion repayment of deferrals in Fiscal Year 2012-13 and by an approximate \$2.7 billion reduction in programmatic funding for schools. School districts would be provided flexibility to reduce the school year by a combined total of 15 days in 2012-13 and 2013-14 (subject to contract negotiation with affected employee representation organizations), or through a combination of reserves or other savings options to absorb the reduction over a two-year period. As indicated above, deferrals in Fiscal Year 2012-13 were authorized by AB 103 adopted on May 23, 2012. The School District is authorized to borrow temporary funds to cover its annual cash flow deficits; and as a result of Cash Management Deferrals, the School District might find it necessary to increase the size or frequency of its cash flow borrowings in Fiscal Year 2012-13.

On June 15, 2012, the Legislature passed a \$92.1 million State budget bill, which bill differed in numerous ways from the 2012 May Revision and which budget bill continued to assume passage of the proposed initiatives at the November 6, 2012, election. Subsequently, the Legislature passed numerous budget implementing bills on a majority vote intended to address the Governor's demand for deeper cuts to close the anticipated deficit. On June 28, 2012, the Governor signed the State budget bill into law.

2013-14 State Budget. On January __, 2013, the Governor released his proposed budget for Fiscal Year 2013-14 ("Proposed 2013-14 Budget"). The Proposed 2013-14 Budget addressed an estimated budget shortfall of \$__ billion in the Fiscal Year 2012-13 California State Budget. The budget shortfall was estimated to consist of a \$__ billion projected deficit for Fiscal Year 2012-13 and a \$__ billion gap between projected revenues and spending in Fiscal Year 2013-14. The Governor's proposal included approximately \$__ billion in budget cuts, \$__ billion in revenues from the temporary tax increases referenced above and \$__ billion in other solutions.

The Proposed 2013-14 Budget included cuts in a number of areas and a realignment of services from the State to local governments. With respect to education, total 2013-14 Proposition 98 funding was proposed at approximately \$___ billion, which reflected an increase of \$___ billion compared to Fiscal Year 2012-13. The State general fund share comprised approximately \$___ billion of total proposed Proposition 98 funding for Fiscal Year 2013-14, including approximately \$___ billion in assumed initiative revenues. These totals included funding for K-12 schools and community colleges. The proposed level of funding met the Proposition 98 funding requirements but did so by incorporating proposals which deferred substantial amounts of K-12 and community college costs to Fiscal Year 2014-15. (With respect to the School District, the deferral in the 2012-13 State Budget was approximately \$___ million.) The Proposed 2013-14 Budget also included various flexibility options for school districts and local accountability measures.

As of December 15, 2012, the First Interim Budget Report's multi-year projection reflected a budget that was not balanced in the second subsequent year. The First Interim Report reflects the current year 2012-13 budget as meeting its 3% reserve and has an ending fund balance of \$27.6 million. The School District self-certified itself as "qualified" in accordance with the budget process for school districts as set forth in legislation implementing Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. (For a further description of portions of AB 1200, see "Budget Process" below.) The School District's budget was approved by the County Office of Education noting economic concerns. On April 10, 2012, the School District and Temecula Valley Educators' Association ("TVEA") agreed to a Memorandum of Understanding ("TVEA MOU") whereby TVEA and School District management agreed to take ten (10) furlough days, plus one if Proposition 30 did not pass. Regarding the 2012-13 budget, the TVEA MOU increased class sizes to 30 in grades K-3, 33 in grades 4 and 5, 36 in grade 6 and 38 in grades 7 and 8. Restoration language, if Proposition 30 passes, calls for the School District and TVEA to return to the table to discuss restoration of furlough days if certain criteria have been met.

On August 16, 2012, the School District and the California School Employees' Association ("CSEA") agreed to a Memorandum of Understanding ("CSEA MOU") whereby CSEA agreed to take eight (8) furlough days, plus one if Proposition 30 did not pass. Other reductions by CSEA concerning the 2012-13 budget were \$22,757 of reclassification funds, \$35,962 of professional growth funds and \$82,997 of funds set aside to lower CSEA members' health and welfare costs. Restoration language if Proposition 30 passes dictates that two (2) furlough days will be restored and six (6) days banked for future reductions.

Restoration as stated above will be discussed in mid-January after release of the Governor's Budget Proposal for 2013-14.

Additional changes to the 2012-13 State Budget could occur subsequent to its adoption and the School District cannot predict what funding for, and provisions relating to, school districts will ultimately apply to the School District in Fiscal Year 2012-13.

Future Budgets. The School District cannot predict what actions will be taken in the future by the State Legislature and the Governor to deal with a projected structural State budget deficit and changing State revenues and expenditures. Future State budgets will be affected by national and State economic conditions and other factors. From Fiscal Year 2001-02 through Fiscal Year 2010-11, the Governor and the State Legislature came within several weeks of meeting the statutory deadline for approval of the State Budget only three times, but since enactment of Proposition 25 on November 2, 2010, the Governor and the State Legislature met the statutory deadline for approval of the State Budget in Fiscal Years 2011-12 and 2012-13.

Recent Litigation Regarding State Budgetary Provisions; Redevelopment Litigation. On July 18, 2011, the California Redevelopment Association, the League of California Cities, and the Cities of Union City and San Jose filed petition for a writ of mandate in *California Redevelopment Association et al. v. Ana Matosantos et al.* (“Matosantos”) with the Supreme Court of California alleging that ABx1 26 and ABx1 27 violate the California Constitution, as amended by Proposition 22. The petitioners alleged, among other things, that ABx1 26 and ABx1 27 seek to illegally divert tax increment revenue from redevelopment agencies by threatening such agencies with dissolution if payments are not made to support the State’s obligation to fund education. The petition was accompanied by an application for a stay seeking to delay implementation of the provisions of ABx1 26 and ABx1 27 until the claims were adjudicated.

On December 29, 2011, the California Supreme Court issued its ruling in *Matosantos*. The Court upheld ABx1 26, the bill that dissolves all redevelopment agencies and directs the resolution of their activities. However, it found that ABx1 27, which allows redevelopment agencies to avoid elimination by making certain payments to offset state budget expenses, is unconstitutional. As a result, all redevelopment agencies were required to dissolve and transfer their assets and liabilities to “successor agencies” that will wind down the redevelopment agencies’ affairs. Based on the decision, all redevelopment agencies were dissolved as of February 1, 2012.

Tax increment revenues that would have been directed to redevelopment agencies will be distributed to make “Pass-Through Payments” to local agencies that they would have received under prior law and to successor agencies for retirement of the redevelopment agencies’ debts and for limited administrative costs. The remaining revenues will be distributed as property tax revenues to cities, counties, school districts, community college districts and special districts. The School District cannot predict whether, or to what extent, the elimination of redevelopment agencies will affect the Pass-Through Payments or whether amounts received will be offset against other funds the State would otherwise have paid to the School District. See “THE SERIES 2013-A BONDS – Security.”

The School District makes no representations as to how the elimination of redevelopment agencies may affect the State’s funding of education in Fiscal Year 2012-13, or in future fiscal years, or whether future legislation may adversely affect education funding in the future.

The School District is able to receive a portion of the tax increment, either through statutory or contractual entitlements, collected to finance certain redevelopment projects existing within the School District. Currently, the School District is receiving such payments relating to certain redevelopment project areas pursuant to pass through agreements. Such pass-through payments are not pledged to the repayment of the Series 2013-A Bonds.

Litigation Regarding Shift of Funds from State General Fund to Special Funds. On September 28, 2011, the California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District filed a lawsuit to restore more than \$2 billion that had been designated for California public schools under the voter-approved Proposition 98 formula, but which was cut from the 2011-12 State Budget. The lawsuit alleged that the Governor and legislators have failed to comply with Proposition 98 by shifting approximately \$5 billion in sales tax revenues to counties in a new realignment fund. School officials argued that by diverting approximately \$5 billion in sales taxes, the State avoided sending approximately \$2 billion to schools under Proposition 98. On March 27, 2012, a superior court issued a preliminary ruling which indicated the court believed the State has the power to create new special funds, and that none of those dollars have to be devoted to schools under Proposition 98. On June 1, 2012, the court adopted the tentative ruling as an order. On July 27, 2012, the petitioners filed a notice of appeal of the court’s decision.

The School District makes no representations regarding how the decision may affect the State's ability to fund education in Fiscal Year 2012-13 or in future fiscal years.

Litigation Challenging the System of Financing for Public Schools in California

Litigation Regarding Alignment of School Finance System with Prescribed Educational Program. On May 20, 2010, more than 60 individual students and their respective families, nine California school districts, the California Congress of Parents, Teachers & Students, the Association of California School Administrators, and the California School Boards Association filed a complaint for declaratory and injunctive relief, entitled *Maya Robles-Wong, et al. v. State of California, et al.*, (the "Robles Complaint") in the Alameda County Superior Court. The Robles Complaint alleges, among other things, that the State's current system of funding public education is not designed to support core education programs and that the State has failed to meet its constitutional duties to maintain and support a system of common schools. The Robles Complaint further alleges that the State's system for funding education is not rationally or demonstrably aligned with the goals and objectives of the State's prescribed educational program, and the costs of ensuring that children of all needs have the opportunity to become proficient in accordance with State academic standards. The Robles Complaint requests that the court enter a permanent injunction to, among other things, require the State to align its school finance system with its prescribed educational program, as well as to direct the defendants to cease operating the existing public school finance system or any other system of public finance that does not meet the requirements of the State Constitution. On January 14, 2011, the Superior Court dismissed major portions of the case, allowing the plaintiffs to proceed only on the question of whether the State's public education funding scheme provides equal opportunities to students throughout the State, but rejecting the claim that the State Constitution mandates an overall qualitative standard for public education. On July 26, 2011, the Superior Court issued a ruling sustaining demurrer to the complaint but granting leave to amend the complaint on or before August 25, 2011. On November 3, 2011, the court dismissed the case. On January 24, 2012, the plaintiffs filed a notice of appeal to the Court of Appeal of the State of California, First Appellate District, from the judgment entered on November 3, 2011, sustaining the demurrer. The School District cannot predict the likelihood of success of such appeal or how such appeal, if successful, could result in a change in how school funding of education is implemented in the State.

Litigation Regarding Curricular and Extracurricular Educational Activities. A settlement of a lawsuit between the State and the American Civil Liberties Union ("ACLU") in which the ACLU alleged that the State was failing to monitor and prevent school districts from charging fees to students in violation of the free school guarantee in the California Constitution. Essentially, California's constitutional provision prohibiting student fees applies to curricular and extracurricular educational activities, unless the fees are authorized by the Legislature. The impact of the lawsuit and proposed Legislation (AB 165) to California school districts is difficult to predict.

SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the School District and the School District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and Accreted Value of or interest on the Series 2013-A Bonds is payable from the general fund of the School District. The Series 2013-A Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE SERIES 2013-A BONDS – Security" herein.

Accounting Practices

The accounting practices of the School District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. Significant accounting policies followed by the School District are explained in Note 1 to the School District's audited financial statements for the Fiscal Year ended June 30, 2012, which are included as Appendix B.

The School District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the School District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The School District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the "General Fund" which accounts for all financial resources not requiring a special type of fund. The School District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The School District's general fund finances the legally authorized activities of the School District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the School District for the Fiscal Year ended June 30, 2012, and prior fiscal years are on file with the School District and available for public inspection at the office of the Superintendent of the Temecula Valley Unified School District, 31550 Rancho Vista Road, Temecula, California 92592, telephone number (951) 506-7940. Excerpts from the audited financial statements for the year ended June 30, 2012, are included in Appendix B herein.

Vavrinek, Trine, Day & Co., LLP has not been requested to consent to the use or to the inclusion of its reports in this Official Statement and they have neither audited nor reviewed this Official Statement. The School 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.

The following table shows information from the School District's audited financial statements for the Fiscal Years 2007-08 through 2011-12.

Table 4
AUDITED FINANCIAL STATEMENTS
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

BALANCE SHEET – GENERAL FUND

	AUDITED <u>2007-08</u>	AUDITED <u>2008-09</u>	AUDITED <u>2009-10</u>	AUDITED <u>2010-11</u>	AUDITED <u>2011-12</u>
Assets					
Deposits and Investments	\$17,169,332	\$18,661,013	\$16,700,408	\$13,678,183	\$6,646,095
Receivables	17,861,725	24,066,977	36,693,555	45,251,814	58,741,366
Due from Other Funds	289,199	1,279,475	317,822	758,426	330,115
Prepaid Expenditures	4,679	919,644	579,552	675,535	0
Stores Inventory	<u>89,083</u>	<u>44,090</u>	<u>74,254</u>	<u>67,418</u>	<u>60,045</u>
TOTAL ASSETS	\$25,414,018	\$44,971,199	\$54,365,591	\$60,431,376	\$49,906,705
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$6,552,923	\$8,289,113	\$9,591,219	\$7,105,044	\$7,456,596
Due to Other Funds	2,022,352	3,576,789	986,002	3,793,915	6,736,610
Other Current Liabilities	0	0	17,610,000	14,850,000	24,725,000
Deferred Revenue	<u>77,745</u>	<u>1,940,083</u>	<u>970,571</u>	<u>5,231,424</u>	<u>108,521</u>
TOTAL LIABILITIES	\$8,653,020	\$13,805,985	\$29,157,792	\$30,980,383	\$39,026,727
Fund Balance					
Nonspendable	0	0	0	\$792,953	\$110,045
Restricted	0	0	0	1,945,378	3,136,143
Committed	0	0	0	0	0
Assigned	0	0	0	20,560,035	17,175,041
Unassigned	0	0	0	6,152,627	6,329,665
Reserved:					
Revolving Cash	\$50,000	\$50,000	\$50,000	0	-
Stores Inventories	89,083	44,090	74,254	0	0
Prepaid Expenditures	4,679	1,377,470	579,552	0	0
Reserve for all others	473,853	0	0	0	0
Restricted Programs	8,518,491	11,420,463	2,227,600	0	0
Unreserved:					
Designated	17,624,892	18,273,191	22,276,393	0	0
Undesignated, reported in:					
Debt Service Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUND BALANCE	\$26,760,998	\$31,165,214	\$25,207,799	\$29,450,993	\$26,750,894
TOTAL LIABILITIES AND FUND BALANCE	\$35,414,018	\$44,971,199	\$54,365,591	\$60,431,376	\$65,777,621

(1) New fund balance definitions were implemented in 2010-11, including Nonspendable, Restricted, Assigned and Unassigned.

Source: Temecula Valley Unified School District audited financial statements.

The following table shows information from the School District's adopted budgets and audited financial statements for the Fiscal Years 2010-11 and 2011-12, the School District's adopted budget for Fiscal Year 2012-13 and the School District's First Interim Report as of December 15, 2012.

As of December 15, 2012, the First Interim Budget Report's multi-year projection reflected a budget that was not balanced in the second subsequent year. The First Interim Report reflects the current year 2012-13 budget as meeting its 3% reserve and has an ending fund balance of \$27.6 million. The School District self-certified itself as "qualified" and the budget was approved by the County Office of Education noting economic concerns. On April 10, 2012, the School District and the Temecula Valley Educators' Association ("TVEA") agreed to a Memorandum of Understanding (the "TVEA MOU") whereby TVEA and School District management agreed to take ten (10) furlough days, plus one if Proposition 30 did not pass. Regarding the 2012-13 budget, the TVEA MOU increased class sizes. Restoration language, if Proposition 30 passes, called for the School District and TVEA to return to the table to discuss restoration of furlough days if certain criteria have been met.

On August 16, 2012, the School District and the California School Employees' Association ("CSEA") agreed to a Memorandum of Understanding ("CSEA MOU") whereby CSEA agreed to take eight (8) furlough days, plus one if Proposition 30 did not pass. Other reductions by CSEA concerning the 2012-13 budget were \$22,757 of reclassification funds, \$35,962 of professional growth funds and \$82,997 of funds set aside to lower CSEA members' health and welfare costs. Restoration language if Proposition 30 passes dictates that two (2) furlough days will be restored and six (6) days banked for future reductions.

Restoration as stated above will be discussed in mid-January after the Governor's Budget Proposal for 2013-14.

Contained within each MOU were some concessions relating to Fiscal Year 2012-13 which reduced the cost of certificated salaries in Fiscal Year 2012-13 resulting in a balanced budget in Fiscal Year 2012-13 and the School District having a reserve in excess of 3% in Fiscal Year 2012-13, but which concessions do not extend to later fiscal years such that the School District will need to address shortfalls in Fiscal Years 2013-14 (if any) and 2014-15 and shortfalls in required reserves in Fiscal Years 2013-14 (if any) and 2014-15. At First Interim Budget Report, the only shortfall was in Fiscal Year 2014-15. The School District's budget assumed that Proposition 30 and Proposition 38, each of which provided funding for schools, would not pass at the November 6, 2012 election. Proposition 30 was approved on November 6, 2012. (The California Secretary of State certified the results on December 14, 2012, upon completion of review and verification of ballots cast.) The School District will be evaluating the impact of passage of Proposition 30 on revenues of the School District. In certifying the First Interim 2012-13 budget as qualified due to the second subsequent year reflecting a negative ending fund balance, the Board indicates on a "Commitment to Fiscal Solvency" reductions in an amount necessary to maintain a positive certification in Fiscal Year 2014-15. The Fiscal Year 2012-13 First Interim budget presented below does not reflect the restoration of any furlough days with either TVEA or CSEA.

Table 5
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGET – FISCAL YEARS 2008-09 THROUGH 2012-13

	2010-11 Original Adopted Budget ⁽¹⁾	2010-11 Unaudited Actuals ⁽¹⁾	2011-12 Original Adopted Budget	2011-12 Unaudited Actuals	2012-13 Original Adopted Budget	2012-13 1 st Interim Report
Revenues						
Revenue Limit Sources	\$141,659,217.00	\$148,572,386.03	\$149,805,616.00	\$147,626,247.41	\$135,269,693.00	\$147,865,216.00
Federal Revenue	13,806,642.00	15,168,125.41	14,208,966.00	16,281,421.94	9,007,303.00	9,799,281.00
Other State Sources	18,813,961.00	22,157,164.82	18,107,932.00	21,687,018.72	18,708,578.00	20,308,265.00
Other Local Revenue	23,191,480.00	23,383,052.96	22,067,384.00	22,637,021.87	22,183,557.00	22,114,668.00
Total Revenues	\$197,471,300.00	\$209,280,729.22	\$204,189,898.00	\$208,233,709.94	\$185,169,131.00	\$200,087,430.00
Expenditures						
Certificated Salaries	\$112,272,818.00	\$111,373,434.58	\$112,079,874.00	\$115,560,539.48	\$104,278,149.00	\$105,084,674.00
Classified Salaries	29,052,523.00	29,008,832.60	29,970,779.00	31,160,543.49	32,006,175.00	31,618,839.00
Employee Benefits	37,972,003.00	38,269,084.51	39,562,302.00	39,898,827.86	37,041,327.00	36,977,437.00
Books and Supplies	8,728,710.00	7,418,739.45	7,352,829.00	6,716,687.61	6,797,201.00	7,015,093.37
Services & Other Oper. Exp.	16,756,426.00	15,126,879.06	18,290,033.00	15,335,998.72	15,738,740.00	16,324,020.00
Capital Outlay	64,000.00	527,342.10	121,500.00	642,860.28	275,000.00	257,393.00
Other Outgo	148,100.00	110,572.78	139,099.00	143,318.94	114,552.00	114,552.00
Transfers of Indirect/Direct Costs	(217,091.00)	(199,101.89)	(220,460.00)	(210,114.71)	(247,989.00)	(247,989.00)
Total Expenditures	\$204,777,489.00	\$201,635,783.19	\$205,295,956.00	\$209,248,661.67	\$196,003,155.00	\$197,144,019.37
Excess (deficiency) of Revenue over (under) Expenditures	(\$7,306,189.00)	\$7,644,946.03	(\$1,106,058.00)	(\$1,014,951.73)	(\$10,834,024.00)	\$2,943,410.63
Other Financing Sources Uses						
Transfer In	\$50,000.00	\$50,000.00	\$50,000.00	\$55,000.00	\$0.00	\$0.00
Transfers Out	(2,805,508.00)	3,451,751.74	2,137,125.00	1,740,147.14	2,079,052.00	2,079,052.00
Contributions	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Financing Sources	(\$2,755,508.00)	(\$3,401,751.74)	(\$2,087,125.00)	(\$1,685,147.14)	(\$2,079,052.00)	(\$2,079,052.00)
Net Increase (Decrease) in Fund Balance	(\$10,061,697)	\$4,243,194.29	(\$938,792)	(\$2,700,098.87)	(\$12,913,076.00)	\$864,358.63
Fund Balance -- Beginning	\$21,800,321.00	\$25,207,798.53	\$22,732,918	\$29,450,992.82	\$23,860,388.00	\$26,750,893.95
Fund Balance -- Ending	\$11,738,624.00	\$29,450,992.82	\$21,794,126	\$26,750,893.95	\$10,947,312.00	\$27,615,253.58

(1) [The actual amounts reported for Fiscal Year 2010-11 are for the general fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.]
Source: Temecula Valley Unified School District

Budget Process

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the School District to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the School District to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. The school district is then required to revise the budget, hold a public hearing thereon, adopt the revised budget, and file with the county superintendent no later than September 8. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budgets have been disapproved.

Each dual budget option district and each single and dual budget option district whose budget has been disapproved must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education 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 two fiscal years. The county office of education 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 will be unable to meet its financial obligations for the remainder of the fiscal year or the 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 subsequent two 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.

In the last two years, the School District self-certified itself as “qualified” for its Fiscal Year 2011-12 second interim certification, and for its Fiscal Year 2012-13 first interim certification. The School District has never received a negative certification. The self-certification as “qualified” in Fiscal Year 2011-12 was based on the inability of the School District to meet its future financial obligations for Fiscal Year 2012-13 due to the uncertainty of the State to meet its financial obligations to the School District in such year. The self-certification as “qualified” in Fiscal Year 2012-13 was based on the inability of the School District to meet its future financial obligations for Fiscal Year 2014-15 due to the uncertainty of the State to meet its financial obligations to the School District in such year. The County Superintendent concurred with the “qualified” status in each instance. After the Governor’s Budget Act was adopted for each respective fiscal year, the School District made revisions to its respective budget and multi-year budget projections for subsequent years. The Board certifies in a “Commitment to Fiscal Solvency” that the 2014-15 Budget will be balanced.

The School District cannot predict and will have no control over the outcome of any further reductions to the 2012-13 State Budget or how the 2012-13 State Budget will affect the funding of K-12 school districts. The Series 2013-A Bonds are payable from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment of the Series 2013-A Bonds and are not dependent upon receipt of moneys from the State. See “THE SERIES 2013-A BONDS – Security” herein.

General Fund Revenues, Expenditures and Changes in Fund Balances

The School District’s statement of revenues, expenditures and changes in fund balances with respect to its general fund, excluding non-major governmental funds for the Fiscal Years ending June 30, 2008, through June 30, 2012, are set forth below.

Table 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --
GENERAL FUND
FOR FISCAL YEARS ENDING JUNE 30, 2008 THROUGH 2012⁽¹⁾

	<u>Audited Actuals 2007-08</u>	<u>Audited Actuals 2008-09</u>	<u>Audited Actuals 2009-10⁽¹⁾</u>	<u>Audited Actuals 2010-11</u>	<u>Audited Actuals 2011-12</u>
Revenue					
Revenue limit sources	161,412,3866	\$159,115,319	\$140,923,404	\$148,572,385	\$147,628,249
Federal sources	7,611,630	16,868,599	14,098,895	15,168,125	16,281,422
Other State sources	29,707,885	24,841,357	30,936,660	26,851,197	27,226,551
Other local sources	<u>25,074,227</u>	<u>22,300,048</u>	<u>24,071,691</u>	<u>23,383,055</u>	<u>22,637,019</u>
Total Revenues	<u>\$223,806,128</u>	<u>\$223,125,323</u>	<u>\$210,030,650</u>	<u>\$213,974,762</u>	<u>\$213,773,241</u>
Expenditures					
Instruction	\$154,137,925	\$152,151,262	\$152,367,793	\$146,672,797	\$152,280,989
Instruction – Related Services:					
Supervision of instruction	4,385,055	3,925,328	3,172,160	3,125,142	3,596,101
Instructional library, media and technology	3,202,524	3,417,900	3,286,276	2,999,965	3,214,294
School site administration	12,326,727	11,012,282	10,404,390	9,843,205	10,822,528
Pupil Services:					
Home-to-school transportation	4,194,069	3,748,248	4,277,883	4,192,855	4,359,033
Food services	0	0	0	0	96
All other pupil services	11,809,048	11,640,638	11,524,816	10,677,479	11,304,367
General Administration Services:					
Data processing services	1,250,105	1,319,870	1,216,539	1,354,348	1,172,758
Other general administration	6,471,549	6,679,474	6,728,844	7,523,672	7,905,032
Plant services	18,686,226	18,793,806	17,625,182	16,695,956	17,076,226
Facilities acquisition and construction	0	0	0	79,027	11,259
Ancillary services	513,151	653,747	632,717	734,792	775,627
Community services	360,915	267,207	202,231	173,795	173,752
Other outgo	23,445	6,626	63,430	31,473	64,220
Enterprise activities	2,278,110	2,405,752	1,962,832	1,785,346	1,815,418
Debt Service					
Principal	65,929	68,257	71,461	73,162	75,745
Interest and other	<u>369,740</u>	<u>185,947</u>	<u>32,748</u>	<u>366,802</u>	<u>140,748</u>
Total Expenditures	<u>\$220,074,518</u>	<u>\$216,276,344</u>	<u>\$213,569,302</u>	<u>\$206,329,816</u>	<u>\$214,788,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$3,731,610	\$6,848,979	(\$3,538,652)	\$7,644,946	(\$1,014,952)
Other Financing Sources (Uses)					
Transfers in	\$ 14,334	\$ 1,132,026	\$ 1,100,000	\$ 50,000	\$ 50,000
Transfers out	<u>(2,051,930)</u>	<u>(3,576,789)</u>	<u>(3,518,763)</u>	<u>(3,451,752)</u>	<u>(1,735,147)</u>
Net Financing Sources (Uses)	<u>(\$2,037,596)</u>	<u>(\$2,444,763)</u>	<u>(\$2,418,763)</u>	<u>(\$3,401,752)</u>	<u>(\$1,685,147)</u>
Net Change in Fund Balances	1,694,014	4,404,216	(5,957,415)	\$4,243,194	(\$2,700,099)
Fund Balance – Beginning	<u>\$25,066,984</u>	<u>\$26,760,998</u>	<u>\$31,165,214</u>	<u>\$25,207,799</u>	<u>\$29,450,993</u>
Fund Balance – Ending	<u>\$26,760,998</u>	<u>\$31,165,214</u>	<u>\$25,207,799</u>	<u>\$29,450,993</u>	<u>\$26,750,894</u>

⁽¹⁾Commencing with Fiscal Year 2009-10, various mandates and restrictions on local school districts were removed, allowing flexibility to spend funding for 42 categorical programs as school districts wish. These flexibility provisions have been extended for seven years, 2008-09 through 2014-15 by Education Code Section 42605.

Source: Temecula Valley Unified School District.

[The First Interim Report for Fiscal Year 2012-13 was approved by the Board on December 11, 2012, with a qualified certification. The Board certifies in its "Commitment to Fiscal Solvency" that it will make the cuts necessary in Fiscal Year 2014-15 to maintain a balanced budget with a minimum of 3% reserve.]

State Funding of Education

California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts.

Annual State apportionments of basic and equalization aid to school districts are computed based on a revenue limit per unit of A.D.A.

Table 1 in the section of Appendix A of the Official Statement captioned "THE SCHOOL DISTRICT – Allocation of State Funding to School Districts." sets forth the following recent fiscal year and estimated Fiscal Year 2012-13 data: (i) students enrolled at the California Basic Educational Data System ("CBEDS"); (ii) revenue limit funded A.D.A.; (iii) base revenue limit amount; and (iv) deficated base revenue limit funded A.D.A. per student. The School District's attendance rate in 2011-12 was approximately 96.2% and the A.D.A. in 2012-13 is estimated to be approximately 27,528. [review/update/sample from another school district financing: As indicated in Table 1 of Appendix A, the School District has experienced declining enrollment in recent years. State law provides that for purposes of revenue limit calculations, the A.D.A. used will be the higher of current or the previous fiscal year A.D.A. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among California school districts. See, "THE SCHOOL DISTRICT – Allocation of State Funding to School Districts."

Revenue Sources

The School District categorizes its general fund revenues into four sources: (1) revenue limit sources (consisting of a mix of State and local revenues), (2) federal revenues, (3) other State revenues and (4) other local revenues. Each of these revenue sources is described below.

Revenue Limit Sources. Since Fiscal Year 1973-74, State school districts have operated under general purpose revenue limits established by the State Legislature. In general, the base revenue limits are calculated for each school district by multiplying (1) the A.D.A. for each such district by (2) a base revenue limit per unit of A.D.A. The base revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all State school districts of the same type. The base revenue limit is then adjusted by the State deficit factor.

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.

In Fiscal Year 2010-11, the School District's deficated base revenue limit per unit of A.D.A. was \$5,312.17. For Fiscal Year 2011-12, the School District's deficated base revenue limit per unit of A.D.A. was \$5,254.82. For Fiscal Year 2012-13, the School District budget has assumed a deficated base revenue limit per unit of A.D.A. of \$5,309.08.

In Fiscal Year 2010-11, the School District received \$148,572,385 of revenue limit source income, representing approximately 71% of its general fund revenues. In Fiscal Year 2011-12, the School District received \$147,628,249 of revenue limit source income, representing approximately 71% of its general fund revenues as of June 30, 2012. For Fiscal Year 2012-13, the School District is projecting approximately \$147,865,216 of revenue limit source income, representing 74% of its projected general fund revenues.

Funding of the School District's revenue limit is accomplished by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. In Fiscal Year 2011-12, \$45,219,380 or 30.6% of the School District's revenue limit sources were derived from property taxes. Generally, the State's apportionments amount to the difference between the School District's revenue limit and its local property tax revenues.

Beginning in Fiscal Year 1978-79, Proposition 13 and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county. Property taxes collected by the County which are used to pay the principal and Accreted Value of and interest on the Series 2013-A Bonds do not constitute local property taxes for purposes of being applied toward the School District's revenue limit.

Federal Revenues. The federal government provides funding for several School District programs, including special education programs, programs under the No Child Left Behind Act, and specialized programs such as nutrition education and Indian education. The federal revenues, most of which are restricted, comprised approximately 7.2% of general fund revenues in 2010-11, approximately 7.8% in 2011-12 and are budgeted to equal approximately 4.9% of such revenues in 2012-13.

Other State Revenues. As discussed above, the School District receives State apportionment of basic and equalization aid in an amount equal to the difference between the School District's revenue limit and its property tax sources. In addition to such apportionment revenue, the School District receives substantial other State revenues ("Other State Revenues"). In Fiscal Years 2010-11 and 2011-12, Other State Revenues comprised for approximately 10.6% and 10.4%, respectively, of total general fund revenues. In Fiscal Year 2012-13, Other State Revenues are projected to equal approximately 10.0% of total general fund revenues.

Some of the Other State Revenues are restricted to specific types of program uses such as special education. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid, Class Size Reduction Program, Tier 3 Funding and home-to-school transportation. On February 20, 2009, Governor Schwarzenegger signed a 17-month budget that included categorical flexibility provisions that allowed sweeping of categorical ending fund balances to the unrestricted general fund to be used for any education purpose. Additionally, Senate Bill X3 (SBX3) authorized the reclassification of thirty-nine previously restricted categorical programs to unrestricted funds. Since the funds are unrestricted, program or funding requirements, as otherwise provided in statute, regulation, or budget act provisional language associated with the funding, are not in effect; therefore, the School District may choose to use these funds for any educational purpose. These flexibility provisions have been extended for seven years, 2008-09 through 2014-15 by Education Code Section 42605.

Other State revenues include the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes

such as real property acquisition, facility construction, or the financing of research. Lottery revenues comprised approximately 1.84% of general fund revenues for the School District in 2010-11, 2.1% in 2011-12 and are budgeted to equal approximately 2.36% of such revenues in 2012-13.

Other Local Revenues. In addition to property taxes, the School District receives additional local revenues from items such as interest earnings and other local sources ("Other Local Sources"). Other local revenues comprised approximately 11.17% of general fund revenues in 2010-11, 10.87% of general fund revenues in 2011-12 and are budgeted to equal approximately 11.06% of general fund revenues in 2012-13.

District Obligations

General Obligation Bonds. On November 7, 1989, the voters of the School District approved the issuance of not to exceed \$65,000,000 of general obligation bonds. As indicated in Outstanding Debt; Financial Obligations above, as of June 30, 2012, \$22,355,000 and \$5,780,000 of refunding bonds issued under such authorization were outstanding.

On November 6, 2012, the voters of the School District approved the issuance of not to exceed \$165,000,000 of general obligation bonds. On January 22, 2012, the Board approved a resolution authorizing the issuance of the Series 2013-A Bonds. The annual debt service for the Series 2013-A Bonds is shown in "DEBT SERVICE SCHEDULE" herein.

Operating Leases. The School District has entered into various operating leases for equipment with lease terms in excess of one year. Fiscal Year 2012-13 expenditures for operating leases are approximately \$450,988. The School District leases contain purchase options and consist of vehicles and relocatable buildings.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A, as amended, limits the amount of any *ad valorem* taxes on real property to 1% of the "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978 or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds or more of the votes cast on the proposition, or (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 School District, but only if certain accountability measures are included in the proposition as provided by Proposition 39. The tax for payment of the Series 2013-A Bonds falls within the exception for bonds approved by a 55% vote.

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 has occurred after the

1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year until new construction or a change of ownership occurs.

Article XIII A has subsequently been amended to permit reduction of “full cash value” in the event of declining property values caused by substantial damage, destruction or other factors, to provide that there would be no increase in “full cash value” in the event of reconstruction of property damaged or destroyed in a disaster, and in various other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies 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 1979.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims on tax increment, if any, and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% 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.

All taxable property is shown at 100% of assessed 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 taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Inflationary Adjustment of Assessed Valuation

As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004, a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Taxation of State-Assessed Utility Property

A portion of property tax revenue of the School District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the School District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Changes in the California electric utility industry structure and in the way in which components of the industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The School District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation or litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the School District. Because the School District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula.

Article XIII B of the California Constitution

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations," was approved on November 6, 1979, thereby adding Article XIII B to the California Constitution ("Article XIII B"). Under Article XIII B, state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including appropriations for 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 was originally to be based on certain Fiscal Year 1978-79 expenditures, and 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 consecutive two-year period 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. In the event the School District receives any proceeds of taxes in excess of the allowable limit in any fiscal year, the School District may implement a statutory procedure to concurrently increase the School District's appropriations limit and decrease the State's allowable limit, thus nullifying the need for any return. Certain features of Article XIII B were modified by Proposition 111 in 1990 (see "Proposition 111" below).

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter

referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in Fiscal Year 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period. The current level of guaranteed funding pursuant to Proposition 98 is approximately 35% of the State general fund.

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 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school 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 K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budget 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. (See " - EFFECT OF STATE BUDGET ON REVENUES" and " - SCHOOL DISTRICT FINANCIAL INFORMATION" below.)

Proposition 111

On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111"), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts,

but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two new exceptions have been added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, excluded are all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, excluded are any increases in gasoline taxes above the then current cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990.

d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, was recalculated beginning in Fiscal Year 1990-91. It is based on the actual limit for Fiscal Year 1986-87, adjusted forward to Fiscal Year 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (the "first test") or (2) 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 will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor (the "third test"). If the third test is used in any year, the difference between the third test and the second test will become a "credit" to school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 218

An initiative measure entitled "Right to Vote on Taxes Act," also known as Proposition 218 (the "Proposition 218"), was approved by California voters at the November 5, 1996, state-wide general election, and became effective on November 6, 1996. Proposition 218 added Articles XIII C and XIII D to the California Constitution, and all references herein to Articles XIII C and XIII D are references to the text as set forth in Proposition 218.

Among other things, Article XIII C establishes that every tax imposed by a local government is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), and prohibits special purpose government agencies such as school districts from levying general taxes.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution's prohibition against state or local laws "impairing the obligation of contracts." The Series 2013-A Bonds represent a contract between the School District and the Owners secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that,

once the Series 2013-A Bonds are issued, the taxes securing them would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the United States Constitution.

Article XIID deals with assessments and property-related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however, it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the School District. No developer fees imposed by the School District are pledged or expected to be used to pay the Series 2013-A Bonds.

The interpretation and application of Proposition 218 and the United States Constitution's contracts clause will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et. al., v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the School District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the School District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the School District if such required legislative action is delayed, unless the payments are self-executing authorization or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A ("Proposition 1A"), which amended the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocation the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in Fiscal Year 2008-09, the State could shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within

three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

See “ – EFFECT OF STATE BUDGET ON REVENUES – Past State Budgets; 2012-13 State Budget” below.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “Proposition 39”) to the California Constitution. Upon passage of Proposition 39, implementing legislation entitled “Strict Accountability in Local School Construction Bonds Act of 2000” (the “Strict Accountability in Local School Construction Bonds Act”) became operative. Proposition 39 (1) allows school facilities’ bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments of Proposition 39 may be changed only with another State-wide vote of the people. The statutory provisions of the Strict Accountability in Local School Construction Bonds Act, as amended, may be changed by a majority vote of both houses of the Legislature and approved by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition and implementing legislation are K-12 school districts, including the School District, community college districts and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement would apply only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. The Strict Accountability in Local School Construction Bonds Act approved in June 2000, as amended, places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are statutory provisions and are not part of the Proposition 39 changes to the California Constitution. The Strict Accountability in Local School Construction Bonds Act statutory provisions can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State’s cash flow. Collectively, these deferrals are referred to as the “Cash Management Deferrals.” This practice has included deferring certain apportionments from one

fiscal year to the next. These “cross-year” deferrals have been codified and are expected to be ongoing. Legislation enacted with respect to Fiscal Years 2011-12 and 2012-13 provides for additional inter-fiscal year deferrals.

On March 24, 2011, the Governor signed into law Senate Bill 82 (“SB 82”), which extended into Fiscal Year 2011-12 provisions of existing law designed to effectively manage the State’s cash resources. SB 82 authorizes the deferral of State apportionments during Fiscal Year 2011-12, as follows: (i) \$700 million from July 2011 to September 2011, (ii) \$700 million from July 2011 to January 2012, (iii) \$1.4 billion from August 2011 to January 2012, (iv) \$2.4 billion from October 2011 to January 2012, and (v) \$1.4 billion from March 2012 to April 2012. On May 23, 2012, the Governor signed into law Assembly Bill 103 (“AB 102), which authorized deferral of State apportionments during Fiscal Year 2012-13, without specifying limitations on the amount of the deferrals.

As of June 30, 2012, the State’s Cash Management Deferrals to the School District totaled approximately \$40,510,086. The deferrals for Fiscal Year 2012-13 will be approximately \$25,755,801. The School District has continued to manage the impact of the State’s Cash Management Deferrals internally and by using short-term borrowing options. The School District cannot assure that if the State’s Cash Management Deferrals continue for a significant period of time, or if the State’s Cash Management Deferrals are increased, that the School District will be able to resort to additional short-term borrowing options in order to manage its cash flow.

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 “ – Proposition 98” and “ – Proposition 111” above.

Future Initiatives and Legislation

Articles XIII A, XIII B, XIII C, XIII D and Propositions 98, 111 and 218 were each adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process, Propositions 1A and 39 were each legislatively-referred constitutional amendments which were approved by the electorate, and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County, the School District or local districts to increase revenues or to increase appropriations.

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APPENDIX B

**EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF
THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
FOR FISCAL YEAR 2011-12**

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION

The School District is located within the City of Temecula (the "City") in Riverside County (the "County"), in the western region of the County. The following information concerning the City, the County and the State of California (the "State") is presented as general background information. The Series 2013-A Bonds are not a debt or obligation of the City, the County or the State and the taxing power of the City, the County and the State are not pledged to the payment of the Series 2013-A Bonds. Property taxes for the payments of the Series 2013-A Bonds will only be levied on taxable property within the boundaries of the School District. The School District will not, and is not committing to, update this information as part of its continuing disclosure commitment. The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Series 2013-A Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on Series 2013-A Bonds at the time such payment is due

Population

The City's population as of January 1, 2012, was approximately 103,092 persons, representing approximately 4.6% of the population of the County. The population of the City, the County and the State from 2003 to 2012 is shown in the following table. Since 2003, Temecula's population has increased by approximately 39.0%, representing an annual compound growth rate of approximately 3.35%.

POPULATION OF TEMECULA, RIVERSIDE COUNTY AND THE STATE OF CALIFORNIA 2003-2012

Year	City of Temecula		Riverside County		State of California	
	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change
2003	74,157	--	1,730,219	--	35,163,609	--
2004	76,407	3.0	1,814,485	4.9	35,570,847	1.2
2005	78,808	3.1	1,895,695	4.5	35,869,173	0.8
2006	90,120	14.4	1,975,913	4.2	36,116,202	0.7
2007	93,122	3.3	2,049,902	3.7	36,399,676	0.8
2008	95,332	2.4	2,102,741	2.6	36,704,375	0.8
2009	97,741	2.5	2,140,626	1.8	36,966,713	0.7
2010	99,757	2.1	2,179,692	1.8	37,223,900	0.7
2011	101,255	1.5	2,205,731	1.2	37,427,946	0.5
2012	103,092	1.8	2,227,577	1.0	37,678,563	1.7

Note: California Department of Finance for January 1.

Employment

The following table summarizes wage and salary employment in the County from 2007 to 2011. Trade, transportation and utilities, manufacturing, government and retail trade are the largest employment sectors in the County.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT COUNTY OF RIVERSIDE 2007-2011*

Industry	Average Annual Employment ⁽¹⁾				
	2007	2008	2009	2010	2011
Total Farm	13,000	13,100	12,400	12,400	12,800
Total Non-Farm	607,200	578,900	533,900	523,600	536,000
Natural Resources and Mining	700	500	500	400	400
Construction	68,900	54,700	40,400	35,600	34,300
Manufacturing	54,400	48,400	39,000	37,900	39,000
Trade, Transportation and Utilities	130,000	126,400	117,200	117,000	119,700
Wholesale Trade	21,100	20,400	18,700	19,100	19,900
Retail Trade	88,000	84,900	78,800	78,500	79,400
Finance and Insurance	13,500	12,400	11,800	11,100	10,900
Real Estate	9,500	9,900	8,900	8,200	7,400
Other Services	20,100	19,400	18,100	18,100	19,000
Government	108,800	110,600	109,300	107,800	112,200
Total, All Industries	<u>620,200</u>	<u>592,000</u>	<u>546,300</u>	<u>536,000</u>	<u>548,800</u>

⁽¹⁾ Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

* Not seasonally adjusted.

Source: California Employment Development Department, based on March, 2011 benchmark.

The following tables summarize civilian labor force, employment and unemployment in the City and the County from 2002 to 2011. The average unemployment rate in the City in calendar year 2011 was 9.3% and in the County in calendar year 2011 was 13.6%; in contrast, the average unemployment rate in California in 2011 was 11.7%. Through October 2012, the unemployment rate in the City was 8.2% and in the County was 12.0% compared to California at 9.8%.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
CITY OF TEMECULA
ANNUAL AVERAGES, 2002-2011***

Year	Civilian Labor Force	Employed Labor Force ⁽¹⁾	Unemployed Labor Force ⁽²⁾	Unemployment Rate ⁽³⁾
2002	30,800	29,400	1,300	4.3%
2003	32,000	30,600	1,400	4.4%
2004	33,700	32,400	1,400	4.0%
2005	35,200	33,900	1,300	3.6%
2006	36,400	35,200	1,200	3.3%
2007	37,100	35,600	1,500	4.0%
2008	37,200	35,000	2,100	5.7%
2009	36,700	33,300	3,400	9.2%
2010	37,300	33,600	3,700	10.0%
2011	37,500	34,000	3,500	9.3%

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

* Not seasonally adjusted.

Source: California Employment Development Department, based on March 2011 benchmark.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
RIVERSIDE COUNTY
ANNUAL AVERAGES, 2002-2011***

Year	Civilian Labor Force	Employed Labor Force ⁽¹⁾	Unemployed Labor Force ⁽²⁾	Unemployment Rate ⁽³⁾
2002	750,400	701,800	48,600	6.5%
2003	781,700	730,700	51,100	6.5%
2004	820,900	771,600	49,300	6.0%
2005	854,300	808,100	46,100	5.4%
2006	883,400	839,000	44,400	5.0%
2007	903,400	849,900	54,500	6.0%
2008	912,700	835,000	77,700	8.5%
2009	916,500	793,900	122,600	13.4%
2010	937,500	801,600	135,900	14.5%
2011	938,400	810,600	127,800	13.6%

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

* Not seasonally adjusted.

Source: California Employment Development Department, based on March 2011 benchmark.

Construction Activity

The level of construction activity in the City and the County as measured by total building permit valuations and new residential dwelling units is shown in the following tables.

BUILDING PERMIT ACTIVITY CITY OF TEMECULA 2007-2011

	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽²⁾
Valuation (\$000):					
Residential	\$194,888,351	\$100,451,479	\$72,006,373	\$68,489,143	\$62,054,258
Non-residential	<u>151,320,960</u>	<u>138,074,079</u>	<u>20,866,892</u>	<u>14,235,576</u>	<u>16,305,032</u>
TOTAL	\$346,209,311	\$238,525,558	\$92,873,265	\$82,724,719	\$78,359,290
Residential Units:					
Single family	697	301	323	342	280
Multiple family	<u>237</u>	<u>575</u>	<u>32</u>	<u>6</u>	<u>8</u>
TOTAL	934	876	355	348	288

⁽¹⁾ Source: Construction Industry Research Board.

⁽²⁾ Source: California Homebuilding Foundation.

BUILDING PERMIT ACTIVITY COUNTY OF RIVERSIDE 2007-2011

	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽²⁾
Valuation (\$000):					
Residential	\$2,587,832,400	\$1,576,983,500	\$1,053,694,100	\$1,079,636,800	\$879,948,697
Non-residential	<u>1,458,142,700</u>	<u>1,041,813,100</u>	<u>376,818,700</u>	<u>539,379,400</u>	<u>559,409,023</u>
TOTAL	\$4,045,975,100	\$2,618,796,000	\$1,430,512,800	\$1,619,016,200	\$1,439,357,720
Dwelling Units:					
Single family	9,763	3,815	3,431	4,031	2,659
Multiple family	<u>2,690</u>	<u>2,104</u>	<u>759</u>	<u>526</u>	<u>1,061</u>
TOTAL	12,453	5,919	4,190	4,557	3,720

⁽¹⁾ Source: Construction Industry Research Board.

⁽²⁾ Source: California Homebuilding Foundation.

Income

Between 2002 and 2011, total personal income in the County increased by 53.7%, representing an average annual compound growth rate of 4.89%. Per capita personal income in the County grew by 15.8% during this time, representing an average annual compound growth of 1.64%.

The following tables summarize personal income for the County for 2002 to 2011.

RIVERIDE COUNTY PERSONAL INCOME 2002-2011 (In Thousands)

Year	Riverside County	Annual Percent Change
2002	43,619,440	—
2003	46,998,865	7.7%
2004	50,899,043	8.3%
2005	55,177,252	8.4%
2006	60,450,090	9.6%
2007	63,749,464	5.5%
2008	65,067,438	2.1%
2009	61,956,156	(4.8)%
2010	63,949,636	3.2%
2011	67,024,780	4.8%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME 2002-2011

Year	Riverside County	California	United States
2002	25,854	34,241	33,049
2003	26,528	35,167	33,830
2004	27,416	37,080	35,518
2005	28,563	38,951	37,177
2006	30,039	41,760	39,658
2007	30,720	43,448	41,456
2008	30,842	44,226	42,787
2009	28,865	41,225	40,227
2010	29,029	42,080	41,404
2011	29,927	43,834	43,169

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Retail Sales

Taxable sales in the City and the County are shown below. Between 2007 and 2010, taxable sales in the City decreased by approximately 15.6%. The largest taxable sales sectors in the City are general merchandise, auto dealers and auto supplies, eating and drinking places and service stations.

**TAXABLE SALES
CITY OF TEMECULA
2007-2010***

	Taxable Sales (\$000)			
	2007	2008	2009	2010
Apparel Stores	\$131,852	\$109,439	\$112,400	\$119,186
General Merchandise Stores	413,334	387,330	339,035	362,572
Food Stores	73,193	68,190	72,796	71,194
Eating & Drinking Places	237,481	220,853	225,760	237,997
Home Furnishings & Appliances	88,162	79,968	67,336	67,526
Building Materials	130,488	108,641	97,877	99,657
Motor Vehicles & Parts	523,215	392,431	309,649	322,715
Service Stations	218,835	230,681	173,696	196,542
Other Retail Stores	<u>406,487</u>	<u>273,344</u>	<u>145,770</u>	<u>149,402</u>
Total Retail Stores	\$2,223,047	\$1,870,877	\$1,544,319	\$1,626,791
All Other Outlets	306,891	436,194	511,527	553,511
Totals All Outlets	\$2,583,392	\$2,307,071	\$2,058,846	\$2,180,302

*As of December 10, 2012, data for calendar year 2011 is not available.
Source: California Board of Equalization.

**TAXABLE SALES
COUNTY OF RIVERSIDE
2007-2010***

	Taxable Sales (\$000)			
	2007	2008	2009	2010
Apparel Stores	\$1,171,013	\$1,121,543	\$1,293,271	\$1,391,174
General Merchandise Stores	3,593,134	3,389,936	2,855,733	2,947,905
Food Stores	1,352,609	1,254,366	1,251,220	1,267,758
Eating & Drinking Group	2,388,039	2,340,554	2,266,853	2,317,486
Home Furnishings & Appliances	843,945	816,379	858,098	883,109
Building Materials	1,961,911	1,435,337	1,237,518	1,232,145
Automotive Group	4,301,385	3,115,036	2,449,747	2,620,568
Service Stations	2,835,690	3,011,476	2,300,247	2,685,840
Other Retail Stores	<u>2,794,790</u>	<u>2,204,621</u>	<u>1,544,800</u>	<u>1,573,517</u>
Total Retail Stores	\$21,242,516	\$18,689,248	\$16,057,488	\$16,919,500
All Other Outlets	7,781,093	7,314,346	6,170,390	6,233,280
Totals All Outlets	\$29,023,609	\$26,003,595	\$22,227,877	\$23,152,780

*As of December 10, 2012, data for calendar year 2011 is not available.
Source: California Board of Equalization.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2013-A Bonds, Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel to the Temecula Valley Unified School District, proposes to render their final approving opinion with respect to the Series 2013-A Bonds in substantially the following form:

Board of Education of the
Temecula Valley Unified School District
31550 Rancho Vista Road
Temecula, California 92592

Re: \$ _____ Temecula Valley Unified School District
 General Obligation Bonds, 2012 Election, Series 2013-A
 Final Opinion

Ladies and Gentlemen:

We have acted as Bond Counsel for the Temecula Valley Unified School District ("District") in connection with the proceedings for the issuance and sale by the District of \$ _____ principal amount of Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A ("Bonds"). The Bonds are being issued pursuant to the Resolution of Issuance of the Board of Education of the District, adopted on January 22, 2013 (Resolution No. 2012-13/___) ("Bond Resolution"), the provisions of the California Constitution, in accordance with the statutory authority set forth in _____ of the California Education Code and related California law. The Bonds are being issued to pay costs of issuance of the Bonds.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District, the County of Riverside ("County") and the purchaser of the Bonds, including certificates as to factual matters, including, but not limited to the Tax Certificate, as we have deemed necessary to render this opinion.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District or the County other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or

omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their execution and delivery, and we disclaim any obligation to update this letter. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to above; and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Bond Resolution and in certain other documents, including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond or the effect on interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

Based on the foregoing, we are of the following opinions:

1. The Bonds are valid and binding general obligations of the District.
2. All taxable property in the territory of the District is subject to *ad valorem* taxation without limitation as to rate or amount (except as to certain classes of personal property which is taxable at limited rates) to pay the Bonds. The County is required by law to include in its annual tax levy the principal and Accreted Value of and interest coming due on the Bonds to the extent necessary funds are not provided from other sources.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes imposed on individuals and corporations; although, it should be noted that, with respect to corporations, such interest will be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations. We express no opinion regarding other tax consequences arising with respect to the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is executed and entered into as of February 1, 2013, by and among the Temecula Valley Unified School District (the "School District"), U.S. Bank National Association, in its capacity as paying agent (the "Paying Agent"), and _____, a _____, in its capacity as dissemination agent (the "Dissemination Agent") under this Disclosure Agreement, in connection with the issuance of \$_____ aggregate principal amount of Temecula Valley Unified School District 2012 Election General Obligation Bonds, Series 2013-A (the "Series 2013-A Bonds").

WITNESSETH:

WHEREAS, pursuant to the Resolution of the Board of Education of the School District (Resolution No. 20 ____ / ____), adopted on January 22, 2013 (the "School District Resolution"), the School District has issued the Series 2013-A Bonds; and

WHEREAS, the Series 2013-A Bonds are payable from and secured by *ad valorem* taxes levied by Riverside County against taxable property within the School District;

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the School District for the benefit of the owners and beneficial owners of the Series 2013-A Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the School District pursuant to, and described in, Sections 3 and 4 of this Disclosure Agreement.

"Annual Report Date" shall mean eight months next following the end of the School District's fiscal year, which fiscal year end, as of the date of this Disclosure Agreement, is June 30.

"Disclosure Representative" shall mean the Superintendent of the School District, Assistant Superintendent of Business Services or either of their designee(s), or such other officer(s) or employee(s) as the School District shall designate in writing to the Dissemination Agent from time to time.

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

"EMMA System" shall mean the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB (as defined below) or the S.E.C. for compliance with S.E.C. Rule 15c2-12(b).

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the S.E.C. under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“School District” shall mean Temecula Valley Unified School District, Temecula, California.

Section 3. Provision of Annual Reports.

(a) The School District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 1, 2014, provide to the MSRB through the EMMA System in an electronic format and accompanied by identifying information as prescribed by the MSRB, to the Paying Agent and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the Annual Report Date if not available by that date. If the School District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). If the Dissemination Agent has not received a copy of the Annual Report on or before 15 days prior to March 1 in any year, the Dissemination Agent shall notify the School District of such failure to receive the Annual Report. The School District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the School District and shall have no duty or obligation to review such Annual Report.

(b) If the School District is unable to provide to the MSRB through the EMMA System an Annual Report and to the Participating Underwriter an Annual Report by the Annual Report Date, the Dissemination Agent shall send a notice to the MSRB through the EMMA System and to the School District, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Report;

(ii) provide any Annual Report received by it to the MSRB through the EMMA System as provided herein; and

(iii) if the Dissemination Agent is other than the School District and to the extent it can confirm such filing of the Annual Report, file a report with the School District, the Paying Agent and the Participating Underwriter certifying that the Annual

Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

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

(a) Audited Financial Statements of the School District prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If audited financial statements are not available at the time required for filing, unaudited financial statements shall be submitted with the Annual Report and audited financial statements shall be submitted once available.

(b) The following information regarding the Series 2013-A Bonds, any other bonds, including any refunding bonds, issued by the School District:

(i) The School District's approved annual budget for the then-current fiscal year;

(ii) Principal amount and accreted value of the Series 2013-A Bonds, any general obligation bonds issued by the School District and any general obligation refunding bonds relating to the School District outstanding as of a date within 60 days preceding the date of the Annual Report and a statement as to the amount of general obligation bonds authorized by the School District;

(iii) Assessed value of taxable property in the School District as shown on the most recent equalized assessment roll;

(iv) Balance in the Series 2013-A Bonds Debt Service Fund as of a date within 60 days preceding the date of the Annual Report and the balance of any other fund in connection with the Series 2013-A Bonds not referenced in clause (iv) hereof;

(v) A statement as to whether or not the County includes the tax levy for payment of the Series 2013-A Bonds in its Teeter Plan and if not, information regarding the amount of the annual ad valorem taxes levied in the School District, amount collected, delinquent amounts and percent delinquent for the most recent fiscal year; and

(vi) Top ten property owners in the School District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value, if the aggregate secured assessed valuation of the top ten property owners is greater than 3% of the aggregate secured assessed valuation of the School District.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the School District shall provide such further information, if any, as may be required pursuant to federal securities laws applicable to such information as is necessary to make the statements required under Sections 4(b) not materially misleading, in the light of the circumstances under which they are made.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to the MSRB through the EMMA System or the S.E.C. If the

document included by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the School District shall give, or cause to be given in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2013-A Bonds, as applicable:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;⁽¹⁾

⁽¹⁾ For the purposes of the event identified in subparagraph (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District 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 District, or if such jurisdiction has been assumed by leaving the existing governing 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 School District.

- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or 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, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within three business days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event and request that the School District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (e). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of the Listed Events described under clauses (a) (ii), (iii), (vi), (x), (xi), (xii), (xiii) and (xiv) above shall mean actual knowledge by an officer of the Dissemination Agent. The Dissemination Agent shall have no responsibility for determining the materiality of any of the Listed Events.

(c) As soon as practicable so as to provide notice not in excess of ten business days after the occurrence of the Listed Event, the School District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e). The School District shall provide the Dissemination Agent with a form of notice of such event in a format suitable for reporting to the MSRB through the EMMA System.

(d) If the School District determines that a Listed Event subject to a materiality requirement referenced in clauses (a) (ii), (vii), (viii), (x), (xiii) or (xiv) would not be material under applicable federal securities law, the School District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the School District to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System and shall provide a copy of such notice to the Participating Underwriter.

Section 6. Termination of Reporting Obligation. The School District's, the Paying Agent's and the Dissemination Agent's obligations hereunder shall terminate upon the earliest to occur of (i) the legal defeasance of the Series 2013-A Bonds, (ii) prior redemption of the Series 2013-A Bonds or (iii) payment in full of all the Series 2013-A Bonds. If such termination occurs prior to the final maturity of the Series 2013-A Bonds, the School District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be _____. The Dissemination Agent may resign by providing at least thirty days' written notice to the School District and the Paying Agent (if the Paying Agent is not the Dissemination Agent). The Dissemination Agent shall have no duty to prepare the

Annual Report or notice of a Listed Event nor shall the Dissemination Agent be responsible for filing any Annual Report or notice of a Listed Event not provided to it by the School District in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the School District, the Paying Agent and the Dissemination Agent may amend this Disclosure Agreement (and the Paying Agent and/or the Dissemination Agent shall agree to any amendment so requested by the School District, so long as such amendment does not adversely affect the rights or obligations of the Paying Agent and/or the Dissemination Agent, as applicable), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series 2013-A Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2013-A 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 owners of the Series 2013-A Bonds in the manner provided in the School District Resolution for amendments to the School District 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 Series 2013-A Bonds.

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

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

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

Section 10. Default. In the event of a failure of the School District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Paying Agent may, at the written direction of the Participating Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Series 2013-A Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Paying Agent, and any owner or beneficial owner of the Series 2013-A Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District, the Paying Agent or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the School District Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the School District, the Paying Agent or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Paying Agent and the Dissemination Agent. Sections 10 and 11 of the Paying Agent/Bond Registrar Agreement made and entered into with respect to the Series 2013-A Bonds (the "Paying Agent Agreement"), by and between the School District and the Paying Agent, are hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Paying Agent Agreement, and the Paying Agent shall be entitled to the protections, limitations from liability and indemnities afforded to the Paying Agent thereunder. The Paying Agent and the Dissemination Agent shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement. This Disclosure Agreement does not apply to any other securities issued or to be issued by the School District. The Paying Agent shall have no obligation to make any disclosure concerning the Series 2013-A Bonds, the School District or any other matter except as expressly set out herein, *provided* that no provision of this Disclosure Agreement shall limit the duties or obligations of the Paying Agent under the School District Resolution. The Paying Agent and the Dissemination Agent shall have no responsibility for the preparation, review, form or content of any Annual Report or any notice of a Listed Event. The fact that the Paying Agent has or may have any banking, fiduciary or other relationship with the School District or any other party, apart from the relationship created by the School District Resolution and this Disclosure Agreement, shall not be construed to mean that the Paying Agent has knowledge or notice of any event or condition relating to the Series 2013-A Bonds or the School District except in its respective capacities under such agreements. No provision of this Disclosure Agreement shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Information disclosed hereunder by the Paying Agent or the Dissemination Agent may contain such disclaimer language concerning the Paying Agent's or the Dissemination Agent's responsibilities hereunder with respect thereto as the Paying Agent or the Dissemination Agent may deem appropriate. The Dissemination Agent may conclusively rely on the determination of the School District as to the materiality of any event for purposes of Section 5 hereof. Neither the Paying Agent nor the Dissemination Agent makes any representation as to the sufficiency of this Disclosure Agreement for purposes of the Rule. The Paying Agent and the Dissemination Agent shall be paid compensation by the School District for their services provided hereunder in accordance with their schedule of fees, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Paying Agent and the Dissemination Agent, as applicable, in the performance of their respective duties hereunder. The School District's obligations under this Section shall survive the termination of this Disclosure Agreement.

Section 12. Beneficiaries. The Participating Underwriter and the owners and beneficial owners from time to time of the Series 2013-A Bonds shall be third party beneficiaries under this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the School District, the Paying Agent, the Dissemination Agent, the Participating Underwriter and owners and beneficial owners from time to time of the Series 2013-A Bonds, and shall create no rights in any other person or entity.

Section 13. Notices. Any notice or communications to or among any of the parties to this Disclosure Agreement shall be given to all of the following and may be given as follows:

If to the School District:
Temecula Valley Unified School District
31550 Rancho Road
Temecula, California 92592
Telephone: (951) 506-7940
Telecopier: (951) 695-7121
Attention: Superintendent

If to the Dissemination Agent:
Telephone:
Telecopier:

If to the Paying Agent:
U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90017
Telephone: (213) 615-6052
Telecopier: (213) 630-6215

If to the Participating Underwriter:
Stifel, Nicolaus & Company, Incorporated, dba
Stone & Youngberg, a Division of Stifel Nicolaus
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: Municipal Research Department
Telephone: (213) 615-6052
Telecopier: (213) 443-5023

provided, however, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The parties may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

Section 14. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 15. State of California Law Governs. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California.

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 17. Merger. Any person succeeding to all or substantially all of the Paying Agent's corporate trust business shall be the successor Paying Agent without the filing of any paper or any further act.

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IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

TEMECULA VALLEY UNIFIED SCHOOL
DISTRICT

By: _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By: _____
Authorized Officer

_____,
as Dissemination Agent

By: _____
Authorized Officer

[EXECUTION PAGE OF CONTINUING DISCLOSURE AGREEMENT]

EXHIBIT A

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

Name of Obligated Person: Temecula Valley Unified School District
Name of Obligation: Temecula Valley Unified School District
2012 Election General Obligation Bonds, Series 2013
(Riverside County, California)
Date of Delivery: February [27], 2013

NOTICE IS HEREBY GIVEN that the Temecula Valley Unified School District (the "School District") has not provided an Annual Report with respect to the above-named Series 2012 Bonds as required by the Continuing Disclosure Agreement, dated as of February 1, 2013, by and among the School District, U.S. Bank National Association, as Paying Agent, and _____, as Dissemination Agent. [The School District anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

_____, as Dissemination Agent,
on behalf of the Temecula Valley Unified
School District

cc: Temecula Valley Unified School District
U.S. Bank National Association, as Paying Agent
Stifel, Nicolaus & Company, Incorporated, dba
Stone & Youngberg LLC, a Division of Stifel Nicolaus

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APPENDIX F

RIVERSIDE COUNTY POOLED INVESTMENT FUND

APPENDIX G

**COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY**

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APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2013-A Bonds, payment of principal and Accreted Value of and interest on the Series 2013-A Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Series 2013-A Bonds, confirmation and transfer of beneficial ownership interests in the Series 2013-A Bonds and other Bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Series 2013-A Bonds is based solely on information furnished by DTC to the School District which the School District believes to be reliable, but the School District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2013-A Bonds. The Series 2013-A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2013-A Bond will be issued for each maturity of the Series 2013-A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.6 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.com. The information on such website is not incorporated herein by such reference or otherwise.

Purchases of Series 2013-A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013-A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013-A Bond ("Beneficial Owner") is in

turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2013-A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2013-A Bonds, except in the event that use of the book-entry-only system for the Series 2013-A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013-A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2013-A Bonds 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 Series 2013-A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013-A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2013-A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013-A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2013-A Bonds documents. For example, Beneficial Owners of the Series 2013-A Bonds may wish to ascertain that the nominee holding the Series 2013-A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2013-A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2013-A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, Accreted Value and redemption price of and interest payments on the Series 2013-A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School 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 School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Accreted Value, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School 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.

DTC may discontinue providing its services as depository with respect to the Series 2013-A Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2013-A Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2013-A Bond certificates will be printed and delivered to DTC.

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

Discontinuance of DTC Services

In the event that (a) DTC determines not to continue to act as securities depository for the Series 2013-A Bonds, or (b) the School District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the School District will discontinue the Book-Entry-Only System with DTC for the Series 2013-A Bonds. If the School District determines to replace DTC with another qualified securities depository, the School District will prepare or direct the preparation of a new single separate, fully registered Series 2013-A Bond for each maturity of the Series 2013-A Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If the School District fails to identify another qualified securities depository to replace the incumbent securities depository for the Series 2013-A Bonds, then the Series 2013-A Bonds shall no longer be restricted to being registered in the Series 2013-A Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Series 2013-A Bonds shall designate.

In the event that the Book-Entry-Only System is discontinued, the following provisions would also apply: (i) the Series 2013-A Bonds will be made available in physical form, (ii) principal and Accreted Value of and redemption premiums, if any, on the Series 2013-A Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Series 2013-A Bonds will be transferable and exchangeable as provided in the Resolution.

The School District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Series 2013-A Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal and Accreted Value of or redemption price of or interest on the Series 2013-A Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Series 2013-A Bonds; (v) any consent given or other action taken by DTC as registered owner; or (vi) any other matter arising with respect to the Series 2013-A Bonds or the Resolution. The School District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal and Accreted Value of or interest on the Series 2013-A Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or

that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The School District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Series 2013-A Bonds or any error or delay relating thereto.

APPENDIX I

TABLE OF ACCRETED VALUE OF CAPITAL APPRECIATION BONDS

[See separate file]

APPENDIX J

TABLE OF ACCRETED VALUE OF CONVERTIBLE CAPITAL APPRECIATION BONDS

APPENDIX K

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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RESOLUTION NO. 2013-034

RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF TEMECULA VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A, 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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RESOLUTION NO. 2013-034

RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF TEMECULA VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A, 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 Temecula Valley Unified School District ("District") is a public school district duly organized and operating pursuant to the Constitution and the laws of the State of California; and

WHEREAS, an election was duly called and regularly held in the District, County of Riverside ("County"), State of California ("State"), on November 6, 2012 ("Election"), and thereafter canvassed pursuant to law; and

WHEREAS, at such Election there was submitted to, and approved by more than the requisite fifty-five percent (55%) favorable vote of the qualified electors of the District, as certified by the Riverside County Register of Voters in the official canvassing of the voters, a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot measure submitted to the voters, in the maximum principal amount of \$165,000,000, payable from the levy of an annual *ad valorem* tax against the taxable

FORM APPROVED COUNTY COUNSEL
BY DALE A. GARDNER 11/23/13 DATE

1 property in the District (“Authorization”); and
2

3 **WHEREAS**, the results of the Election were certified by the Board of Education of the
4 District (“District Board”) by adoption of Resolution No. 2012-13/18, adopted on January 22,
5 2013, pursuant to State law, and the County has been informed that Resolution No. 2012-13/18
6 has been, or will be, filed as required by State law; and
7

8 **WHEREAS**, pursuant to the provisions of the California Constitution and the
9 Authorization, the District may, pursuant to certain of the provisions and limitations of Article 1
10 of Chapter 1.5 of Part 10 of Division 1 of Title 1 of the California Education Code (“Education
11 Code”), proceed to borrow funds pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1
12 of Division 2 of Title 5 of the California Government Code (“Government Code”) of the State of
13 California, being Section 53506 *et seq.*, and, as applicable, Education Code Sections 15140 *et*
14 *seq.*, which authorizes the District Board to issue general obligation bonds through the County by
15 way of a resolution and compliance with certain statutory requirements; and
16

17 **WHEREAS**, pursuant to the Authorization and Government Code Sections 53506 *et*
18 *seq.*, including, but not limited to Government Code Section 53508.7(c) and, as applicable,
19 Education Code Sections 15100 *et seq.*, 15140 *et seq.*, the District Board, adopted its Resolution
20 No. 2012-13/19 on January 22, 2013 (“District Resolution”), an executed electronic copy of
21 which has been received by the County Board, requesting the County Board to issue a series of
22 such authorized school district general obligation bonds, designated the “Temecula Valley
23 Unified School District General Obligation Bonds, 2012 Election, Series 2013-A” in an
24 aggregate principal amount not to exceed \$40,000,000 (“Series 2013-A Bonds” or “Bonds”); and
25

26 **WHEREAS**, the District Board has authorized the issuance of the Series 2013-A Bonds
27 in any combination of Current Interest Bonds, Capital Appreciation Bonds and/or Convertible
28 Capital Appreciation Bonds, all as defined herein; and

1
2 **WHEREAS**, the Series 2013-A Bonds are authorized to be issued by the County, on
3 behalf of the District, pursuant to provisions of the California Constitution, the Authorization, the
4 provisions of the Government Code, specifically Government Code Sections 53506 *et seq.*, and,
5 as applicable, the provisions of the Education Code, specifically Education Code Sections 15266,
6 15100 *et seq.*, and 15140 *et seq.*; and

7
8 **WHEREAS**, in the District Resolution, the District Board found and informed this
9 County Board that all acts and conditions necessary to be performed by the District or to have
10 been met precedent to and in the issuance and sale of the Series 2013-A Bonds in order to make
11 them legal, valid and binding general obligations of the District have been performed and have
12 been met, or will, at the time of delivery of the Series 2013-A Bonds, have been performed and
13 met, in regular and due form as required by law; and

14
15 **WHEREAS**, the District Board has further requested this County Board to sell the Series
16 2013-A Bonds to Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a
17 Division of Stifel Nicolaus (“Underwriter”), pursuant to the terms of the proposed form of Bond
18 Purchase Agreement (“Purchase Agreement”) to be entered into by and among the County, the
19 District and the Underwriter, subject to the limitations set forth in the District Resolution and
20 herein; and

21
22 **WHEREAS**, this County Board desires to make certain determinations and to authorize
23 the issuance and sale of the Series 2013-A Bonds.

24
25 **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF**
26 **THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS FOLLOWS:**

1 **Section 1. Recitals; Incorporation of District Resolution.** The foregoing recitals are
2 true and correct and are incorporated herein by this reference. The District Resolution, together
3 with the exhibits thereto, is on file with this County Board and is incorporated herein by
4 reference and all of the provisions thereof are made a part hereof and shall be applicable to the
5 sale and delivery of the Series 2013-A Bonds, except as otherwise specified herein.
6 Notwithstanding the foregoing, the County assumes no liability or responsibility for
7 representations or warranties of the District as set forth in the District Resolution.

8
9 **Section 2. Purpose and Designation of the Bonds.** Bonds of the District shall be
10 issued in the name, and on behalf, of the District in the aggregate principal or issue amount of
11 not to exceed \$40,000,000 for the purposes of: (a) raising money for acquiring and constructing
12 the projects, facilities and equipment set forth in the Authorization approved by the voters at the
13 Election, as further described herein; (b) funding interest on the Series 2013-A Bonds, or any of
14 them, for a period of time, to be specified, as authorized by California law; and (c) to pay all
15 necessary legal, financial, printing, insurance and other contingent costs in connection with the
16 issuance, sale and delivery of the Series 2013-A Bonds, as further set forth herein and subject to
17 the applicable provisions of the California Constitution and California law including, but not
18 limited to, the Government Code and the Education Code. Subject to the provisions of Section
19 5, the Series 2013-A Bonds shall be officially designated as the “**Temecula Valley Unified**
20 **School District General Obligation Bonds, 2012 Election, Series 2013-A.**”

21
22 **Section 3. Statutory Authorization.** The Series 2013-A Bonds are authorized to be
23 issued and sold by the County in the name of the District pursuant to the California Constitution,
24 the Election, the Authorization, the District Resolution, this Resolution, the provisions of
25 Government Code Sections 53506 *et seq.*, and to the extent applicable, Education Code Sections
26 15100 *et seq.* and 15140 *et seq.*

1 **Section 4. Negotiated Sale.** The Series 2013-A Bonds shall be sold through a
2 negotiated sale with the Underwriter upon the direction of the District's Superintendent,
3 Assistant Superintendent of Business Support Services, or their designee(s), on behalf of the
4 District, acting together with an authorized representative(s) of the Office of the County
5 Treasurer and Tax Collector ("Treasurer") of Riverside County. The Series 2013-A Bonds shall
6 be sold pursuant to the applicable provisions of the Government Code, and, as applicable, the
7 Education Code, the provisions and requirements of the District Resolution and this Resolution,
8 and the terms and conditions set forth in the Purchase Agreement, as described herein.
9

10 **Section 5. Approval of Purchase Agreement.** The Series 2013-A Bonds will be sold at
11 negotiated sale by the Treasurer pursuant to the terms and conditions set forth in the Purchase
12 Agreement, substantially in the form appended hereto as Exhibit "A" and incorporated by
13 reference herein. The form of the Purchase Agreement is hereby approved and the Treasurer, or
14 any designated deputy thereof, is hereby authorized to execute and deliver the Purchase
15 Agreement and the Superintendent, or other Designated Officer (as defined herein) of the
16 District, is hereby requested to execute the Purchase Agreement, with such changes therein,
17 deletions therefrom and modifications thereto as the Treasurer, or designated deputy thereof, and
18 the District may approve, such approval to be conclusively evidenced by the execution and
19 delivery thereof by, or on behalf of, the Treasurer; provided, however, that the principal amount
20 of the Series 2013-A Bonds shall be determined by the District (but in no event to exceed
21 \$40,000,000), the term of the Series 2013-A Bonds shall not exceed 40 years, the interest rates
22 on the Series 2013-A Bonds shall not exceed maximum true interest cost of six percent (6.00%)
23 and the Underwriter's discount shall not exceed one and one-tenths percent (1.10%) of the
24 principal amount of the Series 2013-A Bonds (exclusive of any premium or original issue
25 discount on the Series 2013-A Bonds, and any such original issue discount shall not exceed five
26 percent (5.00%)) (and further excluding any amount(s) which may be held by the Underwriter to
27 pay designated costs of issuance under the terms of the Purchase Agreement). The Treasurer, or
28 designated deputy thereof, is further authorized to determine the Principal Amount or issue

1 amount of the Series 2013-A Bonds of each maturity (including any Capital Appreciation Bonds
2 or Convertible Capital Appreciation Bonds) to be specified in the Purchase Agreement for sale
3 by the County, up to an aggregate Principal Amount or issue amount of \$40,000,000, to
4 determine, upon consultation with the District, to set or modify redemption terms for the Series
5 2013-A Bonds and to enter into, execute and deliver the Purchase Agreement, if the conditions
6 set forth in this Resolution are met.

7
8 If, upon consultation with the Designated Officer (as defined herein) of the District, the
9 District determines to acquire municipal bond insurance to secure all or a portion of the Series
10 2013-A Bonds, the Treasurer may so provide in the Purchase Agreement.

11
12 **Section 6. [Reserved].**

13
14 **Section 7. Certain Definitions.** As used in this Resolution, the terms set forth below
15 shall have the following meanings ascribed to them:

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

20
21 (b) **“Accreted Value”** means, as of the date of calculation, with respect to the Capital
22 Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date,
23 the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation,
24 compounded semiannually on each February 1 and August 1 (commencing on the date stated in
25 the Purchase Agreement), or such other dates or maturity date(s) as shall be specified in the
26 Purchase Agreement, with respect to the Capital Appreciation Bonds and Convertible Capital
27 Appreciation Bonds prior to the Conversion Date maturing on those dates specified in the
28 Purchase Agreement, and at the stated yield to maturity thereof, assuming in any such

1 semiannual period that such Accreted Value increases in equal daily amounts on the basis of a
2 360-day year of twelve 30-day months.

3
4 (c) **“Accretion Rate”** means, unless otherwise provided by the Purchase Agreement,
5 that rate which, when applied to the Principal Amount of a Capital Appreciation Bond or a
6 Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and
7 August 1 (commencing on the date set forth in, and subject to the terms of, the Purchase
8 Agreement), produces the Maturity Value on the maturity date (with respect to Capital
9 Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to
10 Convertible Capital Appreciation Bonds).

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

22
23 (e) **“Authorized Newspaper”** means a newspaper selected by the District which is
24 customarily published at least once a day for at least five days (other than legal holidays) in each
25 calendar week, published in the English language, of general circulation in the County of
26 Riverside and which has been adjudicated or designated as a “newspaper of general circulation”
27 pursuant to California law.
28

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

3
4 (g) **“Bond Insurer”** means any insurance company which issues a municipal bond
5 insurance policy insuring the payment of the Principal or Accreted Value of, and interest on, all
6 or a portion of the Series 2013-A Bonds, as applicable.

7
8 (h) **“Bond Payment Date”** or **“Interest Payment Date”** means, unless otherwise
9 provided in the Purchase Agreement, with respect to the interest on the Current Interest Bonds,
10 and interest on the Convertible Capital Appreciation Bonds after the Conversion Date, February
11 1 and August 1, commencing on the date(s) set forth in the Purchase Agreement, and
12 commencing on the date set forth in the Purchase Agreement, with respect to the principal
13 payments on the Current Interest Bonds. With respect to the Capital Appreciation Bonds and
14 Convertible Capital Appreciation Bonds, **“Bond Payment Date”** means the stated maturity dates
15 thereof, as applicable, as stated in the Purchase Agreement and may be different than the Bond
16 Payment Dates specified for the Current Interest Bonds and/or Convertible Capital Appreciation
17 Bonds, as applicable.

18
19 (i) **“Bond Register”** or **“Registration Books”** means the listing of names and
20 addresses of the then-current registered owners of the Bonds, as maintained by the Paying Agent
21 in accordance with Section 13 hereof.

22
23 (j) **“Bonds”** or **“Series 2013-A Bonds”** means, collectively, the Temecula Valley
24 Unified School District General Obligation Bonds, 2012 Election, Series 2013-A.

25
26 (k) **“Building Fund”** shall have the meaning set forth in Section 20 hereof.
27
28

1 (l) **“Business Day”** means a day which is not a Saturday or Sunday or a day on
2 which banking institutions are authorized or required by law or executive order to be closed in
3 California and New York for commercial banking purposes and on which the Federal Reserve
4 system is not closed.

5
6 (m) **“Capital Appreciation Bonds”** means those Series 2013-A Bonds, if any,
7 designated as Capital Appreciation Bonds pursuant to Section 8, the interest component of which
8 is compounded semiannually on each Bond Payment Date to maturity as shown in the table of
9 Accreted Values for such Series 2013-A Bonds as set out in the Purchase Agreement.

10
11 (n) **“Capital Appreciation Term Bonds”** means those Capital Appreciation Bonds,
12 if any, for which mandatory sinking fund redemption dates have been established in the Purchase
13 Agreement.

14
15 (o) **“Code”** means the Internal Revenue Code of 1986 as in effect on the date of
16 issuance of the Series 2013-A Bonds or (except as otherwise referenced herein) as it may be
17 amended to apply to obligations issued on the date of issuance of the Series 2013-A Bonds,
18 together with applicable proposed, temporary and final regulations promulgated, and applicable
19 official public guidance published, under the Code.

20
21 (p) **“Conversion Date”** means, with respect to Convertible Capital Appreciation
22 Bonds, the date stated in the Purchase Agreement as the date on which such Series 2013-A
23 Bonds, originally issued as Capital Appreciation Bonds, convert to Current Interest Bonds.

24
25 (q) **“Conversion Value”** means, with respect to any Convertible Capital
26 Appreciation Bonds, the Accreted Value as of the Conversion Date.

1 (r) **“Convertible Capital Appreciation Bonds”** means those Series 2013-A Bonds,
2 if any, designated as Convertible Capital Appreciation Bonds pursuant to Section 8, which are
3 originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on
4 the Conversion Date.

5
6 (s) **“County”** means the County of Riverside, California, a political subdivision of
7 the State of California organized and existing under the Constitution and laws of the State and
8 any successor thereto.

9
10 (t) **“County Board”** means the Board of Supervisors of the County.

11
12 (u) **“Current Interest Bonds”** means the Series 2013-A Bonds, if any, designated as,
13 or converted to, Current Interest Bonds pursuant to the terms hereof, the interest on which is
14 payable on each Bond Payment Date specified for each such Series 2013-A Bond as designated
15 and maturing in the years and in the amounts set forth in the Purchase Agreement.

16
17 (v) **“Current Interest Term Bonds”** means those Current Interest Bonds for which
18 mandatory sinking fund redemption dates have been established in the Purchase Agreement.

19
20 (w) **“Date of Issuance”** or **“Closing Date”** means the delivery date with respect to
21 the Series 2013-A Bonds, or such other date(s) for the issuance of the Series 2013-A Bonds as
22 may be designated by the Purchase Agreement.

23
24 (x) **“Debt Service Fund”** shall have the meaning set forth in Section 20 hereof.

25
26 (y) **“Denominational Amount”** means, with respect to the Capital Appreciation
27 Bonds and Convertible Capital Appreciation Bonds, the initial offering price thereof, which
28

1 represents the initial Principal Amount thereof (exclusive of any initial premium thereon), and,
2 with respect to the Current Interest Bonds, the Principal Amount thereof.

3
4 (z) **“Designated Officer(s)”** means the District’s Superintendent, Assistant
5 Superintendent of Business Support Services, or other persons designated in writing by the
6 District’s Superintendent as a Designated Officer of the District.

7
8 (aa) **“District”** or **“School District”** means the Temecula Valley Unified School
9 District, a public school district organized and operating under the Constitution and the laws of
10 the State of California, and any lawful successor thereto.

11
12 (bb) **“District Board”** means the Board of Education of the District.

13
14 (cc) **“DTC”** or **“Depository”** means The Depository Trust Company, New York, New
15 York, a limited purpose trust company organized under the laws of the State of New York in its
16 capacity as securities depository for the Series 2013-A Bonds.

17
18 (dd) **“Informational Services”** means the Municipal Securities Rulemaking Board,
19 through its Electronic Municipal Market Access (EMMA) system, and, in accordance with then
20 current guidelines of the Securities and Exchange Commission, such other addresses and/or such
21 other services providing information with respect to called bonds as the District may designate in
22 a written request of the District delivered to the Paying Agent.

23
24 (ee) **“Letter of Representations”** or **“Representation Letter”** shall have the
25 meaning set forth in Section 14 hereof.

26
27 (ff) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond
28 on its maturity date.

1
2 (gg) **“Moody’s”** means Moody’s Investors Service, Inc., a corporation duly organized
3 and existing under the laws of the State of Delaware and its successors and assigns, except that if
4 such entity shall be dissolved or liquidated or shall no longer perform the functions of a
5 securities rating agency, then the term **“Moody’s”** shall be deemed to refer to any other
6 nationally recognized securities rating agency selected by the District.

7
8 (hh) **“Nominee”** means the nominee of the Depository, which may be the Depository,
9 as determined from time to time pursuant to Section 14 hereof.

10
11 (ii) **“Office of the Paying Agent”** means the principal office of the Paying Agent in
12 Los Angeles, California, or such other office as may be specified by the Paying Agent in writing.

13
14 (jj) **“Official Statement”** shall have the meaning set forth in Section 22 hereof.

15
16 (kk) **“Outstanding”** means all Series 2013-A Bonds theretofore issued by or on behalf
17 of the District, except:

- 18 (1) Series 2013-A Bonds theretofore canceled by the District or surrendered to
19 the District for cancellation;
- 20 (2) Series 2013-A Bonds for the transfer or exchange of or in lieu of or in
21 substitution for which other Series 2013-A Bonds shall have been
22 authenticated and delivered by the District pursuant to the terms hereof;
23 and
- 24 (3) Series 2013-A Bonds paid and discharged pursuant to Sections 18 or 19
25 hereof.

26
27 (ll) **“Owner”** or **“Bond Owner”** means the current registered owner of a Series
28 2013-A Bond or Series 2013-A Bonds to whom payments of principal and interest are made.

1
2 (mm) **“Participants”** means those broker-dealers, banks and other financial institutions
3 from time to time for which DTC holds book-entry certificates as securities depository.
4

5 (nn) **“Paying Agent”** means U.S. Bank National Association, or such other party as
6 selected by the Designated Officer of the District, or any successor thereto, acting as the
7 authenticating agent, bond registrar, transfer agent and paying agent.
8

9 (oo) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest
10 Bond, the principal amount stated thereon, and, with respect to any Capital Appreciation Bond
11 and Convertible Capital Appreciation Bond, the Denominational Amount.
12

13 (pp) **“Purchase Agreement”** or **“Bond Purchase Agreement”** means that certain
14 Bond Purchase Agreement for the purchase and sale of the Series 2013-A Bonds by and among
15 the County, the District and the Underwriter, as such Purchase Agreement shall be executed and
16 delivered.
17

18 (qq) **“Rebate Fund”** shall have the meaning set forth in Section 20 hereof.
19

20 (rr) **“Record Date”** means the close of business on the fifteenth day of the month
21 preceding each Bond Payment Date whether or not such day is a business day.
22

23 (ss) **“Redemption Notice”** shall have the meaning set forth in Section 9 hereof.
24

25 (tt) **“Resolution”** or **“Bond Resolution”** means this Resolution, including the
26 Exhibits hereto, as adopted by the County Board and as such may be amended pursuant to
27 Section 29.
28

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

7
8 (vv) **“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-
9 Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of
10 New York, and its successors and assigns, except that if such entity shall be dissolved or
11 liquidated or shall no longer perform the functions of a securities rating agency, then the term
12 **“S&P”** shall be deemed to refer to any other nationally recognized securities rating agency
13 selected by the District.

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

16
17 (xx) **“Tax Certificate”** means the Tax Certificate executed by the District at the time
18 of issuance of the Series 2013-A Bonds relating to the requirements of Section 148 of the Code,
19 as originally executed and as such may be amended from time to time.

20
21 (yy) **“Term Bonds”** means, if issued, collectively, the Current Interest Term Bonds,
22 the Capital Appreciation Term Bonds and the Convertible Capital Appreciation Term Bonds.

23
24 (zz) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest
25 Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the
26 Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation
27 Bond, the Conversion Value.

1 (aaa) **“Treasurer”** or **“County Treasurer”** means the Treasurer and Tax Collector of
2 the County of Riverside, California, or any authorized deputy thereof.

3
4 (bbb) **“Underwriter”** or **“Purchaser”** means the initial purchaser of the Series 2013-A
5 Bonds as identified in the Purchase Agreement.

6
7 (ccc) **“Written Request”** means a written request or directive of the District provided
8 by a Designated Officer.

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

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

21
22 **Section 8. Terms of Bonds.** The Series 2013-A Bonds shall be issued in one series.
23 The Series 2013-A Bonds may consist of Current Interest Bonds, Capital Appreciation Bonds
24 and/or Convertible Capital Appreciation Bonds as set forth in the Purchase Agreement.

25
26 The Series 2013-A Bonds shall be issued as fully-registered bonds, without coupons, in
27 the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal
28 Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds,

1 \$5,000 Maturity Value, or any integral multiple thereof, and (iii) with respect to Convertible
2 Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof; provided
3 that one Capital Appreciation Bond may be issued in an odd Maturity Value.
4

5 The Current Interest Bonds, if issued, shall be dated the Date of Issuance, and shall bear
6 interest at the rate or rates consistent with the interest cost limitations set forth in Section 5,
7 payable on February 1 and August 1 of each year, commencing on the date specified in the
8 Purchase Agreement (subject to the terms of the Purchase Agreement, as executed and
9 delivered), as may be specified in the Purchase Agreement as executed and delivered (each, an
10 "Interest Payment Date"), the actual interest rate or rates and the actual maturity schedule to be
11 fixed at the time of sale. Each Series 2013-A Bond issued as a Current Interest Bond shall be
12 issued in denominations of \$5,000 Principal Amount or integral multiples thereof, and shall bear
13 interest from the Interest Payment Date next preceding the date of authentication thereof unless it
14 is authenticated as of a day during the period from the 16th day of the month next preceding any
15 Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear
16 interest from such Interest Payment Date, or unless it is authenticated on or before the Record
17 Date prior to the initial Interest Payment Date, in which event it shall bear interest from the Date
18 of Issuance, computed using a year of 360 days, comprised of twelve 30-day months; provided,
19 however, that if at the time of authentication of any Series 2013-A Bond, interest is then in
20 default on Outstanding Series 2013-A Bonds, such Series 2013-A Bond shall bear interest from
21 the Interest Payment Date to which interest has previously been paid or made available for
22 payment thereon. The foregoing terms shall be subject to the terms of the Purchase Agreement
23 as executed and delivered.
24

25 The Capital Appreciation Bonds, if issued, shall accrete interest from the Date of
26 Issuance of the Capital Appreciation Bonds to their maturity at a rate or rates such that the
27 accretion rate (interest rate) shall not exceed the legal maximum rate. The Capital Appreciation
28 Bonds shall mature in the years and shall be issued in the aggregate Denominational Amount(s)

1 set forth in the Purchase Agreement as executed and delivered and shall have an interest rate and
2 shall have Denominational Amounts per each \$5,000 in Maturity Value as shown in the Accreted
3 Value Table contained in the Purchase Agreement; provided, that in the event that the amount
4 shown in such Accreted Value Table and the Accreted Value calculated by the District and
5 approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth
6 in Section 9 differ, the latter amount shall be the Accreted Value of such Capital Appreciation
7 Bond. Interest on each Capital Appreciation Bond shall be compounded semiannually on
8 February 1 and August 1 of each year until maturity, or other such date(s) as shall be specified in
9 the Purchase Agreement, commencing from and after the Date of Issuance thereof, computed
10 using a year of 360 days, comprised of twelve 30-day months, and shall be payable only at
11 maturity as to their Maturity Amounts or on their redemption date if redeemed prior to their
12 respective stated maturity date(s).

13
14 The Convertible Capital Appreciation Bonds, if issued, shall be originally issued as
15 Capital Appreciation Bonds and shall convert to Current Interest Bonds on the Conversion Date,
16 as set forth in the Purchase Agreement. During the period while the Convertible Capital
17 Appreciation Bonds are in the form of Capital Appreciation Bonds, they will not bear interest but
18 will accrete value through the Conversion Date. From and after the Conversion Date, the
19 Convertible Capital Appreciation Bonds will bear interest as Current Interest Bonds, and such
20 interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. No
21 payment will be made to the Owners of Convertible Capital Appreciation Bonds on the
22 Conversion Date, unless otherwise set forth in the Purchase Agreement.

23
24 The Series 2013-A Bonds will be sold as provided in Sections 4 and 5 hereof;
25 notwithstanding anything herein to the contrary, the terms of the Series 2013-A Bonds, as set
26 forth in this Resolution, may be amended prior to delivery in accordance with the provisions of
27 the Purchase Agreement. The Series 2013-A Bond maturities may be adjusted by the Treasurer
28 and the Designated Officer(s), in consultation with the Underwriter, Fieldman, Rolapp &

1 Associates, Inc., as Financial Advisor to the District, and the District, as appropriate, to provide
2 funds to finance school facilities, capital projects and supporting infrastructure as set forth in the
3 Authorization, pay for the costs of issuance of the Series 2013-A Bonds or furnish funds as
4 needed for capitalized interest purposes, provided that the total par amount of the Series 2013-A
5 Bonds shall not exceed \$40,000,000. In the event of a conflict or inconsistency between this
6 Resolution and the Purchase Agreement relating to the terms of the Series 2013-A Bonds, the
7 provisions of the Purchase Agreement shall be controlling.

8
9 **Section 9. Redemption Provisions.**

10
11 (a) Optional Redemption. The terms for the optional redemption of the Current
12 Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, as
13 shall be applicable, shall be as set forth in the Purchase Agreement.

14
15 (b) Mandatory Sinking Fund Redemption of Current Interest Term Bonds. The
16 Current Interest Term Bonds (including Convertible Capital Appreciation Bonds which have
17 converted to Current Interest Term Bonds), if any, are subject to mandatory sinking fund
18 redemption prior to their maturity, by lot, without premium, on each August 1 (or such other date
19 specified in the Purchase Agreement), in the years and in the amounts as set forth in the Purchase
20 Agreement and in the Official Statement. In the event that there are no Current Interest Term
21 Bonds specified in the Purchase Agreement, this subsection shall not apply.

22
23 (c) Mandatory Sinking Fund Redemption of Capital Appreciation Term Bonds. The
24 Capital Appreciation Term Bonds are subject to mandatory sinking fund redemption prior to
25 their maturity date from monies in the Debt Service Fund established in Section 20 hereof, by
26 lot, without premium, on each August 1 (or such other date specified in the Purchase
27 Agreement), in the years and in the amounts as set forth in the Purchase Agreement and in the
28

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

3
4 (d) Selection of Bonds for Redemption. Whenever less than all of the outstanding
5 Series 2013-A Bonds are to be redeemed, the Paying Agent, upon written direction from the
6 District, shall select the Series 2013-A Bonds to be redeemed as so directed, and if not so
7 directed in inverse order of maturity, and within a maturity, the Paying Agent shall select Series
8 2013-A Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying
9 Agent shall determine; provided, however, that (A) the portion of any Current Interest Bond to
10 be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof,
11 (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral
12 multiples of the Accreted Value per \$5,000 Maturity Value thereof, and (C) the portion of any
13 Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of
14 the Accreted Value per \$5,000 Conversion Value thereof. The Paying Agent shall promptly
15 notify the District of the Series 2013-A Bonds so selected for redemption on such date. In the
16 event that Term Bonds are subject to optional redemption pursuant to Section 9(a), there shall be
17 pro rata reductions in the annual sinking fund payments due on such Outstanding Term Bonds or
18 as shall otherwise be set forth in the Purchase Agreement.

19
20 (e) Form of Notice of Redemption. The Paying Agent shall give notice of the
21 redemption of the Series 2013-A Bonds (“Redemption Notice”) at the expense of the District.
22 Such notice shall specify: (a) that the Series 2013-A Bonds or a designated portion thereof are to
23 be redeemed; (b) if less than all of the then outstanding Bonds are to be called for redemption,
24 shall designate the numbers (or state that all Series 2013-A Bonds between two stated numbers
25 both inclusive have been called for redemption) and CUSIP® numbers, if any, of the Series 2013-
26 A Bonds to be redeemed; (c) the date of notice and the date of redemption; (d) the place or
27 places where the redemption will be made; and (e) descriptive information regarding the Series
28 2013-A Bonds and the specific Series 2013-A Bonds to be redeemed, including the dated date,

1 interest rate and stated maturity date of each. Such notice shall further state that on the specified
2 date there shall become due and payable upon each Series 2013-A Bond to be redeemed, the
3 portion of the Principal Amount of such Series 2013-A Bond to be redeemed, together with
4 interest accrued or accreted, to the date of redemption, and redemption premium, if any, and that
5 from and after such date interest with respect thereto shall cease to accrue or accrete, as
6 applicable.

7
8 (f) Provision of Notice of Redemption. Any Redemption Notice shall be mailed,
9 first class postage, to the registered Owners of the Series 2013-A Bonds, to a Securities
10 Depository and to a national Information Service, and by first class mail, postage prepaid, to the
11 District and the County and the respective Owners of any registered Series 2013-A Bonds
12 designated for redemption at their addresses appearing on the Bond Register, in every case at
13 least thirty (30) days, but not more than sixty (60) days, prior to the designated redemption date;
14 provided that neither failure to receive such notice nor any defect in any notice so mailed shall
15 affect the sufficiency of the proceedings for the redemption of such Series 2013-A Bonds nor
16 entitle the Owner thereof to interest beyond the date given for redemption. A certificate
17 provided by the Paying Agent that notice of such redemption has been given as herein provided
18 shall be conclusive as against all parties, and it shall not be open to a Bond Owner to show that
19 he or she failed to receive notice of such redemption. In case of the redemption as permitted
20 herein of all of the Outstanding Bonds of any one maturity, notice of redemption shall be given
21 by mailing as herein provided, except that the notice of redemption need not specify the serial
22 numbers of the Series 2013-A Bond of such maturity.

23
24 Neither failure to receive or failure to send, to the Securities Depositories or
25 Informational Services, any Redemption Notice nor any defect in any such Redemption Notice
26 so given shall affect the sufficiency of the proceedings for the redemption of the affected Series
27 2013-A Bonds. Neither the failure to receive such notice, the failure to send such notice, nor any
28 defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption

1 of such Series 2013-A Bonds or the cessation of accrual or accretion of interest, as applicable,
2 represented thereby from and after the redemption date.

3
4 (g) Contingent Redemption; Rescission of Redemption. Any Redemption Notice
5 may specify that redemption of the Series 2013-A Bonds designated for redemption on the
6 specified date will be subject to the receipt by the District of monies sufficient to cause such
7 redemption (and will specify the proposed source of such monies), and the District, the County
8 and the Paying Agent will have no liability to the Owners of any Series 2013-A Bonds, or any
9 other party, as a result of the District's failure to redeem the Series 2013-A Bonds designated for
10 redemption as a result of insufficient monies therefor.

11
12 Additionally, the District may rescind any optional redemption of the Series 2013-A
13 Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption
14 by causing written notice of the rescission to be given to the Owners of the Series 2013-A Bonds
15 so called for redemption. Notice of rescission of redemption shall be given in the same manner
16 in which notice of redemption was originally given. The actual receipt by the Owner of any
17 Series 2013-A Bond of notice of such rescission shall not be a condition precedent to rescission,
18 and failure to receive such notice or any defect in such notice shall not affect the validity of the
19 rescission. Neither the District nor the County will have any liability to the Owners of any Series
20 2013-A Bonds, or any other party, as a result of the District's decision to rescind redemption of
21 any Series 2013-A Bonds pursuant to the provisions of this subsection.

22
23 (h) Payment of Redeemed Bonds. When a Redemption Notice has been given
24 substantially as provided for herein, and, when the amount necessary for the redemption of the
25 Series 2013-A Bonds called for redemption (Principal, Accreted Value and interest, as
26 applicable, and premium, if any) is set aside for that purpose in the Debt Service Fund, as
27 provided herein (and subject to the provisions of the foregoing subparagraph), the Series 2013-A
28 Bonds designated for redemption shall become due and payable on the date fixed for redemption

1 thereof and upon presentation and surrender of said Bonds at the place specified in the
2 Redemption Notice, such Series 2013-A Bonds shall be redeemed and paid at the redemption
3 price from funds held in the Debt Service Fund.
4

5 Each check issued or other transfer of funds made by the Paying Agent for the purpose of
6 redeeming Series 2013-A Bonds shall bear or include the CUSIP® number identifying, by issue
7 and maturity, the Series 2013-A Bonds being redeemed with the proceeds of such check or other
8 transfer.
9

10 If on such redemption date, money for the redemption of all the Series 2013-A Bonds to
11 be redeemed as provided in this Section, together with interest to such redemption date, shall be
12 available therefor, and if notice of redemption thereof shall have been given as aforesaid, then
13 from and after such redemption date, interest with respect to the Series 2013-A Bonds to be
14 redeemed shall cease to accrue. All money held for the redemption of Series 2013-A Bonds
15 shall be held in trust for the account of the registered Owners of the Series 2013-A Bonds so to
16 be redeemed. All unpaid interest payable at or prior to the designated redemption date shall
17 continue to be payable to the respective Owners, but without interest thereon.
18

19 (i) Effect of Notice of Redemption. Notice having been given as aforesaid, and the
20 monies for the redemption (including the interest to the applicable date of redemption) having
21 been set aside in the District's Debt Service Fund, the Series 2013-A Bonds to be redeemed shall
22 become due and payable on such date of redemption, as set forth herein.
23

24 (j) Purchase in Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory
25 sinking fund redemption of Series 2013-A Bonds pursuant to the terms hereof, monies in the
26 Debt Service Fund may be used to purchase the Outstanding Series 2013-A Bonds that were to
27 be redeemed with such funds in the manner hereinafter provided. Purchases of Outstanding
28 Series 2013-A Bonds may be made by the District or the Treasurer through the Paying Agent

1 prior to the selection of Series 2013-A Bonds for redemption at public or private sale as and
2 when and at such prices as the District may in its discretion determine but only at prices
3 (including brokerage or other expenses) not more than par plus accrued interest. Any accrued
4 interest payable upon the purchase of Series 2013-A Bonds may be paid from the Debt Service
5 Fund for payment of interest on the next following Interest Payment Date. Any Series 2013-A
6 Bond purchased in lieu of redemption shall be transmitted to the Paying Agent and shall be
7 canceled by the Paying Agent upon surrender thereof, as provided for in Section 9(l) below and
8 shall not be re-issued or resold.

9
10 (k) Partial Redemption of Series 2013-A Bonds. Upon the surrender of any Series
11 2013-A Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner
12 thereof a new Series 2013-A Bond or Series 2013-A Bonds of like tenor and maturity and of
13 authorized denominations equal in Transfer Amounts to the unredeemed portion of the Series
14 2013-A Bond surrendered. Such partial redemption shall be valid upon payment of the amount
15 required to be paid to such Owner, and the District shall be released and discharged thereupon
16 from all liability to the extent of such payment.

17
18 (l) Cancellation of Redeemed Bonds. All Series 2013-A Bonds paid at maturity or
19 redeemed prior to maturity pursuant to the provisions of this Section and Section 16 shall be
20 canceled upon surrender thereof and be delivered to or upon the order of the County and the
21 District. All or any portion of a Series 2013-A Bond purchased by the Treasurer or the District
22 pursuant to subsection (i) above shall be canceled by the Paying Agent, and the Paying Agent
23 shall provide a written certification of such cancellation and destruction to the District.

24
25 (m) Bonds No Longer Outstanding. When any Series 2013-A Bonds (or portion(s)
26 thereof), which have been duly called for redemption prior to maturity under the provisions of
27 this Resolution, or with respect to which irrevocable instructions to call for redemption prior to
28 maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory

1 to it, and sufficient monies shall be held by the Paying Agent irrevocably in trust for the payment
2 of the redemption price of such Series 2013-A Bonds or portions thereof, and, in the case of
3 Series 2013-A Bonds, accrued interest with respect thereto to the date fixed for redemption, all
4 as provided in this Resolution, then such Series 2013-A Bonds shall no longer be deemed
5 outstanding and shall be surrendered to the Paying Agent for cancellation.

6
7 **Section 10. Form of Bonds; Temporary Bonds; CUSIP® Numbers.** The Series 2013-
8 A Bonds shall be substantially in conformity with the standard form of registered school district
9 general obligation bonds, copies of which are attached hereto as Exhibit "B" (as to the Current
10 Interest Bonds), Exhibit "C" (as to the Capital Appreciation Bonds) and Exhibit "D" (as to the
11 Convertible Capital Appreciation Bonds) and incorporated herein by this reference as if set forth
12 in full, with necessary or appropriate variations, omissions and insertions as may be permitted or
13 required by this Resolution and to conform with the requirements of the Purchase Agreement.
14 One bond certificate shall be issued for each maturity of the Current Interest Bonds of the same
15 interest rate and one bond certificate shall be issued for each maturity of the Capital Appreciation
16 Bonds.

17
18 The Series 2013-A Bonds may be initially issued in temporary form exchangeable for
19 definitive Series 2013-A Bonds when ready for delivery. The temporary Series 2013-A Bonds
20 may be printed, lithographed or typewritten, shall be of such denominations as may be
21 determined by the Treasurer and the District, and may contain such reference to any of the
22 provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by
23 the County upon the same conditions and in substantially the same manner as the definitive
24 Series 2013-A Bonds. If the County issues temporary Series 2013-A Bonds, it will execute and
25 furnish definitive Series 2013-A Bonds without delay, and thereupon the temporary Series 2013-
26 A Bonds may be surrendered, for cancellation, in exchange therefor at the principal office of the
27 Paying Agent and the Paying Agent shall deliver in exchange for such temporary Series 2013-A
28 Bonds an equal aggregate Principal Amount of definitive Series 2013-A Bonds of authorized

1 denominations. Until so exchanged, the temporary Series 2013-A Bonds shall be entitled to the
2 same benefits pursuant to this Resolution as definitive Series 2013-A Bonds executed and
3 delivered hereunder.

4
5 “CUSIP®” identification numbers shall be imprinted on the Series 2013-A Bonds, but
6 such numbers shall not constitute a part of the contract evidenced by the Series 2013-A Bonds
7 and any error or omission with respect thereto shall not constitute cause for refusal of the
8 Purchaser to accept delivery of and pay for the Series 2013-A Bonds. In addition, failure on the
9 part of the County or the District to use such CUSIP® numbers in any notice to Owners of the
10 Series 2013-A Bonds shall not constitute an event of default or any violation of the District’s
11 contract with such Owners and shall not impair the effectiveness of any such notice.

12
13 **Section 11. Execution of Bonds; Authentication.** The Series 2013-A Bonds shall be
14 executed by the manual or facsimile signature of the Chair of the County Board (“Chair”) and
15 the Treasurer, or any designated deputy of the Treasurer, and countersigned by the manual or
16 facsimile signature of the Clerk of the County Board or any designated deputy, and the official
17 seal of the County affixed thereto. The facsimile signatures of the Chair, the Treasurer and/or
18 the Clerk of the County Board may be printed, lithographed, engraved, typewritten or otherwise
19 mechanically reproduced. The County Board hereby directs that the provisions of Education
20 Code Sections 15181 and 15182 shall apply to such execution of the Series 2013-A Bonds.

21
22 No Series 2013-A Bond shall be valid or obligatory for any purpose or shall be entitled to
23 any security or benefit under this Resolution unless and until the certificate of authentication
24 printed on the Series 2013-A Bond is signed by the Paying Agent as authenticating agent for the
25 Series 2013-A Bonds. Authentication by the Paying Agent shall be conclusive evidence that the
26 Series 2013-A Bond so authenticated has been duly issued, signed and delivered under this
27 Resolution and is entitled to the security and benefit of this Resolution.

1 **Section 12. Delivery of Bonds.** The proper officials of the County, in cooperation with
2 the District and the District's agents and consultants, shall cause the Series 2013-A Bonds to be
3 prepared and, following their sale, shall have the Series 2013-A Bonds executed and delivered
4 (as set forth herein), to the original purchaser (Underwriter) upon payment of the purchase price
5 in immediately available funds as set forth in the Purchase Agreement.

6
7 **Section 13. Bond Registration; Transfers.** As hereinafter provided, the Bonds shall be
8 delivered in a form and with such terms as will permit them to be in book-entry only form,
9 deposited with DTC. If the book-entry only system is no longer in effect, the District will cause
10 the Paying Agent to maintain and keep at its principal corporate trust office all books and records
11 necessary for the registration, exchange and transfer of certificated Bonds as provided in this
12 Section ("Bond Register") and which Bond Register shall, upon reasonable notice, be open to
13 inspection by the District. While the book-entry only system is in effect, such books need not be
14 kept, as the Bonds will be represented by one Bond for each maturity registered in the name of
15 Cede & Co., as nominee for DTC.

16
17 Subject to the provisions of Section 14 below, the person in whose name a Bond is
18 registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all
19 purposes of this Resolution. Payment of or on account of the Principal, premium, if any,
20 Accreted Value of and interest on any Bond, as applicable, shall be made only to or upon the
21 order of the Owner thereof; the District, the County and the Paying Agent shall not be affected
22 by any notice to the contrary, but the registration may be changed as provided in this Section.
23 All such payments shall be valid and effectual to satisfy and discharge the District's liability
24 upon the Bonds, including interest, to the extent of the amount or amounts so paid.

25
26 Any Bond may be exchanged for Bonds of the same series (and sub-series, as applicable)
27 of any other authorized denomination upon presentation and surrender at the principal corporate
28 trust office of the Paying Agent, together with a request for exchange signed by the Owner or by

1 a person legally empowered to do so in a form satisfactory to the Paying Agent in its capacity as
2 bond registrar. Any Bond may, in accordance with its terms (but only if the District determines
3 no longer to maintain the book-entry only status of the Bonds, DTC determines to discontinue
4 providing such services and no successor securities depository is named or DTC requests the
5 District to deliver certificated securities to particular DTC Participants, as deemed below), be
6 transferred, upon the books required to be kept pursuant to the provisions of this Section, by the
7 Owner, in person or by his or her duly authorized attorney, upon surrender of such Bond for
8 cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument
9 of transfer in a form approved by the Paying Agent, duly executed.

10
11 If manual signatures on behalf of the County are required in connection with an exchange
12 or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the
13 new Bonds are signed by the authorized officers of the County. In all cases of exchanged or
14 transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver
15 Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall
16 be paid by the requesting party. Those charges may be required to be paid before the procedure
17 is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be
18 valid obligations of the District, evidencing the same debt, and entitled to the same security and
19 benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

20
21 Any Bond surrendered to the Paying Agent for payment, retirement, exchange,
22 replacement or transfer shall be canceled by the Paying Agent. The District and the County may
23 at any time deliver to the Paying Agent for cancellation any previously authenticated and
24 delivered Bonds that the District and the County may have acquired in any manner whatsoever,
25 and those Bonds shall be promptly canceled by the Paying Agent. Written reports of the
26 surrender and cancellation of Bonds shall be made to the District and the County by the Paying
27 Agent and updated annually. The canceled Bonds shall be destroyed by the Paying Agent in
28 accordance with its procedures as confirmed in writing to the District.

1
2 Neither the District, the County nor the Paying Agent will be required to: (a) issue or
3 transfer any Bonds during a period beginning the day after the Record Date next preceding any
4 Interest Payment Date or beginning on the date of selection of Bonds to be redeemed and ending
5 with the close of business on the Interest Payment Date or day on which the applicable notice of
6 redemption is given, as applicable, or (b) transfer any Bonds which have been selected or called
7 for redemption in whole or in part.
8

9 **Section 14. Book-Entry System.** Except as provided below, the owner of all of the
10 Bonds shall be The Depository Trust Company, New York, New York (DTC), and the Bonds
11 shall be registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be initially
12 executed and delivered in the form of a single, fully-registered Bond for each maturity (which
13 may be typewritten). Upon initial execution and delivery, as provided for herein, the ownership
14 of such Bond shall be registered in the Bond Register in the name of the Nominee identified
15 below as nominee of The Depository Trust Company, New York, New York, and its successors
16 and assigns. Except as hereinafter provided, all of the Outstanding Bonds shall be registered in
17 the Bond Register in the name of the nominee of the Depository, which may be the Depository,
18 as determined from time to time pursuant to this Section ("Nominee"). With respect to the
19 Bonds registered in the Bond Register in the name of the Nominee, neither the District nor the
20 Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other
21 financial institutions from time to time for which the Depository holds Bonds as securities
22 depository ("Participant") or to any person on behalf of which such a Participant holds an
23 interest in the Bonds. Without limiting the immediately preceding sentence, neither the District
24 nor the Paying Agent shall have any responsibility or obligation (unless the District is at such
25 time the Depository) with respect to (i) the accuracy of the records of the Depository, the
26 Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery
27 to any Participant or any other person, other than an Owner of a Bond as shown in the Bond
28 Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the

1 selection by the Depository and its Participants of the beneficial interests in the Bonds to be
2 redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any
3 Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of
4 any amount with respect to the Principal, premium, if any, and Accreted Value of or interest on
5 the Bonds. The District and the Paying Agent may treat and consider the person in whose name
6 each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for
7 the purpose of payment of principal and premium, if any, of and interest, as applicable, with
8 respect to such Bond, for the purpose of giving notices of redemption, if applicable, and other
9 matters with respect to such Bond, for the purpose of registering transfers with respect to such
10 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all Principal,
11 premium, if any, and Accreted Value of and interest on the Bonds, as applicable, only to or upon
12 the order of the respective Owner of the Bond, as shown in the Bond Register, or his respective
13 attorney duly authorized in writing, and all such payments shall be valid and effective to fully
14 satisfy and discharge the District's obligations with respect to payment of Principal, premium, if
15 any, and Accreted Value of and interest on the Bonds, as applicable, to the extent of the sum or
16 sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register, shall
17 receive a Bond evidencing the obligation of the District to make payments of principal, premium,
18 if any, and interest, as applicable. Upon delivery by the Depository to the Owners of the Bonds
19 and the District of written notice to the effect that the Depository has determined to substitute a
20 new nominee in place of the Nominee, and subject to the provisions herein with respect to
21 Record Dates, the word Nominee in this Resolution shall refer to such nominee of the
22 Depository.

23
24 In order to qualify the Bonds for the Depository's book-entry system, the District is
25 executing and delivering to the Depository a Representation Letter. The execution and delivery
26 of the Representation Letter shall not in any other way limit the provisions of this Section or in
27 any other way impose upon the District any obligation whatsoever with respect to persons having
28 interests in the Bonds other than the owners of the Bonds, as shown on the Bond Register. In

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

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

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

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

8
9 Notwithstanding any other provisions of this Resolution to the contrary, so long as any
10 Bond is registered in the name of the Nominee, all payments with respect to Principal, premium,
11 if any, and Accreted Value of, and interest on such Bond and all notices with respect to such
12 Bond shall be made and given, respectively, as provided in the Representation Letter or as
13 otherwise instructed by the Depository and acceptable to the District. The initial depository
14 under this Section shall be the Depository. The initial nominee shall be Cede & Co., as Nominee
15 of the Depository.

16
17 The County, the District and the Paying Agent shall have no responsibility for
18 transmitting payments to, communicating with, notifying, or otherwise dealing with any
19 beneficial owners of the Series 2013-A Bonds and neither the County, the District nor the Paying
20 Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or
21 to any other party, including the Depository or its Nominee for any failure of the Depository or
22 its Nominee to provide notices, distribute payments on the Series 2013-A Bonds nor take other
23 actions concerning the beneficial owners of the Series 2013-A Bonds which are the
24 responsibility of the Depository or its Nominee. As to the District, the foregoing is subject to the
25 express provisions of the Representation Letter.

1 **Section 15. Paying Agent.**

2 (a) At the request and direction of the District, U.S. Bank National Association is
3 hereby confirmed as the initial authenticating agent, bond registrar, transfer agent and paying
4 agent (collectively, "Paying Agent") for the Series 2013-A Bonds. All fees and expenses
5 incurred for services of the Paying Agent shall be the sole responsibility of the District, subject
6 to the terms hereof. The Paying Agent may also function as the dissemination agent for the
7 Series 2013-A Bonds and if so acting, shall perform all duties and obligations as set forth in the
8 Continuing Disclosure Agreement, as described in Section 23 hereof.

9
10 (b) The Paying Agent may, at any time, resign as Paying Agent upon 60 days' prior
11 written notice to the Treasurer and the District, and the Paying Agent may be removed at any
12 time upon 30 days' written notice by the District. If at any time the Paying Agent shall resign or
13 be removed, the District shall appoint a successor Paying Agent, with the written consent of the
14 Treasurer, which shall be a bank or trust company doing business in and having a principal
15 corporate trust office in the County or Los Angeles County, California, or such other location as
16 the District shall expressly consent to, with at least \$50,000,000 in assets and willing and able to
17 accept the office on reasonable and customary terms and authorized by law to perform all the
18 duties imposed upon it by this Resolution. Such Paying Agent shall signify the acceptance of its
19 duties and obligations hereunder by executing and delivering to the District a written acceptance
20 thereof. Resignation or removal of the Paying Agent shall be effective only upon appointment
21 and acceptance of a successor Paying Agent. The Paying Agent shall keep accurate records of
22 all funds administered by it and of all Series 2013-A Bonds paid and discharged by it. Such
23 records shall be provided, upon reasonable request and reasonable notice to the Paying Agent, in
24 a format mutually agreeable to the District, the Paying Agent and the County.

25
26 (c) In the event of the resignation or removal of the Paying Agent, such Paying Agent
27 shall pay over, assign and deliver any monies held by it as Paying Agent to its successor. In the
28 event of a replacement of the Paying Agent, the Paying Agent shall serve in such capacity until

1 the successor Paying Agent has accepted such position and appointment. The County shall
2 promptly cause to be mailed, at the District's direction and expense, the name and principal
3 corporate trust office address of the Paying Agent appointed to replace any resigned or removed
4 Paying Agent to the Informational Services and to DTC.

5
6 (d) Any company or association into which a successor Paying Agent may be merged
7 or converted or with which it may be consolidated or any company resulting from any merger,
8 conversion or consolidation to which it shall be a party or any company or association to which
9 the Paying Agent may sell or transfer all or substantially all of its corporate trust business,
10 provided that such company or association shall be eligible under Section 15(b), shall be the
11 successor to the Paying Agent and vested with all of the title to the trust estate and all of the
12 trust, powers, discretions, immunities, privileges and all other matters as was its predecessor,
13 without the execution or filing of any paper or further act, anything herein to the contrary
14 notwithstanding. All costs associated with the Paying Agent's merger or consolidation with
15 another bank or trust company shall be paid by the successor Paying Agent. No expense
16 resulting from such merger or consolidation shall be billed to the District.

17
18 (e) The Paying Agent may, to the extent permitted by applicable law, become the
19 Owner of any of the Outstanding Series 2013-A Bonds.

20
21 (f) The District shall be responsible to pay all fees, costs and expenses of the Paying
22 Agent, subject to the provisions of Section 17 hereof.

23
24 (g) All documents received by the Paying Agent under the provisions of this
25 Resolution shall be retained in its possession at the Office of the Paying Agent and shall be
26 subject during business hours and upon reasonable notice to the inspection of the District or the
27 Owners and their agents and representatives duly authorized in writing.

28

1 **Section 16. Payment of Principal and Interest.** The Principal, premium, if any, or
2 Accreted Value of, and interest on, the Series 2013-A Bonds, as applicable, shall be payable in
3 lawful money of the United States of America without deduction for the services of the Paying
4 Agent. Interest on Current Interest Bonds and Convertible Capital Appreciation Bonds after the
5 Conversion Date shall be paid on each Bond Payment Date by check mailed by first-class mail to
6 the person in whose name the Bond is registered, and to that person's address appearing on the
7 Bond Register (as described in Section 13) on the Record Date. The Owner of an aggregate
8 Principal Amount of Current Interest Bonds, Accreted Value of Capital Appreciation Bonds or
9 Conversion Value of Convertible Capital Appreciation Bonds of \$1,000,000 or more may
10 request, in writing, prior to the close of business on the Record Date preceding each Interest
11 Payment Date, to the Paying Agent that such Owner be paid interest by wire transfer to the bank
12 within the continental United States and account number on file with the Paying Agent as of the
13 Record Date.

14
15 Payments of Principal and redemption premiums, if any, with respect to the Current
16 Interest Bonds, and the payments of Maturity Value, and redemption premiums, if any, with
17 respect to the Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, as
18 applicable, shall be payable at maturity or redemption upon surrender at the Office of the Paying
19 Agent, or such other location as the Paying Agent shall designate to the County and the District
20 in writing. In the event the Paying Agent shall provide written notice of a change in the location
21 for payment of Principal, redemption premiums and Maturity Value on the Bonds, as applicable,
22 the Paying Agent shall thereafter provide notice of such change to the Informational Services and
23 Securities Depositories of such change. The Paying Agent is hereby authorized to pay the Series
24 2013-A Bonds when duly presented for payment at maturity and to cancel all Series 2013-A
25 Bonds upon payment thereof.

1 In the event any payment is required to be made hereunder on a day which is not a
2 Business Day, such payment shall be made on the next succeeding Business Day with the same
3 effect as if made on such non-Business Day.
4

5 The Series 2013-A Bonds (regardless of sub-series) are the general obligations of the
6 District secured by *ad valorem* taxes levied and collected pursuant to the Authorization, the
7 California Constitution and State law and do not constitute an obligation of the County except to
8 provide for the levy and collection of the *ad valorem* taxes and payment of funds to the Paying
9 Agent as set forth in Section 16 hereof. No part of any fund of the County is pledged or
10 obligated to the payment of the Series 2013-A Bonds.
11

12 **Section 17. Source of Payment; Security for the Series 2013-A Bonds.** Pursuant to
13 the California Constitution, the Authorization and California law, there shall be levied by the
14 County, pursuant to Education Code Sections 15250 *et seq.*, on all the taxable property in the
15 District located within the County, in addition to all other taxes, a continuing direct *ad valorem*
16 tax annually during the period the Series 2013-A Bonds are Outstanding, commencing in Fiscal
17 Year 2013/2014, or as shall be applicable given the debt service requirements of the Series 2013-
18 A Bonds as issued and delivered, in an amount sufficient to pay the Principal and Accreted
19 Value of, and interest on, the Series 2013-A Bonds when due, which monies when collected will
20 be placed in the Debt Service Fund established in Section 20 hereof. The Debt Service Fund is
21 irrevocably pledged for the payment of the Principal and Accreted Value of, interest on, and
22 redemption premium, if any, on the Series 2013-A Bonds, as applicable, when and as the same
23 fall due along with administrative costs and expenses for the Series 2013-A Bonds including fees
24 and expenses of the Paying Agent.
25

26 The monies held in the Debt Service Fund, to the extent necessary to pay the Principal,
27 premium, if any, and Accreted Value of and interest on the Series 2013-A Bonds as the same
28 become due and payable, shall be transferred by the County to the Paying Agent as necessary to

1 pay the Principal, premium, if any and Accreted Value of and interest on the Series 2013-A
2 Bonds, as applicable, as set out in California law, and in the District Resolution and herein.

3
4 The monies in the Debt Service Fund, to the extent necessary to pay the Principal and
5 Accreted Value of, interest on, and redemption premium, if any, on the Series 2013-A Bonds as
6 the same become due and payable, shall be transferred by the Treasurer, or his or her designee or
7 deputy, to the Paying Agent (sufficiently in advance of each Interest Payment Date to allow for
8 timely payment by the Paying Agent of Principal, Accreted Value of, interest on, and redemption
9 premium, if any, on the Series 2013-A Bonds, as applicable) who in turn, shall pay such monies
10 to the Depository to pay the Principal and Accreted Value of, interest on, and redemption
11 premium, if any, on the Series 2013-A Bonds, as applicable, when due. The Depository will
12 thereupon make payments of Principal and Accreted Value of, interest on, and redemption
13 premium, if any, on the Series 2013-A Bonds, as applicable, to the Depository Participants who
14 will thereupon make payments of Principal and Accreted Value, interest and redemption
15 premium, if any, to the beneficial owners of the Series 2013-A Bonds. The County, the District
16 and the Paying Agent shall have no responsibility for transmitting payments to, communicating
17 with, notifying, or otherwise dealing with any beneficial owners of the Series 2013-A Bonds,
18 except as expressly provided for herein, and neither the County, the District nor the Paying
19 Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners of
20 the Series 2013-A Bonds or to any other party, including the Depositor or its successor, beyond
21 those responsibilities expressly set forth herein. Any monies remaining in the Debt Service Fund
22 after all of the Series 2013-A Bonds, the interest thereon, Accreted Value thereof and redemption
23 premium, if any, as applicable, have been paid, or provision for such payment has been made,
24 shall be transferred to the General Fund of the District pursuant to the Education Code Section
25 15235, or any successor section thereto.

26
27 **Section 18. Defeasance.** The Series 2013-A Bonds may be defeased prior to maturity in
28 the following ways:

1 (a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an
2 amount of cash which, together with amounts then on deposit in the Debt Service Fund,
3 is sufficient to pay all Series 2013-A Bonds Outstanding, including all Principal and
4 interest and premium, if any; or

5
6 (b) Defeasance Securities: By irrevocably depositing with a bank or trust company,
7 in escrow, noncallable Defeasance Securities, permitted under Section 149(d) of the Code
8 thereto together with cash, if required, in such amount as will, in the opinion of an
9 independent certified public accountant, together with interest to accrue thereon and
10 monies then on deposit in the Debt Service Fund, together with the interest to accrue
11 thereon, be fully sufficient to pay and discharge all Series 2013-A Bonds (including all
12 Principal and interest represented thereby and redemption premiums, if any) at or before
13 their maturity date;

14
15 *then*, notwithstanding that any Series 2013-A Bonds shall not have been surrendered for
16 payment, all obligations of the District and the County with respect to all Outstanding Series
17 2013-A Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay
18 or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section 18, to
19 the Owners of the Series 2013-A Bonds not so surrendered and paid all sums due with respect
20 thereto.

21
22 For purposes of this Section and Section 19, "Defeasance Securities" shall mean:

23
24 Direct and general obligations of the United States of America (including State and Local
25 Government Series), or obligations that are unconditionally guaranteed as to principal and
26 interest by the United States of America, including (in the case of direct and general obligations
27 of the United States of America) evidence of direct ownership or proportionate interests in future
28 interest or principal payments of such obligations. In the case of investments in such

1 proportionate interests, such proportionate interests shall be limited to circumstances wherein (a)
2 a bank or trust company acts as custodian and holds the underlying Defeasance Obligations; (b)
3 the owner of the investment is the real party in interest and has the right to proceed directly and
4 individually against the obligor of the underlying Defeasance Obligations; and (c) the underlying
5 Defeasance Obligations are held in a special account, segregated from the custodian's general
6 assets, and are not available to satisfy any claim of the custodian, any person claiming through
7 the custodian, or any person to whom the custodian may be obligated; provided that such
8 obligations are rated or assessed at the highest then-prevailing United States Treasury securities
9 rate.

10
11 For purposes of this Section 18, and Section 19, the escrow agent bank and verification
12 agent shall be selected by the District. Any such escrow bank or trust company shall conform to
13 the successor paying agent requirements of Section 15 hereof. All costs for defeasance of the
14 Series 2013-A Bonds shall be paid by the District.

15
16 **Section 19. Partial Defeasance.** A portion of the then-Outstanding maturities of the
17 Series 2013-A Bonds may be defeased prior to maturity in the following ways:

18
19 (a) Cash: by irrevocably depositing with a bank or trust company, in escrow, an
20 amount of cash which, together with amounts then on deposit in the Debt Service Fund,
21 is sufficient to pay the designated Outstanding maturities of Series 2013-A Bonds,
22 including all Principal and interest and premium, if any; or

23
24 (b) Defeasance Securities: by irrevocably depositing with a bank or trust company,
25 in escrow, noncallable Defeasance Securities, permitted under Section 149(d) of the Code
26 together with cash, if required, in such an amount as will, in the opinion of an
27 independent certified public accountant, together with interest to accrue thereon, be fully
28 sufficient to pay and discharge the designated maturities of Series 2013-A Bonds

1 (including all Principal and interest represented thereby and redemption premiums, if
2 any) at or before their maturity date;

3
4 *then*, notwithstanding that any of such designated maturities of Series 2013-A Bonds shall not
5 have been surrendered for payment, all obligations of the District and the County with respect to
6 such Outstanding maturities of Series 2013-A Bonds shall cease and terminate, except only the
7 obligation of the Paying Agent to pay or cause to be paid from funds deposited pursuant to
8 paragraphs (a) or (b) of this Section 19, to the Owners of the Series 2013-A Bonds of such
9 maturities designated for redemption not so surrendered and paid all sums due with respect
10 thereto.

11
12 **Section 20. Establishment of Funds; Disposition of Proceeds of the Series 2013-A**
13 **Bonds; Investment.**

14
15 (a) The net proceeds from the sale of the Series 2013-A Bonds, to the extent of the
16 net Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created
17 and established by the County and to be designated as the "Temecula Valley Unified School
18 District General Obligation Bonds, 2012 Election, Series 2013-A Bonds Building Fund"
19 ("Building Fund") of the District, and shall be kept separate and distinct from all other District
20 and County funds, and those proceeds shall be used solely for the purpose for which the Series
21 2013-A Bonds are being issued and for payment of permissible costs of issuance of the Series
22 2013-A Bonds and provided further that such proceeds shall be applied solely to authorized
23 purposes for which the Series 2013-A Bonds were authorized as directed in writing by the
24 District. Such purposes include payment for any costs of issuance of the Series 2013-A Bonds.
25 The County shall have no obligation to ensure that the proceeds are applied in accordance with
26 the preceding sentence. The interest earned on the monies deposited to the Building Fund, or the
27 account(s) thereof, shall be deposited to such Fund, and corresponding account(s) and such
28

1 monies shall be used for the purposes for which the Series 2013-A Bonds were authorized at the
2 direction of the District.

3
4 (b) The accrued interest, if any, and any premium received by the County or the
5 District from the sale of the Series 2013-A Bonds (if any, after all or a portion of the bond
6 insurance premium and any other allowable costs of issuance are paid by the Underwriter
7 therefrom pursuant to the provisions of the Purchase Agreement), as well as tax revenues
8 collected by the County pursuant to Section 17 hereof and Sections 15250 *et seq.* of the
9 Education Code, shall be deposited and kept separate and apart in the fund established and held
10 by the Treasurer and designated as the "Temecula Valley Unified School District General
11 Obligation Bonds, 2012 Election, Series 2013-A Bonds Debt Service Fund" ("Debt Service
12 Fund") for the Series 2013-A Bonds and used for payments of Principal and Accreted Value of,
13 interest on, and redemption premium, if any, as applicable, on the Series 2013-A Bonds when
14 and as such become due. *Ad valorem* taxes collected by the County pursuant to State law and
15 Section 17 hereof shall be deposited by the County into the Debt Service Fund and applied,
16 pursuant to the provisions of State law and this Resolution, only for payments of Principal and
17 Accreted Value of, interest on and redemption premium, if any, on the Series 2013-A Bonds
18 when due. Funds held in the Debt Service Fund are irrevocably pledged to the payment of
19 Principal and Accreted Value of, interest on and redemption premium, if any, on the Series 2013-
20 A Bonds when due. Except as required below to satisfy the requirements of Section 148(f) of the
21 Code, as may be applicable, interest earned on investments of monies held in the Debt Service
22 Fund shall be retained in the Debt Service Fund and used to pay Principal and Accreted Value of,
23 interest on, and redemption premium, if any, on the Series 2013-A Bonds, as applicable, when
24 and as such become due. Prior to each such Bond Payment Date (and subject to the applicable
25 provisions of Section 17 hereof), the Treasurer shall transfer to the Paying Agent, for subsequent
26 disbursement to the beneficial Owners of the Series 2013-A Bonds, pursuant to the provisions
27 hereof, monies from the Debt Service Fund sufficient to pay Principal and Accreted Value of,
28 interest on and premium (if any) on the Series 2013-A Bonds due on such Bond Payment Date.

1 The Paying Agent shall hold all such monies transferred to it, pursuant to the foregoing sentence,
2 uninvested. If, after payment in full of all Principal and Accreted Value, redemption premium, if
3 any, and interest on the Series 2013-A Bonds, there remain funds in the Debt Service Fund, any
4 such excess amounts shall be transferred to the General Fund of the District.

5
6 (c) The District shall, at such time as shall be necessary, establish and create the
7 "Temecula Valley Unified School District General Obligation Bonds, Series 2013-A, Rebate
8 Fund" ("Rebate Fund"), which fund shall be kept separate and distinct from all other District
9 funds, and into which the District shall deposit, or direct deposit of, funds used to satisfy any
10 requirement to make rebate payments to the United States pursuant to Section 148 of the Code
11 and the Treasury Regulations promulgated thereunder as shall be applicable to the Series 2013-A
12 Bonds. The principal requirements for rebate payments applicable to the Series 2013-A Bonds
13 shall be as set forth in the Tax Certificate as executed and delivered by the District. The Rebate
14 Fund (if and when established pursuant to the requirements of the Tax Certificate) may, at the
15 discretion of the District, be held by the Paying Agent or the County. Responsibility for
16 determining and calculating rebate payments, if any, due with regard to the Series 2013-A Bonds
17 are the responsibility of the District as further set forth in Section 24. Monies in the Rebate Fund
18 shall be invested in compliance with the limitations of the Code.

19
20 (d) Any excess proceeds of the Series 2013-A Bonds in the Building Fund, inclusive
21 of interest earnings, not needed for the authorized purposes set forth herein shall be transferred to
22 the Debt Service Fund and applied to the payment of Principal and Accreted Value of, interest
23 on, and redemption premium, if any, on the Series 2013-A Bonds at the written direction of the
24 District. If, after payment in full of the Series 2013-A Bonds, there remain excess proceeds
25 and/or interest earnings, any such excess amounts shall be transferred to the General Fund of the
26 District to be applied in accordance with law.

1 (e) All proceeds of the Series 2013-A Bonds and interest earning thereon shall be
2 invested by the County, on behalf of, and pursuant to the written direction(s) of, the District, in
3 Authorized Investments. Absent other written investment directions provided to the County
4 from the District, the Treasurer shall invest monies in the Building Fund and the Debt Service
5 Fund pursuant to State law and the then-current investment policy of the County. The Treasurer
6 assumes no responsibility for the reporting, reconciling and monitoring in or for the investment
7 of proceeds of the Series 2013-A Bonds where such investment is in an investment not under the
8 control or management of the Treasurer or Treasurer's office.

9
10 **Section 21. Bond Insurance.** In the event the District elects to purchase bond insurance
11 for all or a portion of the Series 2013-A Bonds, and to the extent that the Bond Insurer makes
12 payment of the Principal or Accreted Value of, or interest on, the Series 2013-A Bonds (or
13 specific maturities thereof), it shall become the Owner of such Series 2013-A Bonds (or specific
14 maturities thereof) with the right to payment of Principal and Accreted Value of, or interest on,
15 the Series 2013-A Bonds (or specific maturities thereof), and shall be fully subrogated to all of
16 the Owners' rights, including the Owners' rights to payment thereof. To evidence such
17 subrogation (i) in the case of subrogation as to claims that were past due interest components, the
18 Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt
19 of a copy of the canceled check issued by the Series 2013-A Bond Insurer for the payment of
20 such interest to the Owners of the Series 2013-A Bonds, and (ii) in the case of subrogation as to
21 claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on the
22 Bond Register upon surrender of the Series 2013-A Bonds by the Owners thereof to the Bond
23 Insurer or the insurance trustee for the Bond Insurer. The officers and officials of the County are
24 authorized to take all other and further necessary actions to arrange for the delivery of the bond
25 insurance policy, if such is purchased by, or on behalf of, the District and for the Series 2013-A
26 Bonds. In the event that the Bond Insurer requires additional agreements, covenants or
27 conditions to the issuance of the bond insurance policy, the Designated Officer may deliver or
28 agree to such; provided, however, that applicable law(s) shall be complied with and any such

1 agreement, covenants or conditions shall be consistent with the provisions of this Resolution and
2 the District Resolution and be satisfactory to the Designated Officer.

3
4 **Section 22. Preliminary Official Statement; Official Statement.** The District shall
5 authorize, and shall be responsible for, preparing a preliminary and final Official Statement for
6 the Series 2013-A Bonds meeting the requirements of Securities and Exchange Commission
7 (“SEC”) Rule 15c2-12. Such preliminary Official Statement and final Official Statement are
8 collectively referred to herein as the “Official Statement.” Neither the County Board nor any
9 officer of the County has prepared or reviewed the Official Statement of the District describing
10 the Series 2013-A Bonds, and this County Board and the various officers of the County take no
11 responsibility for the contents or distribution thereof; provided, however, that solely with respect
12 to a section(s) contained, or to be contained, therein describing the County's investment policy,
13 current portfolio holdings, and valuation procedures, as they may relate to funds of the District
14 held by the County Treasurer, the County Treasurer is hereby authorized and directed to prepare
15 and review such information for inclusion in the Official Statement and the Preliminary Official
16 Statement, and to certify in writing prior to or upon the issuance of the Series 2013-A Bonds that
17 the information contained in such section(s) does not contain any untrue statement of a material
18 fact or omit to state any material fact necessary in order to make the statements made therein, in
19 the light of the circumstances under which they are made, not misleading.

20
21 **Section 23. Continuing Disclosure.** “Continuing Disclosure Agreement” shall mean
22 that certain Continuing Disclosure Agreement entered into by the District, as originally executed
23 and as it may be amended from time to time in accordance with the terms thereof.

24
25 The District has covenanted and agreed that it will comply with and carry out all of the
26 terms and conditions of the Continuing Disclosure Agreement (as defined above), which shall be
27 entered into by District and delivered at the time of delivery of the Series 2013-A Bonds.
28 Notwithstanding any other provisions of this Resolution, failure of the District to comply with

1 the Continuing Disclosure Agreement shall not be considered a default by the District hereunder
2 or under the Series 2013-A Bonds; however, any underwriter or any holder or beneficial Owner
3 of the Series 2013-A Bonds may take such actions as may be necessary and appropriate to
4 compel performance, including seeking mandate or specific performance by court order.

5
6 **Section 24. Tax and Arbitrage Matters.**

7
8 (a) The District has represented that it shall not take any action, or fail to take any
9 action if such action or failure to take such action would adversely affect the exclusion from
10 gross income of the interest payable on the Series 2013-A Bonds under Section 103 of the Code.

11
12 (b) The District has covenanted to restrict the use of the proceeds of the Series 2013-
13 A Bonds in such manner and to such extent, if any, as may be necessary, so that the Series 2013-
14 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the applicable
15 regulations prescribed under that section or any successor section. Calculations for determining
16 arbitrage requirements, and payment of any required monies, are the sole responsibility of the
17 District.

18
19 (c) The District in order to maintain the exclusion from gross income for federal
20 income tax purposes of the interest on the Series 2013-A Bonds, has covenanted to comply with
21 each applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set
22 forth in the Tax Certificate to be delivered by the District on the Closing Date and executed by
23 the District, and which shall be, upon its execution and delivery, incorporated herein by this
24 reference as a source of guidance for compliance with such provisions.

25
26 (d) The District has covenanted to at all times do and perform all other acts and
27 things necessary or desirable and within its powers to assure, for the purposes of California
28

1 personal and federal income taxation, that the tax-exempt status of the interest paid on the Series
2 2013-A Bonds to the recipients thereof will be preserved.

3
4 (e) Notwithstanding any other provision of this Resolution to the contrary, upon the
5 District's failure to observe, or refusal to comply with, the above covenants, no person other than
6 the Owners of the Series 2013-A Bonds shall be entitled to exercise any right or remedy as may
7 be provided to such Owners under this Resolution on the basis of the District's failure to
8 observe, or refusal to comply with, the above covenants.

9
10 **Section 25. County Books and Accounts.** The Treasurer, the Paying Agent and the
11 County will keep, or cause to be kept, proper books of record and accounts to record (i) the
12 amount of taxes collected pursuant to Section 17 hereof, (ii) all deposits, expenditure and
13 investment earnings on the Debt Service Fund and the Building Fund and any and all accounts or
14 subaccounts thereof, and (iii) all transfers of funds for the payment of Principal, interest,
15 Accreted Value or redemption premiums, as applicable, on the Series 2013-A Bonds. The
16 Treasurer shall provide regular periodic statements of such accounts to the District. Such books
17 of record and accounts shall at all times during business hours, upon reasonable notice, be
18 subject to the inspection of the District and the Owners of not less than ten percent (10%) of the
19 Principal Amount of the Series 2013-A Bonds then Outstanding, or their representatives
20 authorized in writing.

21
22 **Section 26. Execution of Documents by Bond Owners.** Any request, consent or other
23 instrument required by this Resolution to be signed and executed by Bond Owners may be in any
24 number of concurrent writings of substantially similar tenor and may be signed or executed by
25 such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the
26 execution of any such request, consent or other instrument or of a writing appointing any such
27 agent shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the
28 County, and the District, if made in the manner provided in this Section 26.

1
2 The fact and date of the execution by any person of any such request, consent or other
3 instrument or writing may be proved by the affidavit of a witness of such execution or by the
4 certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof
5 to take acknowledgements of deeds, certifying that the person signing such request, consent or
6 other instrument or writing acknowledged to him the execution thereof.

7
8 The ownership of the Series 2013-A Bonds shall be proved by the Bond Register. Any
9 request, consent or vote of the Owner of any Series 2013-A Bond shall bind every future Owner
10 of the same Series 2013-A Bond and the Owner of any Series 2013-A Bond issued in exchange
11 therefor or in lieu thereof, in respect of anything done or suffered to be done by the County or the
12 District, in pursuance of such request, consent or vote.

13
14 **Section 27. Unclaimed Monies.** Notwithstanding any of the foregoing provisions of
15 this Resolution, and subject to the escheat laws of the State, any monies held by the Paying
16 Agent for the payment of the principal and Accreted Value of, redemption premium, if any, or
17 interest on Series 2013-A Bonds, as applicable, remaining unclaimed for one year after the
18 corresponding maturity or redemption date for such Series 2013-A Bonds shall be returned by
19 the Paying Agent to the Treasurer, with any and all interest accrued thereon, for deposit into the
20 Debt Service Fund. Notwithstanding any other provisions of this Resolution, and subject to the
21 escheat laws of the State, any monies held in any fund created pursuant to this Resolution, or by
22 the Paying Agent in trust, for the payment of the Principal or Accreted Value of, redemption
23 premium, if any, or interest on Series 2013-A Bonds and remaining unclaimed for one year after
24 the Principal of all of the Series 2013-A Bonds have become due and payable (whether by
25 maturity or upon prior redemption) shall be, after payment in full of the Series 2013-A Bonds,
26 transferred to the General Fund of the District to be applied in accordance with law; provided,
27 however, that the Paying Agent, or the District, before making such payment, shall cause notice
28 to be mailed to the Owners of all Bonds that have not been paid, by first-class mail at the

1 addresses on the Bond Register, postage prepaid, not less than 90 days prior to the date of such
2 payment.

3
4 **Section 28. Conditions Precedent.** This County Board determines that all acts and
5 conditions necessary to be performed by the County precedent to and in the issuing of the Series
6 2013-A Bonds, in order to make them legal, valid and binding general obligations of the District
7 have been performed and have been met, or will at the time of delivery of the Bonds have been
8 performed and have been met, in regular and due form as required by law; that this County
9 Board has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and
10 the interest thereon without limitation as to rate or amount upon all property within the District
11 subject to taxation (except for certain classes of personal property); and that no statutory or
12 Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of
13 the Series 2013-A Bonds.

14
15 **Section 29. Amendments.** The County may from time to time (which may be at the
16 request of the District, made in writing), and at any time, without notice to or consent of any of
17 the Owners, by action of the County Board, amend the provisions of this Resolution for any of
18 the following reasons:

19
20 (a) to cure any ambiguity, to correct or supplement any provision herein which may
21 be inconsistent with any other provision herein or therein, or to make any other provision with
22 respect to matters or questions arising under this Resolution, provided that such action shall not
23 adversely affect the interests of the Bond Owners;

24
25 (b) to add to the covenants and agreements of and the limitations and the restrictions
26 upon the District contained in this Resolution which are not contrary to or inconsistent with this
27 Resolution as theretofore in effect; and/or
28

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

3
4 In the event of any such amendment, the County shall promptly provide the District and
5 the Paying Agent with copies of such amendment and the action of the County Board approving
6 such amendment. Notice of any such amendment shall also be provided to the Owners by the
7 District in the next occurring Annual Report provided by the District under the terms of the
8 Continuing Disclosure Agreement.

9
10 No such amendment shall: (i) extend the fixed maturity of any Series 2013-A Bond,
11 reduce the amount of Principal, Conversion Value, Accreted Value or premium, if any, thereof or
12 the rate of interest thereon or extend the time of payment thereof, without the consent of the
13 Owner of each Series 2013-A Bond so affected, or (ii) modify or amend this Section without the
14 consent of the Owners of all the Series 2013-A 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 2013-A Bond(s) held by such Owner.

26
27 **Section 30. Benefits Limited to Parties.** Nothing in this Resolution, express or implied,
28 is intended to give to any person other than the County, the District, the Paying Agent and the

1 Owners of the Series 2013-A 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 31. Acceptance of Payment of County Costs.** This County Board hereby
7 accepts the District's offer of payment of the County's costs for the authorization, issuance and
8 sale of the Series 2013-A Bonds and authorizes County officers to provide an invoice to the
9 District for all such costs incurred.
10

11 **Section 32. Approval of Actions.** Officers of the County Board and County officials
12 and staff, including the Treasurer and the County Auditor and Controller, or their designee(s),
13 are hereby authorized and directed, jointly and severally, to do any and all things and to execute
14 and deliver any and all documents which they may deem necessary or advisable in order to
15 proceed with the issuance, sale and delivery of the Series 2013-A Bonds and otherwise carry out,
16 give effect to and comply with the terms and intent of this Resolution. Such actions heretofore
17 taken by such officers, officials and staff are hereby ratified, confirmed and approved.
18

19 **Section 33. Partial Invalidity; Severability.** If any one or more of the covenants or
20 agreements, or portions thereof, provided in this Resolution to be performed should be contrary
21 to law, then such covenant or covenants, such agreement or agreements, or such portions thereof,
22 shall be null and void and shall in no way affect the validity of this Resolution or of the Series
23 2013-A Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under
24 any applicable provisions of law. The County Board hereby declares that it would have adopted
25 this Resolution and each and every other section, paragraph, subdivision, sentence, clause and
26 phrase hereof and would have authorized the issuance of the Series 2013-A Bonds pursuant
27 hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences,
28

1 clauses or phrases of this Resolution or the application thereof to any person or circumstance
2 may be held to be unconstitutional, unenforceable or invalid.

3
4 **Section 34. Compliance With Law.** All acts, conditions and things required by law to
5 be done and performed in strict conformity with the laws authorizing the issuance of general
6 obligation bonds of the District, and the indebtedness of the District, including this proposed
7 issue of the Series 2013-A Bonds, is within all limits prescribed by law.

8
9 **Section 35. Effective Date.** This Resolution shall take effect immediately upon
10 adoption.

11
12 **Section 36. Clerk's Certificate.** The Clerk of the County Board is hereby directed to
13 provide certified copies of this Resolution to the Treasurer and the County Auditor and
14 Controller and to Bond Counsel immediately following its adoption at the following address:

15
16 Bowie, Arneson, Wiles & Giannone
17 4920 Campus Drive
18 Newport Beach, CA 92660
19 Attn: Robert E. Anslow

20
21 [Remainder of this page is blank]

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

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§ _____
**TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A
(Riverside County, California)**

BOND PURCHASE AGREEMENT

February [], 2013

County of Riverside Treasurer and Tax-Collector
4080 Lemon Street
Riverside, California 92501

Board of Education
Temecula Valley Unified School District
31350 Rancho Vista Road
Temecula, California 92592

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as Underwriter (the “**Underwriter**”), offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the County of Riverside, California, (the “**County**”) and the Temecula Valley Unified School District (the “**District**”) which, upon acceptance hereof, will be binding upon the County, the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Agreement by the County and the District and delivery of such acceptance to the Underwriter at or prior to 5:00 p.m., California time, on the date hereof.

Capitalized terms used but not defined in this Purchase Agreement have the meanings given in the County Resolution (as defined below).

The County and the District acknowledge and agree that (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the County, the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the County or the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the County or the District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the County or the District on other matters) or (b) any other obligations to the County or the District except the obligations expressly set forth in this Purchase Agreement or otherwise imposed by law, (iv) the Underwriter has financial interests that differ from those of the County and the District, and (v) the County and the District have consulted their own legal, financial and other advisors to the extent it has deemed appropriate in connection with this transaction. The [County and the] District acknowledge that [they have/it has] previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB.

1. **Purchase and Sale of the Bonds.** (a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, 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 \$ _____ in aggregate principal amount of the District's general obligation bonds captioned above (the "**Bonds**").

(b) The Underwriter shall purchase the Bonds at a price of \$ _____, which is equal to the \$ _____ principal amount of the Bonds, plus an original issue premium of \$ _____, less an Underwriter's discount of \$ _____. In addition, the Underwriter shall retain and utilize amounts to be applied as set forth in Section 15 hereof[, including payment of bond insurance premium paid directly to _____ (the "Bond Insurer"), as further set forth in Section 15 herein]. [The Bonds will be insured by the Bond Insurer.]

2. **The Bonds.** (a) The Bonds shall be issued as current interest bonds ("**Current Interest Bonds**"), capital appreciation bonds ("**Capital Appreciation Bonds**") and convertible capital appreciation bonds ("**Convertible Capital Appreciation Bonds**") and shall bear or accrete interest at the rates, shall mature in the years and shall pay principal, maturity value and accrued and accreted interest on the dates as set forth on Exhibit A attached to this Purchase Agreement and incorporated herein by this reference. The Bonds shall be dated their date of delivery.

(b) The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of, the resolution of the District, adopted on January [22], 2013 (the "**District Resolution**"), the resolution of the Board of Supervisors of the County, adopted on February [], 2013 (the "**County Resolution**" and collectively with the District Resolution, the "**Resolutions**"), certain provisions of the California Constitution, California Government Code Sections 53506, et seq., and, to the extent applicable, the California Education Code Sections 15266(b), 15100 et seq., and 15140 et seq. (collectively, the "**Act**"), and other applicable provisions of law.

(c) Certain provisions for the optional and mandatory sinking fund redemption of the Bonds, not otherwise specified in the Resolutions, are shown in Exhibit A hereto, all as provided in the Resolutions.

(d) The Bonds shall be executed and delivered under and in accordance with this Purchase Agreement and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP® numbers and shall be in fully-registered form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. The Bonds shall initially be in authorized denominations of \$5,000 maturity value each or any integral multiple of \$5,000. The form of the Bonds shall be made available to the Underwriter for purposes of inspection at least three business days prior to the Closing (as defined below).

(e) U.S. Bank National Association (the "**Paying Agent**") shall serve as the initial authenticating agent, bond registrar, transfer agent and paying agent for the Bonds.

3. **Use of Documents.** (a) The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Official Statement (defined below) and the District Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement (except as such documents otherwise provide).

(b) The County hereby authorizes the Underwriter to use this Purchase Agreement and the County Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the County to the Underwriter in connection with the transactions contemplated by this Purchase Agreement (except as such documents otherwise provide).

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 to be set forth on the inside cover page of the Official Statement and 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. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter reserves the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market; and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

5. Preliminary and Final Official Statement; Continuing Disclosure.

(a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated February __, 2013 (the "**Preliminary Official Statement**"). The District represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate principal amount and maturity value, denominational amount and maturity value 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 Exchange Act of 1934, as amended ("**Rule 15c2-12**") and consents to and ratifies the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the public offering of the Bonds by the Underwriter.

(b) 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. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the Municipal Securities Rulemaking Board ("**MSRB**") and as may be agreed to by the District and the Underwriter. The District confirms that it does not object to distribution of the Preliminary Official Statement or the Official Statement in electronic form. A copy of the most recent Preliminary Official Statement sent to a potential purchaser shall be sent by first class mail or electronically (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(c) The Underwriter hereby represents that it will provide, consistent with the requirements of MSRB Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date (as defined below), and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and Rule 15c2-12.

(d) 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.

(e) To assist the Underwriter in complying with Rule 15c2-12(b)(5), the District will undertake, under the Resolutions and a continuing disclosure agreement (the "**Continuing Disclosure Agreement**"), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

6. **Closing.** At 9:00 a.m., California time, on February __, 2013, or at such other time or on such other date as may be mutually agreed upon by the County, the District and the Underwriter, the County and the District will deliver to the Underwriter (except as otherwise provided in the Resolutions), through the facilities of DTC utilizing DTC's FAST delivery system, or at such other place as the County, the District and the Underwriter may mutually agree upon, the Bonds in fully-registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bowie, Arneson, Wiles & Giannone ("**Bond Counsel**") in Newport Beach, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to the County, on behalf of the District. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "**Closing**" and the date on which the Closing occurs is herein called the "**Closing Date.**"

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

(a) Due Organization. The District is a school district duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act.

(b) Due Authorization. (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 Purchase Agreement and the Continuing Disclosure Agreement, to adopt the District Resolution, to perform its obligations under the District Resolution and the County Resolution; and (iii) this Purchase Agreement and the Continuing Disclosure Agreement constitute valid and legally binding obligations of the District.

(c) Consents. Except for the actions of parties hereto, 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 execution and delivery of this Purchase Agreement or the Continuing Disclosure Agreement, the issuance, delivery or sale of the Bonds or the consummation of the other transactions 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.

(d) Internal Revenue Code. The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax, of the interest on the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the Continuing Disclosure Agreement, the Resolutions and the Bonds, and the compliance with the provisions hereof or thereof, do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution, and do not conflict with or result in a violation or breach of, or constitute a 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) Litigation. As of the time of acceptance hereof and based on the advice of Bowie, Arneson, Wiles & Giannone, District counsel ("**District Counsel**"), no action, suit, proceeding, hearing or investigation is pending 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 officers of the District required to execute any documents, certificates or official statements in connection with the delivery of the Bonds or of 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 collection of taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolutions; or

(iii) in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement or the Resolutions, or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions, this Purchase Agreement or the Continuing Disclosure Agreement or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or

(iv) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Purchase Agreement or the Resolutions, (b) 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, or (c) declare this Purchase Agreement or the Continuing Disclosure Agreement to be invalid or unenforceable in whole or in material part.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money *except for* such borrowings as may be described in or contemplated by the Preliminary Official Statement and the Official Statement.

(h) Prior Continuing Disclosure Undertakings. Except as disclosed in the Preliminary Official Statement, the District has not failed to comply in all material respects with any prior undertakings under Rule 15c2-12(b)(5) within the past five years.

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

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the Final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes, the payment of the Bonds and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide, or arrange to provide, the following to the Auditor-Controller and the Treasurer-Tax Collector of the County, all in accordance with and to the extent required by Education Code Section 15140(c): (A) a copy of the District Resolution, (B) a copy of Exhibit A hereto, and (C) the full debt service schedule for the Bonds.

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

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (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 Purchase Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument; and (iii) assuming the due authorization, execution and delivery by the other parties thereto, this Purchase Agreement constitutes a valid and legally binding obligation of the County.

(c) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Agreement, the County Resolution, and the Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the County a violation of or default under the Constitution of the State of California or any existing charter, ordinance, or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party.

(d) Litigation. To the best knowledge of the County, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending 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 of the titles of the officials of the County who will be required to execute documents and certificates in connection with the delivery of the Bonds to such offices; or

(ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy of any taxes or the pledge thereof contemplated by the Resolutions, or

(iii) in any way contesting or affecting the validity or enforceability of the Bonds, this 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 Purchase Agreement; or

(iv) in which a final adverse decision could (a) result in any material adverse change in the ability to pay debt service on the Bonds, (b) materially adversely affect the operations of the County related to the transactions contemplated by this Purchase Agreement or the Resolutions or (c) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part.

(e) No Other Debt. 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 except for such borrowings as may be described in or contemplated by the Official Statement.

(f) Official Statement. The information in the Official Statement in APPENDIX F – “RIVERSIDE COUNTY POOLED INVESTMENT FUND” and APPENDIX G – “COUNTY OF RIVERSIDE OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY” to the best of the County’s knowledge, as of the Closing, contains no 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 the light of the circumstances under which they were made, not misleading.

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

9. Representations, Warranties 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 Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the County and 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 County or 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.

(d) The Underwriter has reasonably determined that the District’s undertaking in the Continuing Disclosure Agreement 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) Securities Laws. 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 of such states and jurisdictions, provided, however, that the County and the District 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) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes for which the Bonds were authorized.

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the 7th business day following the date this Purchase Agreement is signed, and in sufficient time to accompany any confirmation that requests payment from any customer, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as are 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 being herein called the "**Official Statement**") in such quantities (including a representative number of originally executed copies) as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the MSRB and the District authorizes the Underwriter to file, to the extent required by applicable Securities and Exchange Commission or MSRB rule, and the Underwriter agrees to file or cause to be filed, the Official Statement with the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system) or other repositories approved from time to time by the Securities and Exchange Commission (either in addition to or in lieu of the filings referred to above).

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is 90 days following the Closing or until such time (if earlier) as the Underwriter no longer holds any of the Bonds for sale.

(e) Amendments to Official Statement. During the period ending on the twenty-fifth day after the End of the Underwriting Period (as defined below), the District (i) will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter objects in writing or which is disapproved by the Underwriter (the Underwriter's approval of such amendment or supplement may not be unreasonably withheld); and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District that is reasonably likely to cause the Official Statement (whether or not previously 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 the light of the circumstances under which they were made, not misleading. If in the opinion of the Underwriter such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall immediately prepare and furnish to the Underwriter (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing

at the time such supplemental Official Statement is delivered to a purchaser, not misleading. If any such amendment or supplement of the Official Statement shall occur after the Closing Date, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such amendment or supplement to the Official Statement. For purposes hereof, the phrase "**End of the Underwriting Period**" shall occur on the later of (a) the Closing Date or (b) when the Underwriter no longer retains an unsold balance of the Bonds. Unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing Date.

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 Purchase Agreement which are to be performed solely by the District.

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

(a) Representations True. 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 shall be true, complete and correct in all material respects on the date of the Closing; and each of the County and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement.

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Agreement, the Continuing Disclosure Agreement, the District Resolution and the County Resolution shall be in full force and effect and may not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; and (ii) all actions under the Act which, in the opinion of Bond Counsel are necessary in connection with the transactions contemplated hereby, must have been duly taken and must be in full force and effect.

(c) Adverse Rulings. No decision, ruling or finding may be entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, may be pending or threatened which would constitute a ground for termination of this Purchase Agreement by the Underwriter, or which contests in any way the completeness or accuracy of the Official Statement.

(d) Delivery of Documents. At or prior to the date of the Closing, the District shall deliver (or cause to be delivered) sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District.

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described above.

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, dated as of the Closing Date, substantially to the following effect:

(i) This Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriter and the County, is a legally valid and binding obligation of the District enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State.

(ii) The statements contained in the Official Statement on the cover and under the captions "INTRODUCTION" (other than under the subheading[s] ["Application for Bond Insurance" and] "Other Information" as to which no opinion need be expressed), "THE SERIES 2013-A BONDS," "APPLICATION OF PROCEEDS OF SERIES 2013-A BONDS" and "TAX MATTERS," and in Appendix D thereto, insofar as such statements purport to describe certain provisions of the Bonds, the Resolutions or to state legal conclusions and Bond Counsel's opinion regarding the tax-exempt nature of the Bonds (but excluding Appendices A, B, C and F, [information regarding Bond Insurance (as defined below), the Bond Insurer,] information regarding the Riverside County Pooled Investment Fund, DTC and its book-entry only system as to which no opinion need be expressed), are accurate in all material respects.

(iii) The Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(4) Disclosure Counsel Letter. A letter of McFarlin & Anderson LLP, as disclosure counsel to the District ("**Disclosure Counsel**"), addressed to the Underwriter, the County and the District, dated the Closing Date, to the effect that:

(i) during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Official Statement (excluding therefrom the financial statements, any financial or statistical data, forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement and the appendices to the Official Statement, information regarding DTC and its book-entry only system, the Bond Insurer, Bond Insurance and the investment policies of the County, as to which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended.

(5) Certificate of the District. A certificate signed by an appropriate official of the District to the effect that:

(i) such officials are authorized to execute this Purchase Agreement and the Continuing Disclosure Agreement;

(ii) the representations, agreements and warranties of the District in this Purchase Agreement 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 and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect;

(iv) the District has reviewed the Preliminary Official Statement and the Official Statement and on such basis certifies that the Preliminary Official Statement as of its date did not, and the Official Statement as of its date and as of the Closing Date does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, excepting therefrom those sections of the Official Statement describing [Bond Insurance, the Bond Insurer,] DTC and its Book-Entry-Only System, the investment policies of the County and any other information provided by the County; and

(v) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading.

(6) Certificate of the District Regarding Tax Rates and Compliance with Section 18 of Article XVI of the California Constitution. A certificate signed by an appropriate official of the District regarding tax rates and compliance with Section 18 of Article XVI of the California Constitution.

(7) Certificate of the County. A certificate signed by appropriate officials of the County to the effect that:

(i) such officials are authorized to execute this 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 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; and

(iv) to the best of its knowledge, as of the Closing, the information set forth in Appendix F to the Preliminary Official Statement and the Official Statement, describing the

Riverside County Investment Pool, does not contain any untrue statements of a material fact concerning the County, or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(8) Arbitrage. A non-arbitrage (tax) certificate of the District in a form satisfactory to Bond Counsel.

(9) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Clerk of the District's Governing Board to the effect that: (i) such copies are true and correct copies 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.

(10) County Resolution. An original adopted County Resolution or a certificate, together with fully executed copies of the County Resolution, of the Executive Officer-Clerk of the County Board of Supervisors, to the effect that (i) such copies are true and correct copies of the County 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.

(11) District Counsel Opinion. An opinion of Counsel to the District in the form attached as Exhibit B.

(12) County Counsel Opinion. An opinion of Counsel to the County in substantially the form attached hereto as Exhibit C.

(13) 15c2-12 Certificate. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with Rule 15c2-12.

(14) Continuing Disclosure Agreement. An execution copy of the Continuing Disclosure Agreement of the District in substantially the form attached as an appendix to the Preliminary Official Statement.

(15) Underwriter's Certifications. 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 (or cause to be provided) to the District:

(i) the receipt of the Underwriter, in form satisfactory to the County and the District and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter, receipt of all documents required by the Underwriter, and the satisfaction of all conditions and terms of this Purchase Agreement by the County and the District, respectively, and confirming to the County and the District that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects; and

(ii) the certification of the Underwriter in substantially the form attached as Exhibit D.

(16) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the payment of the Bonds shall have been insured by a policy of municipal bond insurance (“Bond Insurance”) by the Bond Insurer that unconditionally guarantees the timely payments of the debt service on the Bonds.

(17) Bond Insurer’s Certificate. A certified copy of a certificate of the Bond Insurer in form and substance satisfactory to Bond Counsel and the Underwriter.

(18) Bond Insurer’s Counsel Opinion. An opinion dated the Closing Date, addressed to the Underwriter, of Counsel to the Bond Insurer in form and substance satisfactory to Bond Counsel and the Underwriter.

(19) Certificate Regarding Savings as a Result of Insurance. The certification of the Underwriter in form satisfactory to Bond Counsel that the present value of the interest and accreted interest, as applicable, saved as a result of the Bond Insurance with respect to the Bonds by the Bond Insurer exceeds the premium paid for said Bond Insurance, and said premium is not unreasonable.

(20) Ratings. Evidence satisfactory to the Underwriter that the Bonds have been rated “___” by Fitch Ratings and “___” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“Standard & Poor’s”), as a result of the Bond Insurance provided by the Bond Insurer, evidence that the underlying ratings of the Bonds is “___” by Fitch Ratings and “___” by Standard & Poor’s and evidence that none of these ratings has been revoked or downgraded.

(21) Letter of Representations. A copy of the signed Blanket Letter of Representations as filed with DTC.

(22) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

(23) CDIAC Statements. A copy of the filings with the California Debt and Investment Advisory Commission pursuant to the applicable provisions of the California Government Code.

(24) Certificate Regarding Review of Disclosure Compliance. A certificate of _____, substantially in the form of Exhibit E hereto, dated the Closing Date and addressed to the Underwriter, and the District.

(25) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence (i) compliance by the County and the District 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 County and the District.

If the County or the District are unable to satisfy the conditions to the Underwriter’s obligations contained in this Purchase Agreement or if the Underwriter’s obligations are terminated for any reason permitted by this Purchase Agreement, this 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 facsimile, 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. Underwriter's Right to Terminate. (a) Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds have not been delivered by the County to the Underwriter prior to the close of business, Pacific Standard Time, on February ___, 2013, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect.

(b) In addition, the Underwriter has the right to terminate this Purchase Agreement, without liability therefor, by notification to the District if at any time at or prior to the Closing, upon the occurrence of any of the following events:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States or a member of the President's Cabinet, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or any order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income, for purposes of federal income taxation, of the interest received by the owners of the Bonds;

(2) an order, ruling, regulation (final, temporary or proposed) or official statement issued or made 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;

(3) legislation enacted by or introduced into the legislature of the State of California (the "State"), or favorably reported out of committee or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

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

(5) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(6) 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, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(7) 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;

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

(9) 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 contained 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, and which the District fails or is unwilling to correct by the submission of supplemental information;

(10) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the District shall have occurred; or

(11) the commencement of any action, suit or proceeding described in Section 7(f) and 8(d).

14. Conditions to Obligations of the County and the District. The performance by the County and the District of their respective obligations under this Purchase Agreement 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 District.

15. Expenses and Other Matters. (a) [The Underwriter shall pay \$_____ directly to the Bond Insurer for the Bond Insurance premium, such amount derived from original issue premium retained and utilized by the Underwriter for this purpose at the direction of the District.] The District shall pay from the proceeds of the Bonds the other costs and expenses incurred in the issuance and sale of the Bonds, as described in subsection (b) below in an aggregate amount estimated at \$_____. [The District directs the Underwriter to pay to U.S. Bank National Association, as custodian pursuant to a custodian agreement between the District and U.S. Bank National Association, \$_____ from the net proceeds of the Bonds which the District anticipates to use for such purposes.] If the proceeds allocated to such purpose exceed the costs of issuance, such excess amount shall be paid over to the County, on behalf of the District, for deposit in the Debt Service Fund for the Bonds established pursuant to the County Resolution. If the costs of issuance exceed the bond proceeds allocated to such purpose, such excess costs of issuance shall be paid by the District as set forth in Section 15(d), below.

(b) Costs of issuance of the Bonds include, but are not limited to, the following: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, District Counsel, Financial Advisor and other consultants to the District; (iii) the cost of the preparation and delivery of the Bonds; (iv) the fees, if any, for bond ratings, including all necessary travel expenses; (v) the cost of the printing and distributing the Preliminary Official Statement and the Official Statement; (vi) the initial fees, if any, of the Paying Agent; (vii) the fees and expenses of the County with respect to its participation in the issuance of the Bonds; and (viii) [the premium for the Bond Insurance insuring payment of the Bonds; provided that the Bond Insurance premium is to be paid from original issue premium directly by the Underwriter as described above.]

(c) All out-of-pocket expenses of the Underwriter, including, without limitation, the fees and expenses of Underwriter's counsel, the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above), shall be paid by the Underwriter.

(d) The District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds. The District and the Underwriter intend that the District will pay all expenses of the District's employees that are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees, and the District shall reimburse the Underwriter if the Underwriter pays for any of such expenses on behalf of the District, provided a written invoice for such is timely presented.

16. Notices. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing as follows:

If to the County: Treasurer and Tax Collector of the County of Riverside
4080 Lemon Street
Riverside, CA 92501

If to the District: Assistant Superintendent, Business Support Services
Temecula Valley Unified School District
31350 Rancho Vista Road
Temecula, CA 92592

If to the Underwriter: Stifel, Nicolaus & Company, Incorporated,
dba Stone & Youngberg, a Division of Stifel Nicolaus
515 South Figueroa Street, Suite 1800
Los Angeles, CA 90071
Attn: Dawn Vincent, Managing Director

Notices may be given by personal or courier delivery, registered or certified mail, facsimile transmission or electronic communication, provided that delivery by facsimile transmission or electronic communication must be confirmed by the sender.

17. Parties in Interest; Survival of Representations and Warranties.

(a) This Purchase Agreement when accepted by the County and the District in writing as set forth above, shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). The term "successor" shall not include any owner of any Bonds merely by virtue of such holding. No person shall acquire or have any rights hereunder or by virtue hereof.

(b) All representations, warranties and agreements of the County and the District in this Purchase Agreement shall survive regardless of (i) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (ii) delivery of and payment by the Underwriter for the Bonds hereunder.

18. Severability. If any provision of this Purchase Agreement is held to be invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

19. Execution in Counterparts. The 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.

20. Nonassignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

21. Entire Agreement. This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; EXECUTION PAGE FOLLOWS]

22. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
dba Stone & Youngberg, a Division of Stifel Nicolaus

By: _____
Managing Director

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

COUNTY OF RIVERSIDE

By: _____
Don Kent
Treasurer and Tax Collector

Time of Execution: February ___, 2013
___ p.m. PST

APPROVED AS TO FORM:
Dale Gardner, Esq.,
[County Counsel]

By: _____
[Principal Deputy County Counsel]

TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

By: _____
Authorized Officer

Time of Execution: February ___, 2013
___ p.m. PST

EXHIBIT A

\$ _____
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A

CERTAIN BOND TERMS AND MATURITY SCHEDULES

Maturity Schedules

\$ _____ Current Interest Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price
2013	\$	%	%	
2014				
2015				
2016				
2017				
2018				
2019				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2026				
20__	_____			
	\$			

C = Priced to par call date of August 1, 20__.

\$ _____ Initial Principal Amount (\$ _____ Maturity Value)
 Capital Appreciation Serial Bonds

Maturity Date (August 1)	Initial Principal Amount	Accretion Rate	Reoffering Yield to Maturity	Price	Maturity Value
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2034					
20__					
20__					

REDEMPTION PROVISIONS

Optional Redemption

Current Interest Bonds. The Current Interest Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior their respective stated maturity dates. The Current Interest Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the School 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.

Capital Appreciation Bonds. The Capital Appreciation Bonds shall not be subject to optional redemption prior to maturity.

The Convertible Capital Appreciation Bonds are subject to optional redemption prior to their stated maturity date, at the option of the School 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 accreted value amount of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory 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:

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

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:

Mandatory Sinking Fund Redemption Date (August 1)	Accreted Value Amount to be Redeemed
†	
† Maturity.	

EXHIBIT B

FORM OF DISTRICT COUNSEL OPINION

[Closing Date]

Board of Education
Temecula Valley Unified School District
31350 Rancho Vista Road
Temecula, California 92592

Stifel, Nicolaus & Company, Incorporated,
dba Stone & Youngberg, a Division of Stifel Nicolaus
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

Re: \$ _____ Temecula Valley Unified School District
General Obligation Bonds, 2012 Election, Series 2013-A
Opinion of District Counsel

Ladies and Gentlemen:

We have acted as District Counsel for the Temecula Valley Unified School District (“District”) in connection with the proceedings for the issuance and sale by the District of \$ _____ principal amount of Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A (“Bonds”). The Bonds are being issued pursuant to a Resolution of the Governing Board of the District, adopted on January [22], 2013 (Resolution No. ___/___ - ___) (the “District Resolution”), and a resolution adopted by the Board of Supervisors of the County of Riverside (“County”), adopted on [_____] [____], 2013 (“County Resolution” and, collectively with the District Resolution, the “Bond Resolution”), in accordance with the provisions of the California Constitution, the statutory authority set forth in Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the State of California Government Code, Sections 53506, California Code Sections 15264, 15266(b), and, as applicable, the provisions of Title 1, Division 1, Part 10, Chapters 1 and 2 of the California Education Code, commencing with Section 15100 and related California law.

This letter is delivered to you pursuant to Section 12(d)(10) of the Bond Purchase Agreement for the Bonds, dated February [13], 2013 (“Purchase Agreement”), entered into by and among the District, the County and Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (“Underwriter”).

Capitalized terms used herein and not otherwise defined herein shall have the meaning(s) given such term(s) in the Purchase Agreement.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to herein, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Whenever our opinion herein is qualified by the phrase "to our actual knowledge," it is intended to indicate that in the course of our representation of the District in connection with the issuance, sale and delivery of the Bonds, no information has come to the attention of the lawyers in our firm which would give them current actual knowledge (as distinguished from constructive or inquiry knowledge) of the existence of such fact. In making our examination of the documents referenced herein, we have assumed that each party to one or more of the documents referenced herein, other than the District, has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered such documents, and that such documents constitute the legal, valid and binding obligations of such party. Furthermore, we have assumed all compliance with all covenants contained in the Resolutions and in certain other documents. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents described herein. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

As District Counsel, we have examined a record of the proceedings in connection with the execution and delivery of the Bonds, including, without limitation, the following:

- (i) the proceedings relating to the call and conduct of the general obligation bond election conducted on November 6, 2012, within the boundaries of the District ("Election");
- (ii) the District Resolution;
- (iii) the County Resolution;
- (iv) the Purchase Agreement;
- (v) the Continuing Disclosure Agreement provided by the District with respect to the Bonds, dated as of February ___, 2013 ("Continuing Disclosure Agreement");
- (vi) the Official Statement, dated as of February ___, 2013 ("Official Statement"), prepared with respect to the Bonds; and
- (vii) such other documents, including, but not limited to, certificates of the District and the County delivered in connection with the issuance of the Bonds, as we have deemed necessary to render the opinions set forth below.

With regard to the opinion expressed in paragraph (3) below, we have conducted a search for existing civil actions as against the District, which has consisted of searches of records within the Riverside County Superior Court, the Federal District Court with jurisdiction over the boundaries of the District and an electronic search for any such civil proceedings. We have also expressly relied upon the factual representations made to us by the District as to such matters. With respect to the provision of such opinion, we have presumed that the District maintains normal and customary liability insurance, insurance coverage or equivalent self-insurance, and requires normal and customary liability coverage to be carried or provided by its contractors and consultants, with respect to the protection of the District's financial position. This opinion may be affected by actions or events occurring (or not occurring) after

the date hereof. We have not undertaken to determine, or to inform any person, whether (or not) any such actions or events occur.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District other than the record of proceedings herein referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Bonds.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond, or any related document, if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

It is to be understood that the rights and obligations of the District under the Bond Resolution and related documents are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies, to the application of equitable principles when equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases.

Based on and subject to the foregoing, and in reliance thereon and our consideration of such questions of law as we have deemed relevant to the circumstances, and under existing law, we are of the following opinions:

1. The District is a public school district duly organized and existing under the Constitution and the laws of the State of California ("State");
2. The District Resolution was duly adopted at meetings of the Governing Board of the District which, in each case, was called and held pursuant to law and with all public notice required by law and, in each case, at which a quorum was present and acting throughout and has not been modified, amended or rescinded and remains in full force and effect on the date hereof;
3. To the best of our knowledge, based on the litigation search and other informational sources referenced herein, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District (i) impacting the existence of the District or the titles of its officers to their respective offices, (ii) which would materially adversely impact the District's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the levy or collection of tax revenues pledged for the repayment of the Bonds or in any way contesting or affecting the validity of the Election, the Purchase Agreement, the Bond Resolution, the Bonds or the transaction, described in and contemplated by the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Election, the Purchase Agreement, the Bond Resolution or the Bonds or contesting in

any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, or (iii) contesting the status of the interest on the Bonds as excludable from gross income for federal income tax purpose or as exempt from any applicable State tax, in each case as described in the Official Statement;

4. To the best of our knowledge, the obligations of the District under the Bonds, and the approval of the Official Statement and compliance with the provisions thereof, and the execution of and performance of the provisions of the Purchase Agreement and the Continuing Disclosure Agreement, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject;
5. The Election was validly ordered and, to the best of our knowledge, the proceedings relating thereto were conducted in compliance with all requirements of the Constitution and the laws of the State; and
6. No authorization, approval, consent, or other order of the State, or other governmental authority or agency within the State, is required, other than any which have been obtained or secured, for the valid authorization of the Bonds, the execution of the Purchase Agreement or the Continuing Disclosure Agreement by the District or the approval of the Official Statement.

We express no opinion with respect to the effect of laws, other than the laws and regulations of the State in full force and effect on the date hereof upon any matter set forth in this opinion.

We have not undertaken any duty and expressly disclaim any responsibility to advise you as to events occurring after the date hereof with respect to the Bonds. We have not undertaken any duty and expressly disclaim any responsibility to supplement or update this opinion letter nor to advise you or any other party if there is a change in law or facts or new facts come to our attention subsequent to the date hereof which may affect the opinions expressed above and/or which may cause us to amend any portion of this opinion letter in full or in part. Furthermore, future acts or omissions of the parties may serve to modify, alter or change the circumstances under which this opinion letter was prepared and upon which the opinions herein were rendered. We have not undertaken to determine, or to inform any person, whether (or not) any such actions or events occur. Also, actions, conduct or omissions by a party may create a situation of waiver, estoppel or novation which would supplant the opinions set forth in this opinion letter.

The opinions expressed herein are based on the facts (as we know, believe or have assumed them to be) and law as in effect on the date of this opinion and, as such, this opinion shall be effective only as of the date of this letter. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated. We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result. No attorney-client relationship has existed or exists between our firm and the Underwriter, and in connection with the authorization, issuance and delivery of the Bonds or related matters thereto. This opinion is

issued with all the exclusions and limitations set forth herein. This letter is not to be used, circulated, quoted, or otherwise referred to by you for any other purpose whatsoever or delivered to any other person without our prior written consent.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF COUNTY COUNSEL

Board of Supervisors
County of Riverside Treasurer and Tax-Collector
4080 Lemon Street
Riverside, California 92501

Temecula Valley Unified School District
31350 Rancho Vista Road
Temecula, California 92592

Stifel, Nicolaus & Company, Incorporated,
dba Stone & Youngberg, a Division of Stifel Nicolaus
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

**Re: \$ _____ Temecula Valley Unified School District
 (Riverside County, California)
 General Obligation Bonds, 2012 Election, Series 2013-A**

Dear Ladies and Gentlemen:

This opinion is rendered and delivered in connection with the issuance by the Board of Supervisors of the County of Riverside (the "County") on behalf of the Temecula Valley Unified School District (the "District") of \$ _____ aggregate principal amount of bonds designated "\$ _____ Temecula Valley Unified School District, General Obligation Bonds, 2012 Election, Series 2013-A" (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County of Riverside, California, adopted on [_____], 2013 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted on January [22], 2013, by the Governing Board of the District, as supplemented (the "District Resolution").

In rendering this opinion, we have examined the County Resolution, the Bond Purchase Agreement dated February [13], 2013 (the "Purchase Agreement"), among the District, the County and Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as Underwriter, and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State of California.
2. The County Resolution approving and authorizing the execution, sale and delivery of the Purchase Agreement and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and

with all public notice required by law and at which a quorum was present and acting at the time of adoption has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

3. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution of the Purchase Agreement or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Agreement or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Agreement; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds.

4. The Purchase Agreement has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms.

With respect to the opinions we have expressed above, enforcement of the rights and obligations under the County Resolution, the Purchase Agreement and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Agreement or the Bonds.

DALE GARDNER,
[County Counsel]

By: _____
_____,
[Principal Deputy County Counsel]
Government Services Division

EXHIBIT D

FORM OF UNDERWRITER ISSUE PRICE CERTIFICATE

**§ _____
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A**

CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as Underwriter ("Underwriter") of the \$ _____ Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A (the "Bonds") hereby makes the representations, and provides the certifications, contained in this certificate based on the information available to it concerning the Bonds to the Temecula Valley Unified School District (the "District") and Bowie, Arneson, Wiles & Giannone, Bond Counsel, as follows:

1. Issue Price.

- 1.1 As of the date a purchase agreement was signed with respect to the Bonds (the "Sale Date"), based upon expectations and actual facts, we reasonably expected to sell a substantial amount of each maturity (i.e., at least 10%) of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriter or wholesalers) in a bona fide public offering at the prices listed on Attachment A.
- 1.2 In our opinion, and based upon our estimate as of the Sale Date, the issue prices of the Bonds set forth in Attachment A are within a reasonable range of and would reflect the fair market prices of the Bonds as of the Sale Date.
- 1.3 As of the date of execution of the attached Tax Certificate, all of the Bonds have actually been offered to the general public at the prices listed in Attachment A.
- 1.4 As of the Sale Date, at least 10% of each maturity [(excluding the Bond maturities for)] of the Bonds was initially sold to the general public at the respective prices listed in Attachment A.

2. Arbitrage Yield.

- 2.1 Bond Counsel has advised the Underwriter that the yield on the Bonds is to be computed under the economic accrual method using an assumed 30-day month/360-day year, and semiannual compounding, and as further described in Section [5.1] of the Tax Certificate. Bond Counsel has advised the Underwriter that the weighted average maturity of the Bonds, for purposes of IRS Form 8038-G, is calculated as the sum of the products of the issue price of each maturity of the Bonds and the number of years to maturity of the Bonds (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue. Based upon the forgoing methodologies, the Underwriter has calculated the yield on the Bonds (____%) and the weighted average maturity of the Bonds (____ years). However, notwithstanding the foregoing, the Underwriter reminds those persons

or parties who are receiving and relying upon this Certificate that the Underwriter is not an accountant or an actuary, nor is the Underwriter engaged in the practice of law. Accordingly, while the Underwriter believes the calculations described above to be correct, it does not warrant them to be so. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

3. Credit Enhancement

3.1 The present value of the amounts paid to obtain the Bond Insurance Policy ("Policy") is less than the present value of the interest reasonably expected to be saved as a result of having the Policy. Present value for these purposes is computed using the Yield on the Bonds as the discount factor for this purpose, adjusted to disregard the fees to obtain the Policy.

3.2 The Policy was a material factor in selling the Bonds at the lowest possible yield (given other characteristics of the Bonds).

3.3 To the best knowledge of the undersigned, the amount paid by the District to the Bond Insurer for the Policy is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the obligation evidenced and represented by the Bonds and represent a commercially reasonable charge for the transfer of credit risk. Such fees do not include any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the guarantor has no involvement other than as guarantor.

3.4 The fees paid and to be paid to obtain the Policy were determined in arm's-length negotiations and were required as a condition to the issuance by the Bond Insurer of the Policy.

3.5 No non-guarantee services are being provided by the Bond Insurer in connection with the issuance and sale of the Bonds.

4. Defined Terms.

Capitalized terms used in this certificate, unless otherwise defined herein or in the resolution of the Governing Board of the District (Resolution No. 12/13-21, adopted on November 7, 2012), as supplemented, shall have the meaning(s) given to such terms in the Tax Certificate provided in connection with the execution and delivery of the Bonds.

The Underwriter understands that Bond Counsel will rely upon the representations and certifications in this certificate, among other things, in reaching its conclusion that the Bonds do not constitute "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), provided, however, that nothing herein represents our interpretation of any laws, and, in particular, Regulations issued under Section 148 of the Code.

Dated: [Closing Date]

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
dba Stone & Youngberg, a Division of Stifel Nicolaus,
as Underwriter

By: _____
Managing Director

ATTACHMENT "A"

**General Obligation Bonds, 2012 Election, Series 2013-A
Purchase Information**

Current Interest Bonds
Serial Bonds

Term Bonds

Capital Appreciation Bonds

Convertible Capital Appreciation Bonds

EXHIBIT E

CERTIFICATE REGARDING REVIEW OF DISCLOSURE COMPLIANCE

[TO COME]

1 **EXHIBIT "B"**

2
3 **FORM OF CURRENT INTEREST BOND**

4
5 **STATE OF CALIFORNIA**

COUNTY OF RIVERSIDE

6 **REGISTERED**

REGISTERED

7 **NO.**

\$

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9
10 **TEMECULA VALLEY UNIFIED SCHOOL DISTRICT**
11 **GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A**
12 **(Riverside County, California)**

13
14 **INTEREST RATE:**

MATURITY DATE:

DATED AS OF:

CUSIP®:

15
16 X.XXX%

August 1, 20__

_____, 2013

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

20
21 **PRINCIPAL AMOUNT: DOLLARS**

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

1 August 1, 2013. This Bond will bear interest from the Bond Payment Date next preceding the
2 date of authentication hereof unless it is authenticated as of a day during the period from the 16th
3 day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive,
4 in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated
5 on or before _____ 15, 20____, in which event it shall bear interest from _____, 20____.
6 Principal and interest are payable in lawful money of the United States of America, without
7 deduction for the paying agent services, to the person in whose name this Bond (or, if applicable,
8 on one or more predecessor Bonds) is registered ("Registered Owner") on the Bond Register
9 maintained by the Paying Agent, initially U.S. Bank National Association ("Paying Agent").
10 Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.
11 Principal is payable upon presentation and surrender of this Bond at the principal office of the
12 Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond
13 Payment Date to the Registered Owner of this Bond (or one or more predecessor bonds) as
14 shown and at the address appearing on the Bond Register at the close of business on the 15th day
15 of the calendar month next preceding that Bond Payment Date, whether or not such day is a
16 business day ("Record Date"). The Owner of an aggregate Principal Amount of \$1,000,000 or
17 more may request in writing to the Paying Agent that such Registered Owner be paid interest by
18 wire transfer to the bank within the continental United States and account number on file with
19 the Paying Agent as of the Record Date.

20
21 This Bond is one of an aggregate amount of \$ _____ of Bonds issued to be used for
22 the acquisition and construction of school facilities to serve the District under authority of and
23 pursuant to the laws of the State of California, and more than the requisite fifty-five percent
24 (55%) favorable vote of the electors of the District obtained at an election held on November 6,
25 2012, upon the question of issuing Bonds in the amount of \$165,000,000, the resolution of the
26 Board of Education of the District, adopted on January 22, 2013 ("District Resolution"), and the
27 resolution of the Riverside County Board of Supervisors, adopted on _____, 20____
28 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both

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

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

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

25
26 The Current Interest Bonds maturing on or before August 1, 20__, are not subject to
27 optional redemption prior to maturity. The Current Interest Bonds maturing on or after August
28 1, 20__, are subject to optional redemption prior to maturity from any funds legally available

1 therefor, in whole or in part on any date, on or after August 1, 20___, at the principal amount of
 2 the Current Interest Bonds to be redeemed, plus accrued but unpaid interest to the redemption
 3 date, without premium.

4
 5 The Current Interest Bonds maturing on August 1, 20___, are subject to sinking fund
 6 redemption, in part, by lot, on August 1, 20___, and on each August 1 thereafter in accordance
 7 with the schedule set forth below. The Current Interest Bonds so called for mandatory sinking
 8 fund redemption shall be redeemed at the principal amount of such Current Interest Bonds to be
 9 redeemed, plus accrued but unpaid interest, without premium.

Sinking Fund Redemption Date	Principal Amount to be Redeemed
<u>(August 1)</u>	
20___	\$ _____
20___	_____
20___ (maturity)	_____

16
 17 If less than all of the Bonds of any one maturity shall be called for redemption, the
 18 particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by
 19 the Paying Agent in such manner as the Paying Agent in its discretion may determine; provided,
 20 however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000
 21 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall
 22 treat each Bond as representing that number of Bonds which is obtained by dividing the principal
 23 amount of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the
 24 particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which
 25 the District in its discretion shall determine.

26
 27 The Paying Agent shall give notice of the Redemption of the Bonds at the expense of the
 28 District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be

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

8
9 Notice of redemption shall be by registered or otherwise secured mail or delivery service,
10 postage prepaid, to the registered Owner of the Bonds, or if the original purchaser is a syndicate,
11 to the managing member of such syndicate, to a municipal registered securities depository and to
12 a national information service that disseminates securities redemption notices and, by first-class
13 mail, postage prepaid, to the District, the County and the respective Owners of any registered
14 Bonds designated for redemption at their addresses appearing on the Bond registration books, in
15 every case at least thirty (30) days, but not more than sixty (60) days, prior to the redemption
16 date; provided that neither failure to receive such notice nor any defect in any notice so mailed
17 shall affect the sufficiency of the proceedings for the redemption of such Bonds, nor entitle the
18 Owner thereof to interest beyond the date given for redemption.

19
20 Neither the District, the County nor the Paying Agent will be required (a) to issue or
21 transfer any Bond during a period beginning on the day after the Record Date next preceding any
22 Interest Payment Date or beginning the 16th business day preceding any date of selection of
23 Bonds to be redeemed and ending with the close of business on the Interest Payment Date or day
24 on which the applicable notice of redemption is given, as applicable, or (b) transfer any Bonds
25 which have been selected or called for redemption in whole or in part.

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

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

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

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

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

1 **CERTIFICATE OF AUTHENTICATION**

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

5
6 Date of Registration and Authentication: _____
7

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

10
11
12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory
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1 **FORM OF ASSIGNMENT**

2
3 For value received, the undersigned sells, assigns and transfers unto:
4

5 _____
6 _____
7 _____
8
9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the
10 within Bond and do(es) irrevocably constitute and appoint _____,
11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of
12 substitution in the premises.
13

14 Date: _____
15

16 **-EXHIBIT-**
17 _____

18 Notice: The assignor's signature to this assignment must correspond with the name as it appears
19 upon the face of the within Bond in every particular, without alteration or any change what so
20 ever.
21

22 Signature Guaranteed:
23
24

25 **-EXHIBIT-**
26 _____

27 Signature must be guaranteed by an eligible guarantor institution.
28

1 Unless this Bond is presented by an authorized representative of The Depository Trust
2 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
3 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
4 authorized representative of The Depository Trust Company and any payment is made to Cede &
5 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
6 BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has
7 an interest herein.

[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]

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EXHIBIT "C"

FORM OF CAPITAL APPRECIATION BOND

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

REGISTERED

REGISTERED

NO.

\$

(MATURITY VALUE)

TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A

(Riverside County, California)

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

X.XXX%

August 1, 20__

_____, 2013

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT: \$ _____

MATURITY VALUE: DOLLARS

The **TEMECULA VALLEY UNIFIED SCHOOL DISTRICT** ("District") in Riverside County ("County"), California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, which Maturity Value is comprised of the Denominational Amount specified above plus interest compounded from the Date of Issuance at the Yield to Maturity specified above,

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

9
10 This Bond is one of an aggregate amount of \$ _____ of Bonds issued to be used for
11 the acquisition and construction of school facilities to serve the District under authority of and
12 pursuant to the laws of the State of California, and more than the requisite fifty-five percent
13 (55%) favorable vote of the electors of the District obtained at an election held on November 6,
14 2012, upon the question of issuing Bonds in the amount of \$165,000,000, the resolution of the
15 Board of Education of the District, adopted on January 22, 2013 ("District Resolution"), and the
16 resolution of the Riverside County Board of Supervisors, adopted on _____, 20____
17 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both
18 principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to
19 such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this
20 issue are general obligations of the District and do not constitute an obligation of the County of
21 Riverside. No part of any fund of the County is pledged or obligated to the payment of the
22 Bonds of this issue.

23
24 [The Bonds of this issue comprise (i) \$ _____ principal amount of Current Interest
25 Bonds, (ii) Capital Appreciation Bonds, of which this Bond is a part, and of which \$ _____
26 represents the principal amount and \$ _____ represents the Maturity Value, and (iii) Convertible
27 Capital Appreciation Bonds, of which \$ _____ represents the principal amount and
28 \$ _____ represents the Conversion Value.]

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

14
15 Neither the District, the County nor the Paying Agent will be required (a) to issue or
16 transfer any Bond during a period beginning the day after the Record Date next preceding any
17 Interest Payment Date or beginning the 16th business day preceding 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, as applicable, or (b) transfer any Bonds
20 which have been selected or called for redemption in whole or in part.

21
22 [The Capital Appreciation Bonds are not subject to optional redemption prior to
23 maturity.]

24
25 [Capital Appreciation Term Bonds maturing on August 1, 20__, are subject to mandatory
26 redemption from monies in the Debt Service Fund prior to their stated maturity date, by lot, at
27 the Accreted Value thereof without premium on each August 1, in the years and in an amount
28 equal to the aggregate Accreted Values set forth below:

1
2 (MANDATORY REDEMPTION TABLE)]
3

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

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

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

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

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

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1 **CERTIFICATE OF AUTHENTICATION**

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

5
6 Date of Registration and Authentication: _____
7

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

10
11
12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory
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1 **FORM OF ASSIGNMENT**

2
3 For value received, the undersigned sells, assigns and transfers unto:
4

5 _____
6 _____
7 _____

8
9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the
10 within Bond and do(es) irrevocably constitute and appoint _____,
11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of
12 substitution in the premises.
13

14 Date: _____
15

16
17 **-EXHIBIT-**
18 _____

19 Notice: The assignor's signature to this assignment must correspond with the name as it appears
20 upon the face of the within Bond in every particular, without alteration or any change what so
21 ever.
22

23 Signature Guaranteed:
24

25
26 **-EXHIBIT-**
27 _____

28 Signature must be guaranteed by an eligible guarantor institution.

1 Unless this Bond is presented by an authorized representative of The Depository Trust
2 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
3 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
4 authorized representative of The Depository Trust Company and any payment is made to Cede &
5 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
6 BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has
7 an interest herein.

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[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]

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EXHIBIT "D"

FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

REGISTERED

REGISTERED

NO.

\$

(CONVERSION VALUE)

**TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A**

(Riverside County, California)

ACCRETION RATE TO CONVERSION DATE	CONVERSION DATE	INTEREST RATE AFTER THE CONVERSION DATE	MATURITY DATE	DATED AS OF	CUSIP®
X.XXX%	_____, 20__	X.XXX%	August 1, 20__	_____, 2013	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

CONVERSION VALUE: DOLLARS

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

1 stated above, such Conversion Value comprising the principal amount and interest accreted
2 thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current
3 interest but will accrete interest, compounded on each February 1 and August 1, commencing
4 August 1, 2013, at the Accretion Rate specified above to the Conversion Date, assuming that in
5 any such semiannual period the sum of such compounded accreted interest and the principal
6 amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on
7 the basis of a 360-day year consisting of twelve 30-day months. After the Conversion Date, the
8 District promises to pay to the Registered Owner named above, interest on the Conversion Value
9 from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate
10 stated above, on February 1 and August 1 of each year ("Bond Payment Dates"), commencing
11 _____ 1, 20___. This bond will bear such interest from the Bond Payment Date next preceding
12 the date of authentication hereof unless it is authenticated as of a day during the period from the
13 16th day of the month next preceding any Bond Payment Date to the Bond Payment date,
14 inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is
15 authenticated on or before _____ 15, 20__, in which event it will bear interest from the
16 Conversion Date. Conversion Value and interest are payable in lawful money of the United
17 States of America, without deduction for the paying agent services, to the person in whose name
18 this bond (or, if applicable, one or more predecessor bonds) is registered ("Registered Owner")
19 on the register maintained by the Paying Agent, initially U.S. Bank National Association.
20 Accreted Value and redemption premium, if any, are payable upon presentation and surrender of
21 this bond at the principal office of the Paying Agent.

22 This Bond is one of an aggregate amount of \$ _____ of Bonds issued to be used for
23 the acquisition and construction of school facilities to serve the District under authority of and
24 pursuant to the laws of the State of California, and more than the requisite fifty-five percent
25 (55%) favorable vote of the electors of the District obtained at an election held on November 6,
26 2012, upon the question of issuing Bonds in the amount of \$165,000,000, the resolution of the
27 Board of Education of the District, adopted on January 22, 2013 ("District Resolution"), and the
28

1 resolution of the Riverside County Board of Supervisors, adopted on _____, 20__
2 (“County Resolution”). This Bond and the issue of which this Bond is one are payable as to both
3 principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to
4 such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this
5 issue are general obligations of the District and do not constitute an obligation of the County of
6 Riverside. No part of any fund of the County is pledged or obligated to the payment of the
7 Bonds of this issue.

8
9 [The Bonds of this issue comprise (i) \$_____ principal amount of Current Interest
10 Bonds, (ii) Capital Appreciation Bonds of which \$_____ represents the principal amount
11 and \$_____ represents the Maturity Value, and (iii) Convertible Capital Appreciation
12 Bonds, of which this bond is a part, and of which \$_____ represents the principal amount and
13 \$_____ represents the Conversion Value.]

14
15 This Bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer
16 Amount (as defined in the County Resolution) and in other authorized denominations at the
17 Office of the Paying Agent (as defined in the County Resolution), by the Registered Owner or by
18 a person legally empowered to do so, upon presentation and surrender hereof to the Paying
19 Agent, together with a request for exchange or an assignment signed by the Registered Owner or
20 by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to
21 the terms, limitations and conditions provided in the County Resolution. Any tax or
22 governmental charges shall be paid by the transferor. The District, the County and the Paying
23 Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the
24 purpose of receiving payment of or on account of principal or interest and for all other purposes,
25 and neither the District, the County nor the Paying Agent shall be affected by any notice to the
26 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 the day after the Record Date next preceding any
3 Interest Payment Date or beginning the 16th business day preceding any date of selection of
4 Bonds to be redeemed and ending with the close of business on the Interest Payment Date or day
5 on which the applicable notice of redemption is given, [or (b) transfer any Bonds which have
6 been selected or called for redemption in whole or in part.]
7

8 The Convertible Capital Appreciation Bonds are subject to redemption prior to maturity.
9 If less than all of the Bonds of any one maturity shall be called for redemption, the particular
10 Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the
11 Paying Agent in such manner as the Paying Agent in its discretion may determine; provided,
12 however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000
13 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall
14 treat each Bond as representing that number of Bonds which is obtained by dividing the principal
15 amount of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the
16 particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which
17 the District in its discretion shall determine.
18

19 The Paying Agent shall give notice of the Redemption of the Bonds at the expense of the
20 District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be
21 redeemed; (b) the serial or registration numbers and CUSIP® numbers, if any, of the Bonds to be
22 redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the
23 redemption will be made; and (e) descriptive information regarding the issue of Bonds and the
24 specific bonds redeemed, including the dated date, interest rate and stated maturity date of each.
25 Such notice shall further state that on the specified date there shall become due and payable upon
26 each Bond to be redeemed, together with interest accrued to said date, the redemption premium,
27 if any, and that from and after such date interest with respect thereto shall cease to accrue.
28

1 Notice of redemption shall be by registered or otherwise secured mail or delivery service,
2 postage prepaid, to the registered Owner of the Bonds, or if the original purchaser is a syndicate,
3 to the managing member of such syndicate, to a municipal registered securities depository and to
4 a national information service that disseminates securities redemption notices and, by first-class
5 mail, postage prepaid, to the District, the County and the respective Owners of any registered
6 Bonds designated for redemption at their addresses appearing on the Bond registration books, in
7 every case at least thirty (30) days, but not more than sixty (60) days, prior to the redemption
8 date; provided that neither failure to receive such notice nor any defect in any notice so mailed
9 shall affect the sufficiency of the proceedings for the redemption of such Bonds, nor entitle the
10 Owner thereof to interest beyond the date given for redemption.

11
12 Neither the District, the County nor the Paying Agent will be required (a) to issue or
13 transfer any Bond during a period beginning the day after the Record Date next preceding any
14 Interest Payment Date or beginning the 16th business day preceding any date of selection of
15 Bonds to be redeemed and ending with the close of business on the Interest Payment Date or day
16 on which the applicable notice of redemption is given, as applicable, or (b) transfer any Bonds
17 which have been selected or called for redemption in whole or in part.

18
19 The rights and obligations of the District and of the Registered Owners of the Bonds may
20 be amended at any time, and in certain cases without the consent of the Registered Owners to the
21 extent and upon the terms and conditions provided in the County Resolution.

22
23 The County Resolution contains provisions permitting the District to make provision for
24 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that
25 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

26
27 Reference is made to the County Resolution for a more complete description of the
28 provisions, among others, with respect to the nature and extent of the security for the Bonds of

1 this series, the rights, duties and obligations of the District, the County, the Paying Agent and the
2 Registered Owners, and the terms and conditions upon which the Bonds are issued and secured.
3 The Registered Owner of this Bond assents, by acceptance hereof, to all of the provisions of the
4 County Resolution.

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

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

1 **CERTIFICATE OF AUTHENTICATION**

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

4
5
6 Date of Registration and Authentication: _____

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

9
10
11
12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory

1 **FORM OF ASSIGNMENT**

2
3 For value received, the undersigned sells, assigns and transfers unto:
4

5 _____
6 _____
7 _____

8
9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the
10 within Bond and do(es) irrevocably constitute and appoint _____,
11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of
12 substitution in the premises.
13

14 Date: _____
15

16
17 **-EXHIBIT-**
18

19 Notice: The assignor's signature to this assignment must correspond with the name as it appears
20 upon the face of the within Bond in every particular, without alteration or any change what so
21 ever.
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23 Signature Guaranteed:
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26 **-EXHIBIT-**
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28 Signature must be guaranteed by an eligible guarantor institution.

1 Unless this Bond is presented by an authorized representative of The Depository Trust
2 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
3 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
4 authorized representative of The Depository Trust Company and any payment is made to Cede &
5 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
6 BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has
7 an interest herein.

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[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]